

Wonderla Holidays Limited
Q2 FY17 Earnings Conference Call
October 28, 2016

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY17 Wonderla Holidays Limited Earnings Conference Call. As a reminder, all the participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone telephone. I now hand the conference over to Mr. Rohan Rege. Thank you and over to you, sir.

Rohan Rege: Thanks, good afternoon everyone. On behalf of Dickenson Seagull IR, let me welcome you all to the second quarter and first half FY17 earnings call of Wonderla Holidays Limited. With us is the management led by Mr. Arun Chittilappilly - Managing Director and Mr. Nandakumar - Chief Financial Officer. Before we start the call, I would like to remind you all that our remarks today might include forward-looking statements and actual results may differ materially from those contemplated by these forward-looking statements. Any forward-looking statements you make on this call are based on assumptions as of today and we undertake no obligation to update these statements as a result of new information of future events. I would now like to invite Mr. Arun to make his opening remarks. Thank you and over to you sir.

Arun Chittilappilly: Good afternoon, ladies and gentlemen. Thanks for joining the Q2 FY17 conference call of Wonderla Holidays. Talking briefly about our performance during the quarter, our business was impacted largely due to the external factors in Bangalore and in Hyderabad. In Bangalore, we lost about 22 working days because of the Kaveri river dispute and it kind of played out on Mysore road where our park is situated whereas in Hyderabad, we lost some footfalls due to the heavy floods and rain. But despite these hurdles, we were able to deliver a steady financial performance for the quarter.

The revenues from operations grew by 16.5% to 50 crores, driven by a 9.6% growth in average revenue per visitor and 5.6% growth in footfalls. Bangalore park has seen a 20% increase in average ticket revenue and 37% increase in non-ticket revenue. Kochi park has witnessed a 3% decrease in average ticket revenue and 10% increase in average non-ticket revenue. Footfalls in Bangalore declined by 27.5% and in Kochi park increased by 6.4%. Hyderabad park average ticket revenue increased by 14.4% Q-on-Q and average non-ticket revenue increased by 3.4% Q-on-Q. Q2 FY17 EBITDA decreased by 30% year-on-year to 10 crores. EBITDA margin decreased from 34% in Q2 FY16 to 20% in Q2 FY17. There was an overall increase in operating

expenses primarily on account of addition of Hyderabad park. Q2 FY17 PAT decreased by 75% Y-o-Y to 2.96 crores. PAT margin decreased from 27% to 5.9% in Q2 FY17.

Now, I would like to hand the call over to our CFO, Nandakumar for providing details on operational and financial performance of the quarter.

Nandakumar:

Good afternoon gentlemen, thank you for participation and I will take you in detail where Arun has stopped because Q2 with respect to Bangalore park has been severely affected whereas Kochi has witnessed some marginal increase in operations after a sluggish year, for this quarter Kochi was lagging behind and Kochi is just showing signs of improvement whereas the external factors have very severely affected the Bangalore operations and it has very badly affected us during the month of September, where we witnessed almost 46% decline in footfall. July and August were moderate months but July and August also saw a decline, so overall second quarter was not very good. In Hyderabad over the whole quarter we have around 76,000 footfalls as against our expectation of little over 100,000 and Hyderabad still has some flood issues for 2 weeks but despite that Hyderabad is only picking up.

And with respect to the revenues, I think at EBITDA levels we are marginally doing good with respect to our Cochin and Bangalore park. Bangalore park of course has some increase in expenses because of the additional staff and Kochi started growing some positive trends with respect to profit and earnings. Hyderabad of course in Q2 because of the lower footfall could not contribute anything to the EBITDA margins, in fact Hyderabad has given a loss of around 6 crores including a depreciation of around 4.2 crores. So, we feel that the third quarter could be our best as our market research says with respect to Hyderabad. So we hope that Hyderabad will pick up in third quarter and will be able to close a number what we have always projected to the market which is 700,000. So, I think this is the broad overview with that, we will go in deep through the questions. So I would now request for line-up of questions please.

Moderator:

Thank you very much. We will now begin with the question and answer session. The first question is from the line of Mr. Alok Shah from Edelweiss securities. Please go ahead.

Abneesh:

Hi sir, this is Abneesh here. So, my question is, is there any risk you see for Q3 in the last few quarters, there has been some or the other reason, of course these things might be out of your control. In Q3, how are you seeing footfalls? My sense is you might have outpriced yourself because of the huge tax hike, we are seeing this in other forms of consumption also, so where do you see a sustainable growth rate in terms of footfall?

Nandakumar:

Looking at Kochi, you can see that Kochi is marginally showing a positive trend where average price hike was more or less same in Kochi and Bangalore and if you look at precisely the footfall comparison in Bangalore, Bangalore of course has shown a marginal decline in July for around 12% and August around 18%. This is mainly because our traffic from Tamil Nadu has been affected because that is the burning issue for quite some time and other than that, I do not

find a significant pricing pressure on that where you see that your average customer spending is increasing with respect to their discretionary spending like food and F&B as well as on souvenirs. But this year considering the last year's price hike, we have not actually increased the prices also. Marginal re-alignment of the season and off season has been done. So that has marginally given around 4% to 5% increase in the collection. That is the only thing we have put on to the ultimate customer. So I think pricing this year is not going to be very sensitive but generally I agree to the fact that in the discretionary spending market, there is some kind of resistance.

Abneesh: Tamil Nadu issue continues in Q3?

Nandakumar: Q3 partly for the first week it continued, now for the last one week or so, the traffic has become normal but still whole Dussehra and vacation season we lost and what corporate clientele we lost during vacation time, it is very difficult to recover.

Arun Chittilappilly: I just wanted to add here that I think Dussehra season for us was successful, but I think what has happened is disruption in the school calendar, lot of schools have moved their exams and all to post Dussehra and so, there will be some ripples of it in Q3. So, if the school exams get postponed, obviously, the school trips for an amusement park outing will also change. So, there is some risk but I think so far is showing better signs.

Abneesh: Sir, during these tough times for example this Tamil Nadu issue, changing of school exam times, higher rainfalls, etc., what are the proactive steps you do during these tough times specific on those days?

Nandakumar: I will add to that because you see that this year, we were aware of that during this Tamil Nadu issue is going to be prolonged for a month or more than a month because there was no discussion and based on the Supreme Court order and date and all. So, we generally changed our marketing strategy towards the local crowd and instead of putting money in Tamil Nadu market, we are pushing the local people and this Dussehra we did that because the people were not left with an opportunity for the Bangaloreans to move out. Mysore is disturbed and Tamil Nadu you cannot push on to the tourist destinations. So, we are projecting Wonderla as our local outing destination and that partly has paid off also because our Dussehra was reasonably good this year. So, that is the only thing what we can do and with respect to Hyderabad, when floods lead to people movement being restricted, we can do nothing about that.

Arun Chittilappilly: We also do some marketing changes in terms of pricing or sweetening the offer and things like that. But there is a limitation, not much we can do about that.

Abneesh: Because in Bombay, the equivalent park we see lot of discounts specific during those periods, I do not know if it works to the desired level. In your case, do you offer specific higher discounts through tie-ups with online or through the events and all.....

Arun Chittilappilly: Yeah, we do a similar thing, that is not very different from what we do from them. We are little more careful with discounts because too much discounting and too much change in pricing also confuses the customer. So, we try and reduce the noise around the discounts and it is specifically restricted to large groups and schools.

Nandakumar: One thing I would like to add that in our history also says that huge discount does not pull too much crowd to the park, so we do not see a spike in customers coming into park on discounted days also because it is more or less even.

Abneesh: Sir, your parks are obviously well established and maybe that is the reason why even discounts are not able to work. So in Bangalore also, do you need to really revamp in a very big way, you are revamping but is it enough?

Nandakumar: Bangalore last year, we invested around 35 crores.

Arun Chittilappilly: In terms of offering, I do not think we need to worry about the offerings at all. People like the park and they like the attraction and we are still ranked very high, I mean all the reviews everything is like perfect, so I do not think that is an issue. If you want to get repeat, yes we will have to add new attraction but we have just added like.....

Nandakumar: So that we did because last year we had two attractions and Kochi of course part of the revamp is done, part of the revamp is going on. So by end of March, we will be doing couple of more rides also.

Arun Chittilappilly: One more thing I wanted to say is Cochin mainly rebounded not because of the new rides, it is because of our new marketing strategy, we changed our strategy for Cochin from Q2 and on the whole the way we advertise and the message we communicate, everything was completely different and that has helped us a lot to get some.....

Abneesh: Could you talk about it because that is something we do not know in detail, what you have done different in the marketing communication and the reach out?

Arun Chittilappilly: Yeah, we can send you details. Basically, we change our strategy, we use more emotion led approach for our advertising and we changed our media mix completely. What we thought earlier worked that we have completely changed. So we did a bunch of things and that has resulted in a huge noise level and lot of talk about and the ad that we created went viral in Kerala. So I mean that is a very catchy kind of ad that we made, so that kind of stuff so, yeah.

Abneesh: You are repeating that in the other 2 parks?

Arun Chittilappilly: Yeah, we are doing that, yeah, starting from Q3.

Abneesh: Sir, last question is on Chennai, in terms of land there has been delay, where do you stand right now?

Arun Chittilappilly: Actually the Chennai land acquisition is stuck because in September, the High court in Chennai....

Nandakumar: High Court has come out with an order of stay on conversion of wet land.

Arun Chittilappilly: We cannot convert any wet land. So our acquisition...

Nandakumar: So, we are waiting for a clarity on that.

Arun Chittilappilly: They stopped registration of all wet lands in Chennai area because of the floods what they had last year.

Abneesh: But you are not looking at an alternate site?

Arun Chittilappilly: No, this we already have an MoU and everything, I mean this is almost.....

Nandakumar: No, this is temporary. We are also in contact with lawyers and all those because this is the one single order from a High Court where registrars are taking a back seat and not registering it. So once they give clarity on the decision probably in a couple of weeks' time, the High Court is also giving a clarity on that. Once the clarity comes, I think it can be registered, there is no particular issue with respect to our side because this is already in the development zone but since the current classification is agriculture for around 40% of the land what we are purchasing, so we are finding some difficulty in registering it. So we kept on hold and considering the location as well as the ground work we did for identifying the location, we feel that waiting for couple of months is worth.

Abneesh: But the legal issue is the only thing left right?

Nandakumar: Yeah, this registration issue is only left, every other legal issue has been cleared and parallelly, we are looking for other locations also but we have not frozen on any other locations and we will be coming forth once we close some other location.

Abneesh: No, but can you look for other locations because you just said now that MoU has been signed.

Nandakumar: No, not in Chennai. I talk about other than Chennai.

Arun Chittilappilly: In Chennai also, the MoU will expire

Nandakumar: In another one month or one and half months' time. But Chennai this location, we are okay but parallelly we are looking at other places also other than Chennai.

Arun Chittilappilly: But I think the problem is outskirts, most of the land will have some amount of wet land.

Nandakumar: Some agriculture bit in it.

Arun Chittilappilly: Yeah, so that has to be converted.

Abneesh: So apart from Chennai, where else? So Goa are you saying or?

Nandakumar: No, Goa is there, then Gujarat is there because we have not frozen on any location. So, once we will freeze the location, I think we will be more clear to tell you about it in detail.

Moderator: Thank you. We have our next question from the line of Amit Kumar from Investec. Please go ahead.

Amit Kumar: In the Hyderabad park, you mentioned that footfalls were lower than expectation but the expectation itself was just about a lakh visitors versus upwards of 2 lakhs in 1Q. So is it a set of normal seasonal trend to be assumed for future as well?

Nandakumar: Yeah, really because Q2 is the weakest season in our business. If you look at in our existing park also, it is more than 50% down in Q2 footfalls compared to the Q1 footfalls. So we made an apportionment based on our market intelligence and somehow it did not work according to our expectation, but I think our benchmarking is almost correct, we have to work towards that, 1.2-1.3 is possible in that market, when during that we are creating awareness and the marketing is in place.

Amit Kumar: For the remaining 2 quarters of the year, what kind of seasonality if you can call out that will be very helpful and do you expect

Nandakumar: We see that Q3 is somewhat better, something around 25% lower than the Q1 and the Q4 will be somewhat like Q2 only, slightly around 10%-15% better than Q2.

Amit Kumar: Then coming to the same park if you look at during in 1Q and 2Q, 1Q Andhra footfalls were around 31.5% and which has come down to only 2.5% in 2Q and how do you read this data really?

Nandakumar: Q1 is basically led by holiday crowd and working crowd where because of long holidays, you can expect people coming from far off places like Vijayawada and other places and Q2, you do not have long holidays and you can expect mostly local crowd.

Amit Kumar: My final point, the increase in advertising and marketing expenses has gone up from 3.5 crores to 6.5 crores. So you have 2-3 elements you sort of split it across the 3 parks that you have. In Bangalore, also, you had the new rides sort of coming through, that roller coaster ride is coming to Hyderabad park also. So could you just help us broadly understand, I mean the 6.6 crores, how is the marketing spend across the 3 parks?

Nandakumar: Q2, I will say it is more or less equal because we have not spent too much money in Hyderabad. Because money spent in Q2 is slightly higher in Kochi where this Onam season was passing through in Kochi and where we did an entirely new creative and new set of marketing ideas. So close to around 2.5 crores to 3 crores has been spent in Kochi and balance between Bangalore and Hyderabad because both the markets for Bangalore and Hyderabad, it was dull season where we have started only last 15 days in September towards the Dussehra preparation and close to around 1 week and September, we had something in Hyderabad also. So predominantly, I will say that around 40% of the ad has been spent in Cochin and balance 60% is equally distributed between Hyderabad and Bangalore.

Moderator: Thank you. We have our next question from the line of Mr. Rohit Bothe from Parag Parikh Mutual Funds. Please go ahead.

Rohit Bothe: First of all, I would like to express my admiration for Kochoseph sir and Chittilappilly family. I think Wonderla is a wonderful business with a lot of transparency and there is a net benefit to the society, so first I would like to express my admiration for that. My first question is on the in-house ride manufacturing capabilities that we have. So just wondering when you build a new park do you keep, I see that Hyderabad has 16 parks, so if I look at in a cost basis, do you project that okay of so much cost for rides, we will manufacture this much ourselves, that is one question on the manufacturing and the second one is do you see us developing capability to build recoil roller coaster like ride inhouse going forward in future? Do you see us increasing our capability there?

Arun Chittilappilly: I will answer that question, so I think our ride manufacturing is pretty advanced in the sense we can make a lot of rides, but the typical thing that we do is we build slightly simpler rides, evergreen kind of rides like a Ferris wheel or a carousel, those kinds of rides that is what we build inhouse and that contributes roughly about 30%. So, 30% of all the rides in all our parks are usually made in-house, can we build a recoil like ride. I do not know because I do not think it is worth it, the design cost and manufacturing cost or something like that is so huge. I think we will not have any cost advantage and I think we are already getting a good deal because we do not buy new even like a big roller coaster, we buy slightly used and I think we are already trying to take care of our price advantage there.

Rohit Bothe: So the 30% of all rides when you see you manufacture in-house, is it cost wise or is it number wise?

Arun Chittilappilly: Number wise.

Nandakumar: I will add to that because we have created a very huge engineering team whereby this engineering team does ride manufacturing as only one part of their activity, so where we used to take our engineering capability to erection of new rides and their initial maintenance and all those things where our dependants on the foreign engineers and technicians is coming down, that itself is a huge saving for us. Secondly, our park designing as well as shifting of ride from one location to another and one schedule maintenance as well as the annual maintenance of the ride, those are the areas where our number of parks are increasing, we have limited resources with respect to engineering staff, the talent pool is very costly, so we do not want to add too many people into that. So, for a productive and effective use of them, we want to use them mostly on maintenance and inhouse capabilities rather than putting their engineering skill on designing new rides, as a lot of trials are required on that.

Rohit Bothe: So next question I want to ask specifically about Cochin and Bangalore parks, so I was just noticing that so till 2016 from let us say, 2011-2012 to 2016, I was noticing that the advertising spend on an absolute number was pretty stagnant or declined a little and as a percentage of sales has obviously declined and also noticed that we took a huge price hike, I mean in addition to that, a few other issues led to a footfall decline also and I noticed also that on trip advisor, our rankings for Bangalore and Cochin have changed 8 and 15. Just wanted your opinion if the advertising spend in the campaign could be a reason for that and just wanted your thoughts on that?

Nandakumar: Because last year we did not have anything new at Cochin. So we spent on the routine advertisements where last year we have not made any new ride in Cochin park and Bangalore also had something but the first quarter only. To an extent you said it right that we have not spent too much on that because if there is nothing to make a real noise, we feel that there is no point in spending money on the existing rides, especially if it is an old park like Kochi. So now this year with the second quarter onwards, we started getting new rides, so we started spending money and creating themes around the new rides in Kochi park. So that is a factor of where the money is getting invested in the park where you can attract people to visit again. So there is nothing new, I think there is no point in spending too much money in advertisement, customers will get disappointed if they come year-on-year and there is no new ride in the park. So, that is why Kochi is almost stagnant, Bangalore we used to spend because our advertisement budget is more or less as a percentage of the turnover. So we used to spend that except for 2014-2015 and 2015-2016, where spending was slightly lower in Cochin, so that we are changing from this year onwards.

Rohit Bothe: So for each park, you spend it as percentage of the turnover of the specific park.

Nandakumar: Yeah, except for the first year, Hyderabad first 2 years, there will be some other budgeting, otherwise it generally comes as a percentage of the turnover and we used to stick to that

percentage and if there is a reason to do it with respect to our revamp or any new ride, we will do, otherwise it will be limited. If the turnover is not increasing and we have nothing more to shout about it, we will continue with the same budget.

Rohit Bothe: And third question sir I wanted to ask about, I mean I noticed that there has been change in the top level corporate setup for the organization with Mr. Sachdev coming on board, other marketing staff coming on board and 2 new board members coming in with Mr. Ramachandran leaving, so just wanted to get a sense of if there is a broad strategy level changes that we see in the company, I know we keep changing our strategy, we try to keep ourselves nimble as time goes by, so was wondering if there is some major change in the direction of thinking of something happening with the company right now.

Arun Chittilappilly: There is no change. We wanted to always expand our leadership team. We were little skinnier at the top in terms of different heads for different functions and things like that. So we fill some of those gaps and there have been some changes and yeah, I think we are kind of entering a slightly different phase in our business life so early, we were a private company, now we are public, so obviously we wanted a little more and in more locations we are expanding, so obviously we wanted a little more depth to our leadership team. So that is about it and there is no other reason why it was done.

Moderator: Thank you. We have our next question from the line of Kaustubh Pawaskar from Sharekhan Limited. Please go ahead.

Kaustubh Pawaskar: First wanted to understand your planning to add new slides in Kochi and Bangalore park. So are those slides operational?

Nandakumar: No, Kochi now we have done something, one for the Onam season and two will be operational by end of Q3 probably that will be ready for New Year and Christmas seasons. And Bangalore what we have done, we have done in April, we are not doing anything more than that.

Kaustubh Pawaskar: Sir my second question, I think in initial comment you mentioned that you were targeting about 700,000 footfalls in Hyderabad park, but now since because of the floods in Hyderabad, you have seen lesser footfalls in Q2. So can we expect 5-5.5 like footfalls in Hyderabad from?

Nandakumar: I think it will be slightly between 6 and 6.25. 10% reduction is expected from our side.

Kaustubh Pawaskar: To you whatever earlier estimates you have given.

Nandakumar: Yeah.

Kaustubh Pawaskar: And sir for the Bangalore park, since the holiday season has started, should we expect footfalls to improve in the Q3 or should we expect that since the Kaveri issue was elongated, it will still have impact on the footfalls?

Nandakumar: Q3 for the first month as I said for the last 25-26 days, it was really good. We have to see that whether it continues with the same pace in the market and of course if there is any external factors, still we will be under threat for that.

Kaustubh Pawaskar: And sir for Hyderabad park, what was the operational loss in this quarter which affected your overall profitability if you could just give that number?

Nandakumar: Yeah, Hyderabad park, total Q2 first half cumulative loss for the Q2 was around 6 crores. Out of that, 4.5 crores is depreciation. So your cash loss is around 1.5 crores.

Kaustubh Pawaskar: And sir in this quarter of the other expenses, how much was the service tax?

Nandakumar: Negligible, I think we put around 2 crores as provision.

Kaustubh Pawaskar: And sir going ahead, what would be your major CAPEX for, I think this year you have done a substantial CAPEX because your depreciation costs have also gone up. So I believe whatever CAPEX was done, it was for FY17 and FY18 there would be a limited CAPEX of about 20-25 crores.

Nandakumar: No, FY17 itself there is some pending rides in Hyderabad, so Hyderabad will see another CAPEX of around 30 crores and Kochi and Bangalore this year I do not think anything new will come, probably next April that is for FY17-18 there will be something because two rides already coming in that is around 8 crores, that is already budgeted.

Kaustubh Pawaskar: And sir my last question is on the Kochi park, we have seen the ticketing revenues have come down on Y-o-Y basis, so are you running out any promotional offerings or have you giving any discount?

Nandakumar: Not because last year first quarter, the ticket revenue showing us inclusive of tax only. Now we started collecting and paying tax, so we are accounting as net of tax.

Kaustubh Pawaskar: So those are net of tax and Q2 last?

Nandakumar: Last year Q2 was inclusive of tax.

Kaustubh Pawaskar: And one last if I may. Sir in this quarter we have seen Kochi park, there was an improvement in the footfalls, it was about 3% growth. So should we expect this to continue in the coming quarters or?

Nandakumar: Kochi is continuing, I think.

Kaustubh Pawaskar: So I think the normal rate of 4%-5%, I think that we should expect?

Nandakumar: Kochi can provide you next quarter above 5% increase, my expectation. I am getting in Q3 because Kochi with number of footfalls, considering the number of footfalls in Q3 should be the best quarter.

Kaustubh Pawaskar: And sir when should we expect a similar kind of trend in Bangalore? Because I think the footfalls in Bangalore are even bottoming out because last 3 to 4 quarters, there are some of the other issues related to...

Nandakumar: Yeah, because we are mostly stuck with external issues because we are also not in much control.

Kaustubh Pawaskar: So, should we expect it to be kind of bottom out and things should expect....

Nandakumar: Yeah, probably it is hard to say because one week or ten days' loss is enough for us to discount all the growth we are making.

Kaustubh Pawaskar: And sir from margins point of view, this year we can expect that because of Hyderabad operations margins would be down, but going ahead should we anticipate margins moving up since considering the fact that you won't be taking any substantial price increase in ticket price in the coming years?

Nandakumar: Yeah, you can see that this year also, we have not taken any ticket price increase, but we have some good revenue coming by the way of F&B sales and retail of souvenirs and other things. So we want to take that as another area where we can expand our margins.

Moderator: Thank you. We have our next question from the line of Joshua Zhang from Hidden Champions Fund. Please go ahead.

Joshua Zhang: I saw the news that Mr. Nandakumar, your CFO has left if any reason for his resignation and what is the plan going forward?

Nandakumar: Yeah, I am Nandakumar and I am moving to my hometown because my parents are aged, for personal reasons I am moving to my hometown and I was at this company for around 5 years and this group for around 10 years.

Moderator: Thank you. We have our next question from the line of Ruchi Seth from Avendus Capital. Please go ahead.

Ruchi Seth: I just wanted to check through 50 crores in quarter 2 is net of service tax like you said?

Nandakumar: Kochi.

Ruchi Seth: No, 50 crores the overall revenue from quarter 2 is net of service tax?

Nandakumar: No, ticket revenue for Kochi is net of service tax. We are not collecting service tax in Bangalore, but since our case is running in the court, in other expenses, we have provided around 2 crores as provision for service tax for Bangalore. So in a sense you can say that the 50 crores revenue is including 2 crores service tax where we have provided for it but we have not collected in Bangalore because we are disputing that in Bangalore High Court.

Ruchi Seth: And in terms of the CAPEX plan, you said that Hyderabad you are going to be incurring another 30 crores, so this is over and above the CWIP which is already showing up in our balance sheet?

Nandakumar: Yeah, because those are the amounts which we capitalized during April which are the completed projects. We have 2 more rides completing, it is in the CWIP you can see that figure and one of that will be ready probably in this month before end of the month or early next week and one, we will take to do at the end of the financial year or early next year. If it comes in March, we will have another 30 crores capitalized in this year. If it falls to next April, probably it will be coming next year but definitely it will be happening before April.

Ruchi Seth: Can you tell me the broad split of Rs.365 crores fixed assets across the parks and the resorts, of course annual report has it between the resort and amusement park, can I get the broad split within the amusement park?

Nandakumar: No, here if you look at, Kochi and Bangalore assets are almost depreciated, out of the 225 crores is the capitalization we made for Hyderabad park. So that is made for this year. So all other parks, Kochi is almost completely depreciated with respect to the original assets and Bangalore is also completely depreciated. You send me a mail, I will give you the branch wise breakup also.

Ruchi Seth: And can I have the EBITDA contribution for parks for the first half, before corporate SG&A?

Nandakumar: Yeah, I can give you, EBITDA contribution of the parks I can give you. Bangalore park has around 37 crores as EBITDA and Cochin park has 28 crores as EBITDA.

Ruchi Seth: And Hyderabad is minus (-) 6.

Nandakumar: Hyderabad EBITDA level, it is minus.

Ruchi Seth: No, minus (-) 1.5.

Nandakumar: 1.5 crores is the EBITDA level.

Ruchi Seth: In terms of the hotel, what is the cross-sell that you see from people who are staying in the hotel and are also visiting the park?

Nandakumar: Out of the 60% occupancy, we will say around 40% is coming to the park but since it is a very small hotel, it is not very significant with respect to the footfall coming from the hotel, hardly 84 rooms and with 40% occupancy in the 84 rooms does not contribute significantly to the footfall of the park.

Moderator: Thank you. We have our next question from the line of Anuj Jain from ValueQuest Capital. Please go ahead.

Anuj Jain: I have couple of questions. How much price hike in tickets will it taken across the 3 parks, if you can just explain?

Nandakumar: During this financial year, we have effectively not hiked our price, we have just changed some of the peak pricing as well as the peak timings. So that will reflect around 4% to 5% increase in the revenue.

Anuj Jain: So when we say that the average ticket revenue per visitor let us say for Bangalore park has increased 20% in the quarter so that is because of the peak pricing?

Nandakumar: Yeah, because we changed the peak pricing and you see the footfall reduction is mainly from schools and colleges which is a subsidized ticket.

Anuj Jain: So basically only 4%-5% of price hike.

Nandakumar: Yeah, 4%-5% is the gross price hike.

Anuj Jain: And the second one is like, how much annual footfalls are we targeting for Hyderabad Park in next 2-3 years and for the current year, we are saying it will be?

Nandakumar: We have current year changed, our expectation was 7 and I said that we look for a 10% reduction on that.

Anuj Jain: Yeah, but I am looking for next 2-3 years?

Nandakumar: Going forward, I think the park can get a 15% average increase for the first three years.

Moderator: Thank you. We have a follow up question from the line of Rohit Bothe from Parag Parikh Mutual Funds. Please go ahead.

Rohit Bothe: So, was just wondering if our plan of getting Hyderabad to be profitable by year for is still on and there is no changes to that as per?

Nandakumar: No, because Hyderabad Q2 is negative because it has very lean footfall. Q1 was a profitable quarter for Hyderabad and we see that around 700,000 footfall, we will give you around 25%

to 26% EBITDA margin. So that still continues. We will be able to breakeven at a point of 500,000 footfall that is our estimate.

Rohit Bothe: No, I was asking at a net level, a PAT level?

Nandakumar: Net level, we will be profitable when the footfall increases to 7.5 lakh plus.

Rohit Bothe: So when do we expect?

Nandakumar: That in our general calculation, it should be on the second year.

Rohit Bothe: When do we expect Hyderabad park to stabilize at a level of Bangalore park?

Nandakumar: In fourth year to fifth year.

Rohit Bothe: So, you expect to mature and stabilize?

Nandakumar: In the year 2020-2021, it will give you a 45% to 50% EBITDA margin.

Rohit Bothe: And just a broad question on the strategy so, Wonderla strategy continues to develop itself as an integrated holiday destination, so is there a plan of adding let us say, something other than a resort in the park or do we continue exploring the strategies going forward?

Nandakumar: Currently other than that, we have not thought of it. Now our primary strategy to expand these to as many cities as possible and we are exploring some of the design changes and some attachment to the resort like convention centres in Bangalore probably, it is still on the discussion table; probably once it materializes, we will be able to announce on that.

Moderator: Thank you. We have our next question from the line of Ashish Gupta from Goldfish Capital. Please go ahead.

Ashish Gupta: Just wanted to have your perspective on how the GST rate would influence your tax structure across different states because we must be having different rates including entertainment tax for each and every states of Bangalore, Hyderabad and Kerala if you can give us some perspective say if the GST rate is 26% on the higher side which is the thing which is proposed in media reports, how does it pan out with your existing rates? Thank you.

Nandakumar: Yeah, our current liability is combination of service tax as well as entertainment tax where entertainment tax differs from state to state. In Bangalore, we pay around 5% and Andhra, Telangana it is around 20% and in Kerala, it is lump sum amount which on our turnover works out to 1% to 1.5%. So another common factor is service tax of 15%, so in some other states we have 15% to 16% to a higher of 35%. When it comes to the 26%, I think in the area of Hyderabad we will be a gainer and Bangalore, we will lose around 5% to 6% provided it is 26% and Kerala

we will have a charge of additional 11%. We have still no clarity on how the input credit works and I feel that as envisaged input works, it will give a 4% to 5% input credit. Net effect will be around 21% if you are getting a 4% to 5% input credit, so in that case if Hyderabad also is working out to the Bangalore levels of turnover, I think we will be neutral in the impact of GST but so until that time we will have a negative impact on the company as a whole.

Ashish Gupta: On the input credit, you basically imply that there are certain state level taxes for which you are not able to take currently?

Nandakumar: Yeah and current input is so complicated that what is the taxable turnover and we have to net off into percentage of it. So we are hardly getting less than 1% to 1.5% input credit now.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Rohan Rege for closing comments.

Rohan Rege: Yeah, thank you everyone for attending today's call. Wish you all a very Happy Diwali.

Nandakumar: Thank you all. Wish you all a very Happy Diwali.

Moderator: Thank you. On behalf of Dickenson Seagull IR, that concludes today's call. Thank you for joining us and you may now disconnect your lines.