"Wonderla Holidays Limited Q2 FY25 Results Conference Call"

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MODERATOR:	**MR. ADHIDEV CHATTOPADHYAY - ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Wonderla Holidays Limited Q2 FY'25 Results Call hosted by ICICI Securities.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Adhidev Chattopadhyay from ICICI Securities. Thank you and over to you.

Adhidev Chattopadhyay: Good evening, everyone. On behalf of ICICI Securities, I would like to welcome everyone today on the Wonderla Holidays Limited Q2 FY'25 Results Call.

From the Management we have with us, Mr. Arun Chittilappilly – the Managing Director, and Mr. Saji K. Louiz, the Chief Financial Officer.

And now I would like to hand over the call to the Management for their "Opening Remarks". Over to you. Thank you.

Arun Chittilappilly: Thank you. Good afternoon, everyone. This is Arun Chittilappilly – MD, Wonderla Holidays. I welcome all of you to discuss our Q2 and H1 FY25 Earnings. I am joined by our CFO – Mr. Saji, and our COO – Mr. Dheeran.

I hope everyone had a chance to go through our "Results" and "Investor Presentation."

This quarter was marked by some operational and environmental challenges that's typical of Q2 and has affected some of our performance. Unpredictable weather events and heavy rainfall and landslides etc. don't bode well for our visitors. And turnout in several key locations were lower than expected. Despite the said challenges, we managed to maintain decent performance through proper marketing interventions.

Our footfall declined by 9% to 4.5 lakh and leading to a 13% drop in income, which stood at Rs. 71.23 crores compared to Q2FY'24. During the quarter, we also hosted a bunch of musical events, celebrations, themed occasions, etc., and giving people more reasons to visit our park. We also hosted a standout event called Adi Polympics at our Kochi Park during the quarter. As part of our continuous investment strategy, we also added multiple rides at our Hyderabad Park at a cost of approximately Rs. 15 crore and was open to public by the Telugu superstar Naga Chaitanya. We are optimistic that these enhancements will positively improve the customer experience in the long run.

Another major highlight for us in this quarter was the official launch of our park in Bhubaneswar by the honorable Deputy Chief Minister of Odisha. This launch has extended our reach to eastern India and enhanced our pan-India presence. While the consumers demonstrated cautious discretionary spending, our strategy of increasing non-ticket revenue and focusing on high-value visitors has helped to maintain our profitability. Our average revenue per user for the quarter reached Rs. 1,414. And for the first half of FY25, it stood at Rs. 1,597. Additionally, we could see some behavior in shift from offline to online bookings across all our parks and compared to the same period as the last year, reflecting our ongoing efforts to strengthen our online engagement.

I am also pleased to share that the Chennai project construction is progressing well and expecting to be operational by end of Q3 FY26. Beyond this, we are also continuously exploring new areas to expand our footprint into. Aligned with our expansion plan, our board has approved fundraising through a qualified institution placement or private placement up to Rs. 800 crores supporting our projects for the next 7 to 8 years.

As we look into the future, we maintain a positive outlook for growth. We are confident that our ongoing investments in enhancing guest experiences, embracing innovation and expanding our offerings will drive sustainable growth and strengthen our marketing position. We remain committed to delivering world-class experiences, adapting to evolving trends and seizing new opportunities in India's expanding amusement park and entertainment industry.

With this, I would like to conclude my remarks, and I hand over to CFO Saji for detailed analysis of financial performance. Thank you.

Saji K. Louiz: Thank you, Arun. Good afternoon, everyone. Thank you for being here for Q2 and H1FY25 Earnings Call.

I am pleased to present the brief "Overview" of our "Financial Performance" for the quarter:

Our revenue from operation for Q2FY'25 stood at Rs. 67.4 crores as compared to Rs. 75.2 crores, reflecting a degrowth of 10% YoY. EBITDA including other income for the quarter stood at Rs. 2.8 crores, down by 90% YoY. EBITDA margins for the quarter stood at 4%. The degrowth in EBITDA was about Rs. 24 crores which is predominantly attributable to reduction in our revenue by Rs. 8 crores. Increase in our marketing spend by Rs. 6 crores and expansion of employee base by adding approximately 210 people across location and corporate office with an incremental wage bill of Rs. 5 crores.

Our adjusted EBITDA net of ESOP expenses of Rs. 1.98 crore for the quarter stood at Rs. 4.7 crore, down by 82% YoY. Profit after tax for the quarter stood at Rs. 14.7 crore as compared to Rs. 13.5 crore, a growth of 9% YoY and PAT margin for the quarter stood at 21%.

Moving on to "Half-Year Performance":

Our revenue from operations for the half year FY25 stood at Rs. 240.3 crore as compared to Rs. 259.8 crore reflecting a degrowth of 8% on YoY basis. EBITDA including other income for the quarter stood at Rs. 98.7 crore, down by 34% YoY. EBITDA margins for the quarter stood at 40%. The degrowth in EBITDA was about Rs. 50 crores, which is predominantly attributable to reduction in our revenue by Rs. 19 crores, increase in our marketing spend by Rs. 11 crores and expansion of employee base by adding approximately 210 people across location and corporate office with an incremental wage bill of Rs. 10 crores. Our adjusted EBITDA net of ESOP expenses of Rs. 4.15 crores for the quarter stood at Rs. 106.5 crores, down by 29% YoY. Profit after tax for the quarter stood at Rs. 78 crores as compared to Rs. 98 crores, a degrowth of 20% YoY and PAT margins for the quarter stood at 31%.

Now moving to "Park Wise Footfalls":

In Q2 FY'25, our Bangalore park received footfall of 1.96 lakh, Kochi Park received footfall of 1.39 lakh, Hyderabad 0.92 lakh and Bhubaneshwar 0.24 lakh. In H1 FY'25, Bangalore recorded a footfall of 5.54 lakhs, Kochi 4.14 lakhs, Hyderabad with 3.91 lakhs, and then Bhubaneswar with 0.93 lakhs.

With this, I conclude my speech and open the forum for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes down the line of Shivam from Equity Capital. Please go ahead.

Shivam: I have couple of questions. First, regarding the fund raise**.** Since we are doing the fund raise Rs. 800 crores all from equity, my question is why we are not being like somewhat of that, somewhat of equity as we are like from our internal accruals we are generating Rs. 200 crore cash. So, why this all equity?

Arun Chittilappilly: No, we are not looking at all equity. We will be taking on debt also based on what we outlay in terms of our future plans if we have to build 2 or 3 or 4 parks in the future. We have a total CAPEX of roughly Rs. 1,500 crores to Rs. 2,000 crores and we are proposing to raise only Rs. 500 to Rs. 800 out of that through equity. The rest there will be a combination of debt and then internal accruals. So, that's how we are planning it.

Shivam: But sir, are you looking on the asset-light model parks?

Arun Chittilappilly: Yes, both asset light, but tier 1 cities obviously we will do bigger investment and sometimes it may not be asset-light because it depends on what kind of land parcels we finally agree to work with.

Shivam: So, this Rs. 800 crore we are raising for this, because our asset-light model, our park cost around Rs. 200 crore, so here 4 parks we are, like that, anything between Rs. 700 crore to Rs. 800 crore.

Arun Chittilappilly: No, I mean if you have to build a large park, it's going to cost us, one park will cost us between Rs. 700 crores to Rs. 800 crores, especially if you're in a city like Delhi or Bombay. So, it depends on the kind of parks that we finally build. If we build in a tier 2 city like Indore or Mohali, we'll do something under Rs. 200 crores.

Shivam: Sir, as you mentioned that Rs. 800 crore is sufficient for like coming 5 to 7 years?

Arun Chittilappilly: Correct.

Shivam: So, that was my base question was, coming back to 7 years, we are not going to raise anything, any debt from that for equity? So, why we are diluting that much of equity? That's what's my base question was.

Arun Chittilappilly: We have not decided the quantum of equity that we will dilute. This depends on what we get. It's still early days. We have not really decided, I mean, it could be anywhere between Rs. 500 crores to Rs. 800 crores.

Shivam: So, it is not you have Rs. 800 crore from equity.

Arun Chittilappilly: Final numbers are not finalized. These are approximate.

Shivam: Sir, in this quarter financials, there is a Rs. 24 crore direct tax adjustment there. So, I just want to know the base of that?

Saji K. Louiz: This is basically the deferred tax adjustments. Previously, we had recorded a deferred tax when we did a revaluation of our land. So, now after this current budget, there is a reduction in the capital gain tax from 20% to 12.5%. Accordingly, the deferred tax also reworked and then adjusted as on 30th of September, which amounts to about some Rs. 24 crores.

Moderator: Thank you. The next question comes from the line of Vivek Kumar from Bestpals Research and Advisory, LLP. Please go ahead.

Vivek Kumar: First question is, because you are raising QIP, how many parks and the size of parks like is it Noida, is it Mumbai or Madhya Pradesh because Gujarat, Punjab, you have gone and done MoU with Madhya Pradesh. So, which parks and in five years, let's say, in your growth plan, minimum how many more parks apart from, let's say, if I include Chennai and Bhubaneswar to be done by next year? How many new parks can I assume in the worst case will be there? Three parks or another five parks will be there in the next five years apart from these five?

Arun Chittilappilly: It could be between 3 and 5, excluding Chennai.

Vivek Kumar: Excluding Chennai, it will be 3 to 5 parks. But it will be large parks or small parks like Indore or it will be Noida kind of parks or both?

Arun Chittilappilly: That we are still, there will definitely be big parks also. We are not doing only small parks. We will be doing big parks also. So, that is what. I mean, I am just telling again the exact numbers are not frozen because the project itself is not frozen yet, but once it's frozen, we'll definitely intimate all of you.

Vivek Kumar: So, QIP will be done, right? So, this will be done?

Arun Chittilappilly: Yes.

Vivek Kumar: Second question is normally in terms of the business model I am talking about, continuous raise in footfall seems to be a challenge and you have introduced this event and this musical nights and all these things. So, can you throw more like, let's say the last park is a Hyderabad which you opened in the last 4-5-6 years, just pre-COVID. Does it really is it meeting your expectations? If there are challenges, what are the kind of challenges you're meeting to meet footfall?

Arun Chittilappilly: We are getting almost 45% EBITDA margin from Hyderabad. If you exclude COVID years, Hyderabad is only five years old. So, it's still not as mature as the other two parks that we have. So, it's still giving very good footfalls and revenues. So, I think there is still growth possible from Hyderabad.

Vivek Kumar: So, if I can ask like this, given another 5-6 years, what is your..?

Arun Chittilappilly: I mean the rain and all that we can't predict. And obviously anything to do with rain, floods and heat wave and all that, obviously will affect any kind of discretionary spending where people have to get out of the house, right? So, that we can't predict but the rest of it I think we are more or less confident that it will work because it's already been proven in three cities, fourth city we've just opened. We are reasonably confident that it will work in all tier 1 and tier 2 cities.

Vivek Kumar: I am not talking about this quarter, in general I just want if I have to model one let's say Bangalore Park which you think is enough, what kind of footfall growth you will aim in Bangalore over the next 5 years? And what factors do you think will drive footfalls?

Arun Chittilappilly: 5 years is hard to predict, but I think we can expect low single-digit growth in Bangalore in percentage terms and ARPU growth, you can expect between 5% to 8% per annum, kind of thing you can take, conservatively.

Vivek Kumar: But you are not seeing footfall growth to be a challenge over the long run in general?

Arun Chittilappilly: Long run, no. Because if you look at our CAGR growth for the last 10 years, you will see consistently it keeps growing. Of course, there will be dips in between, but I mean, there will be bumps also.

Vivek Kumar: So, any timeline by which QIP will be done, Arunji?

Arun Chittilappilly: Hopefully before the end of this financial year.

Moderator: Thank you. The next is from the line of Sahil Vohra from NNMS Association. Please go ahead.

Sahil Vohra: You mentioned an increase in online booking. What specific strategies have you implemented to enhance online engagement? And what results have you seen so far?

Saji K louiz : Compared to last year, so we were able to see about some 48%, 50% of growth in online alone. This is mainly because of various digital spending initiatives and marketing, other things we are doing through our marketing department.

Sahil Vohra: Follow-up could be, besides ticket sales, what are your strategies for increasing non-ticket revenue and what impact do you expect this to have on overall financial performance?

Saji K louiz: Non-ticket revenue, if you could see that about some 10% to 15% hike is there in the current half year and even the ARPU has also grown by 12% if you compare with the March 2024 numbers, which can have a positive impact overall on our ARPU over a period of time.

Moderator: Thank you. The next question is from the line of Krithika from Sharekhan by BNP Paribas. Please go ahead.

Krithika: Couple of questions from my end. First would be the demand during the festive season. So, there are vacations and during this time how was the demand across the parks? If you can help us on that?

Saji K. Louiz: The vacation time was in the first quarter, April and May, So, because of certain issues like El Nino and then water problems, which we already indicated in our Q1 earnings call. So, there is a loss of footfall in the month of April and then till mid of May. Now things have improved post to that. And then now presently the Q3 will be our school season or maybe the group season. So, we are just confident enough to perform well in Q3 as well, Q3 across all our parks.

Krithika: Yes sir, for the festive new season I meant during the Diwali season in this Q3 and so accordingly how are you expecting H2 for the footfalls? Specifically related to Diwali season, how was the footfalls in the Diwali season?

Saji K. Louiz: It was good, Diwali season was good. Dussehra and Diwali, both the festival seasons were good.

Krithika: Now with respect to continuing on footfalls, earlier we had mentioned that FY26, we will see mature parks are seeing growth of around 5% to 6%. So, do we still maintain that or do we need to change any in guidance?

Saji K. Louiz: That's what the regular practice. If the matured park will give anywhere between 3% to 5% of footfall growth and then pricing maybe equal to the inflation rate in the country, so that is what we follow on with respect to the matured park.

Krithika: And with respect to the Odisha park, so for the first half, I think we have done around 0.93 lakhs of footfall. So, for the full year, what would be, how do we see that going towards the full year?

Saji K. Louiz: So, we were expecting about 3 to 4 lakhs of footfall in the full year of operation. But we are a new entrant to this particular region. So, we need to wait and see the impact by the end of this year.

Arun Chittilappilly: First year tends to be a little unpredictable. What usually happens is your peak seasons get very crowded and your week seasons will be very low crowded because you're still a new player. It's only been three months since we opened in Bhubaneswar. But overall, I think for the year, we should, like I said, like Saji said, we should close between 3 and 4 lakh visitors. Also, this is a new market for us. So, there's a lot of learning that we also have to do in terms of marketing and sales promotion, things like that. So, it takes a little bit of time, but I think overall, I think we are okay, we know that there is demand and it's still, we are kind of in very definitely a new offering in that area for sure. So, I think that gives us a lot of confidence that we can get the footfalls that we want. And ARPU also has been pretty strong. In fact, it's better than what we expected. So, I think we should be able to. In case footfalls are low, we can always offer more discounts and get higher footfalls. So, those things we are working on. And I think after one year is over, we can give you a more correct picture because it's still too early to kind of give you a strong opinion on this.

Moderator: Thank you. The next question comes from the line of Prolin Bharat Nandu from Edelweiss Public Alternatives. Please go ahead.

Prolin Bharat Nandu: So, couple of questions. Right now that the board has approved of QIP. If I am not wrong, this is the first time where we will be raising equity fund right over our history in some time, or maybe we must have done in the past, but not in the last 6 to 7 years?

Arun Chittilappilly: No, we have not done it.

Prolin Bharat Nandu: Exactly. So, just wanted to understand that what is it that has pushed us to, in terms of growing, or pushing the growth pedal very hard this time around, is it that the environment or the interaction that you have with states are a lot more conducive than they have been in the past. And having said that, do you think that the future expansion will go more in a way your Odisha expansion has happened wherein there was a single window and state was very, very supportive versus Chennai where we had to probably get some regulatory compliance before we started expansion?

Arun Chittilappilly: I would say that it will be like a mix of both. We will work on a couple of projects where there is significant government support, but we will also have to work without that as well in some states, because this varies between state to state. We are already in talks with multiple state governments, so we are hopeful that we can do one or two more projects like how we did in Odisha. But other locations, especially tier 1 cities, we will have to do in different fashion. So, we will keep you updated on whenever we sign something or when there is clarity on this.

Prolin Bharat Nandu: Sure. But also the larger question, as you know, I mean, why QIP at this time, right? I mean is it that we are seeing more spend, people more wanting to visit more and more parks, staying more conducive? So, you know, just a thought?

Arun Chittilappilly: I think there is a lot of, see last 2 years honestly we have done better than what we thought. With three parks we did Rs. 500 crore revenue, right? So, that gives us a lot of confidence that there is a lot of potential in the industry for us to grow especially tier 1 and tier 2 is also something that we are quite bullish about especially after our experience in Odisha. If you are able to build a park in under 16 months for a full-fledged park if we are able to do for less than Rs. 200 crores, I think that is a remarkable achievement and we want to capitalize on those kinds of opportunities because every year that we wait, the cost of building a small park or a big park just goes up by at least 5%-10%. So, that I think these are some of the factors and I think this is the right time to kind of go a little more aggressive than what we have done in the past. It's both. I mean both government support and the fact that people are willing to spend more on this.

Saji K. Louiz: Add on to this point if you see the industry size as well because if it is growing from 11,000 crore to about some 25,000 crore in next to 4-5 years as per some of the industry reports, which is showing a CAGR of about some 10% to 11%. So, we also would like to participate and get a major share from that particular industry growth.

Prolin Bharat Nandu: So, point taken, thank you for that. But Arun, just to double click on this further, while Odisha was completed at Rs. 200 crores cost in 16 months, but when you talk about a park which will cost you at around let's say Rs. 600, Rs. 700 crores, and we are open to that as well, right? Especially in tier 1 cities that will take a fairly longer period of time. And if I look at your gross block, it's somewhere close to Rs. 1100, Rs. 1200 crores. So, we are in a way adding 60%-70% to our gross block in terms of our capital employed. So, are we confident that we will be able to finish the park of larger size of around like Rs. 600, Rs. 700 crores in a 2.5-3 years' time? I mean, is that a fair way to probably think about it? And tier 1 cities also, given that the higher real estate cost and a much larger CAPEX required, that also have enough opportunities to open the park and get to our unit economics that we typically get in any new parks?

Arun Chittilappilly: Yes. I mean, obviously tier one cities are more lucrative. The only thing is obviously the investment is going to be higher. So, that is why we are raising money, right? I mean, to do smaller parks, like you said, we don't really need to raise money. We can manage it without that. But when we have to do a tier 1 city and then we have to spend on building something and do multiple projects simultaneously, that is when we need funding. If you were to do one by one, I don't think we need to raise money. It's because we are doing back to back and that is the reason why we are looking at it.

Prolin Bharat Nandu: Understood. Just last point on the internal capacity, right? Correct me if I am wrong, in the past call, you mentioned that in terms of our capacity to work on multiple parks simultaneously, we can do it at around, we can build three parks at the same point of time, right? Is that correct? Is that how we build capacity?

Arun Chittilappilly: Yes. Two to three. Two, we can easily do. Three also is possible, but I think it's still building that capability because we need a large team to work on each project. Each of our parks needs construction time of at least 18 months. It's a 50-acre parcel of land. At least thousand people have to work on site every day for 18 months for it to complete. So, these are large projects. So, we also need a good team to handle it because the quality of construction and all that is also very, very crucial because safety is involved. Also, we have to make a lot of the right ourselves. So, a lot of complexities like that are involved. So, that is why I think we need to look at a strong team as well. And we are working on that as well.

Prolin Bharat Nandu: So, just on the demand slowdown, right, reduction in footfall, last quarter, you highlighted that there might be some weakness in this old revenge kind of purchases or events kind of experience. This quarter, you specifically called out one-off kind of events, right, rainfall and all. So, is it that probably from whatever you've seen, Diwali and Dussehra, we are back to our trajectory, which we have seen in FY23 and FY24 in terms of footfall growth?

Arun Chittilappilly: See, this year, like I said, we had two years of blockbuster growth because of post-COVID exuberance or whatever you want to call it. So, this year, I think people are kind of coming back to a new normal. And also, there are all these unpredictable weather events that are also happening. So, because of that, I think we are seeing this footfall decline. This is normal actually in our business, because if you look at our past history also, you'll see one or two years of growth and then you'll see one or two years of flattish this thing and then it jumps, so it doesn't go linearly. But over a large like 2 or 3 or 4 years, you will see a CAGR growth in footfalls and revenue what we have done historically and we are not seeing anything that tells us that will not happen again because we are still seeing strong, people who are coming they're willing to spend and they're spending more than what we think they will spend, so those are all good signs. And even in the new markets like Odisha, our ARPUs are in fact much closer to the big pass than what we thought. So, these are all good signs. So, we are still bullish on this and it should be fine.

Moderator: Thank you. The next question is from the line of Parimal Mithani from Credential Investments. Please go ahead.

Parimal Mithani: I just wanted to know, why this all of a sudden aggressiveness is in terms of opening parks and because you see traditionally over the last 10 years, you have been very conservative in terms of taking in terms of parks. If you can explain that to me much better, and how do you see for next five years? Because what I gather from…..

Arun Chittilappilly: We have explained that in the last question. Let me just explain that basically we are looking to grow a little more aggressively than before because I think the market is conducive to that. There is a lot of demand for our kind of products. People are willing to spend more, ARPUs are higher, governments are more receptive to this kind of investment. In fact, I think the new tourism policy, tourism itself is going to be part of industry I think from a government of India standpoint. So, I think getting approvals, all those things are getting easier. So, I think it's a good time for us to invest. That's it.

Parimal Mithani: It will be debt-equity or it will be equity more?

Arun Chittilappilly: I have already answered this question. It will be a combination of equity, debt and internal accruals.

Moderator: Thank you. The next question comes from the line of Shivam from Equitree Capital. Please go ahead.

Shivam: Sir, just a follow-up question. Since we have opened the Bhubaneswar park right now, like one quarter back, and we are opening Chennai park in 26, we are also looking at five parks in coming five years. So, my question is on margins side, that when the Bhubaneswar Park will go on a normal EBITDA, Chennai park is going to come. Then after the Chennai park will get normal EBITDA, the new park is going to come. So, the margins wise, how we are seeing in future?

Saji K. Louiz: Historically, if you see our margins, the EBITDA margins for the past 10 years and the trend if you see, before this COVID, pent-up demand, it was about 40% of EBITDA margins were there. And then post COVID, because of the pent-up demand and then 40% growth in footfalls and all, our margins also increased to about some 50%-55% which is quite normal. And then presently, we are building the team at a corporate office level as well to manage the parks. Earlier we had only 3 parks, now we have 4 parks. Now we are adding parks on each of these years. Then we need people also to manage the park. So, then we are just building the team at corporate office level. And if you see our wage bill also, we have already recruited about some 130 people apart from the Bhubaneswar park to manage the corporate level management of all the parks. That's why the margin shrinking is happening. And apart from that, we spend about some Rs. 3- Rs. 3.5 crores for the Bhubaneswar Park launch. So, whenever we are adding new parks, temporarily there will be a change in the EBITDA margins, but over a period of time, it will stabilize within the historical trend. That's what we feel.

Shivam: Sir, that's what my question was that you mentioned that 40%-45% we are doing in EBITDA and the temporary margin was going to hit as you said, but how long the temporary days were there because in coming five years, you will go to open one park every year. And this will take time to normalize, but the expense will go on a charge, expense upfront. So, I am asking the margin, what your margin expectation from coming five years since like taking into account all the parks we are offering like we want to do 45% margin also?

Arun Chittilappilly: Corporate level, we already completed most of the recruitments. Apart from that, almost like 90% we have already completed the recruitments and then the team building activities and all, so now it's only thing is like that you have to add parks and then only for that particular park we need to add certain people so it will not create so much of problem maybe from second and third year for a new park so there could be some one or two points shrinkage from the average EBITDA margin we used to get in earlier days.

Moderator: Thank you. The next question comes from the line of Vivek Kumar from Bestpals Research & Advisory LLP. Please go ahead.

Vivek Kumar: Arun, are there any locations that you have zeroed in that boss we will definitely do Noida and Mumbai or we will definitely do these two and rest two, three can be different or nothing like this everything is in working progress as of now?

Arun Chittilappilly: We have zeroed in on about four or five locations like I said before. I think the exact order in which we will do it is we do not know yet cause it depends on which approvals come first. I think we will share it with you whenever we have the details.

Vivek Kumar: I am not asking about the order, but it will definitely go ahead.

Arun Chittilappilly: Yes.

Vivek Kumar: Noida is something that you will definitely go, Noida and Mumbai or is it nothing like that?

Arun Chittilappilly: Yes. Noida and Indore and some of those locations, we are definitely keen to do.

Moderator: Thank you. The next question is from the line of Abhinava, an individual investor. Please go ahead.

Abhinava: So, I want to know like if there will be a re-evaluation of land going to be done before QIP?

Arun Chittilappilly: No, no such plans.

Abhinava: Okay, so any reason like that will increase the current valuation of the company right?

Saji K louiz : No, that is not necessary to just build the value in our books of accounts. That we already did it at the time of transferring from the old IndAS from the Indian GAAP to the IndAS time. So, where we recorded about some Rs. 400 crores of revision in the land value, we don't want to do that valuation as of now.

Moderator: Thank you. The next question comes from the line of Nirav Savai from Abakkus AMC. Please go ahead.

Nirav Savai: My question was on the land which is unutilized right now in the existing three parks. Are there any plans to utilize it in the next 2-3 years and what would be the purpose? Would it be hotels? Would it be extension of amusement parks? Any thoughts on that?

Arun Chittilappilly: These are land we have bought because it is a long-term view because later on buying land once we start a project is almost impossible. Yes, we'll definitely use all this property. We have maybe between 30% to 40% of land unutilized in most of our projects. Not all, some of them have more. So, yes, we want to keep it like that and because later on buying the land becomes almost impossible.

Nirav Savai: So, two of the parks have been more than 10 years old. So, anything which you have thought about the extension of amusement parks in the next 2-3 years?

Arun Chittilappilly: Yes. We are expanding, actually not only, all of our parks are expanding right now.

Nirav Savai: Okay, so no plans to build any hotels or anything different from what we are doing right now?

Arun Chittilappilly: If there is something, we will definitely keep you posted. Right now we are just looking at geographical expansion.

Nirav Savai: And another question was on this, what you had indicated previously that whatever expansion we do in future is going to be with the state government and long-term lease and we would not be buying land. This holds for the expansion which we have highlighted by Noida or Indore, that continues or is there any change in the thought?

Arun Chittilappilly: Yes, it continues.

Nirav Savai: So, Rs. 1500-Rs. 2000 crore CAPEX will be all on long-term leases of land and doesn't include any land cost.

Arun Chittilappilly: Yes, as of now we are not looking at it. Wherever possible we will not buy land, but if land is available and I mean, we are not averse to buying land, because if the lease rental and the cost of land is similar, we might as well buy it. Depends on state to state it varies, so it's hard to predict that, but wherever possible we would like to keep the CAPEX low and do the lease.

Moderator: Thank you. The next question comes from the line of Vedant from Minerva Assets. Please go ahead.

Vedant: I have a question and I apologize if it's repetition because I joined slightly late. But it's more of a bookkeeping question. Can you please explain the deferred tax credit that we took this time? Has there been any offloading of assets since the policy has changed?

Saji K. Louiz: No, there is no policy change. When we did the revaluation of the land, when we migrated from the Indian GAAP to IndAS, we recognized the deferred tax and then kept it in our books, which was about some, I think some Rs. 70 - Rs. 75 crores, which was sitting in our balance sheet, if you could observe it. And then, presently, after this budget, the capital gain tax rate shifted from 20% to 12.5% without indexation. So, this has been created as a deferred tax for getting a future tax benefit when you sell the land. That is an assumption at which deferred tax are worked out. Now, presently the tax rate has changed. So, automatically the benefit what you get when you sell the land, automatically will come down. Accordingly, this has been revalued. So, there is a Rs. 24 crore downward revision in this particular position. So, from Rs. 70- Rs. 75 crores to reach up to some Rs. 50 crore odd. So, that's why they just been come as a beneficial in our P&L account.

Moderator: Thank you. The next question comes from the line of Prolin Bharat Nandu from Edelweiss Public Alternatives. Please go ahead.

Prolin Bharat Nandu: Two more questions from my side. Arun so in future expansion, how do we think about a park with and without resorts? Does a park with resort help us gain more footfall because then it becomes more of a destination kind of a thing? What is our thought process on expansion of parks and a resort accompanying it?

Arun Chittilappilly: All the large parks that we do, obviously we can do, even the small parks, even in Bhubaneswar, actually we can do a resort. It depends on the footfalls and the kind of demand that we see. I think every park is different, but we are definitely thinking about building a resort as part of the park experience as well. In fact, every time we design a park, we always leave space for a resort. So, I think definitely it's part of our plan for most of our projects.

Prolin Bharat Nandu: Okay, but are you suggesting that now we will probably build a resort at the same time when we build a park or you will still want to?

Arun Chittilappilly: No, we will not do that. We usually wait for the park to mature a little bit and then build a resort. We will not do it in the beginning.

Prolin Bharat Nandu: Sure, understood. And are we still averse to, I mean, buying a park or buying any other asset which is available, or have we changed our view there?

Arun Chittilappilly: If there is a good asset available at a decent valuation, we will do it. But our parks are unique, so we don't find that nobody else builds parks like the way we build. So, it's very difficult to, you end up paying a lot more for something, and it's not something that we want. You pay market rate and all those things, and financially it doesn't make sense. If it makes sense, of course we'll look into that.

Prolin Bharat Nandu: But have you evaluated anything, any of the transactions which have happened in the last couple of years where some of our competitors have probably bought and have you passed on?

Arun Chittilappilly: Yes, we have already passed on. We have actually said no to most of it.

Prolin Bharat Nandu: Fair point. Okay, Arun. And last point would be on non-ticketing revenue, right? In the past, you have highlighted some of the ways in which you want to increase that, right? So, in terms of the optimal mix between ticket revenue and non-ticket revenue. Where are we and where can we go over a let's say 3-to 5-year period time?

Saji K. Louiz: So, we are at some 75-25 ratio between ticket and non-ticket revenue. So, our aim is to make it about some 60-40 in the long run.

Prolin Bharat Nandu: Right. And can you give us a few drivers as to what will take it there? I mean, what is it that we can do to increase 25% to 40%?

Saji K. Louiz: Two things are there. In non-ticket revenue, we have the F&B plus the merchandise. So, what we need to do, the offerings we need to always review on a regular basis and to provide the more branded items and then the variety, the choice we need to give to all the guests. That is with respect to the merch. And then with respect to our F&B things, we need to keep developing new menus and offerings should be diversified across the parks, which will help us to stay abreast and then people will be spending more on the non-ticket revenue. Another method is tying it up with the park entry ticket so that we can just sell more and then people also get value for money while they are visiting the parks.

Moderator: Thank you. As there are no further questions from participants, I would now like to hand the conference over to management from Wonderla Limited for closing comments. Over to you, sir.

Arun Chittilappilly: Thanks for joining our Q2 FY25 conference call. We hope to continue our performance and expand our footprint to new locations. So, these are some of the core strategies that we are working on. We hope to see you in the next conference call. Thank you.

Moderator: Thank you sir. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.