



“Wonderla Holidays Limited  
Q1 FY2022 Earnings Conference Call”

August 11, 2021



**ANALYST:**

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**MANAGEMENT:**

**MR. ARUN K. CHITILAPPILLY – MANAGING DIRECTOR –  
WONDERLA HOLIDAYS LIMITED**  
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**Moderator:** Good day, ladies and gentlemen and a very warm welcome to the Wonderla Holidays Q1 FY2022 Results Conference Call hosted by ICICI Securities Limited. 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 Sir!

**Adhidev C:** Good evening everyone. On behalf of ICICI Securities, I would like to welcome everyone on the call today, to the Q1 FY2022 Results Call of Wonderla Holidays Limited. From the management today, we have with us Mr. Arun Chittilappilly, the Managing Director and Mr. Satheesh Seshadri, the Chief Financial Officer. I would now like to hand it over the call to the management for their opening remarks. Over to you, thank you!

**Arun Chittilappilly:** Good evening everyone. This is Arun Chittilappilly, the Managing Director. Welcome you to this conference call to discuss the first quarter results. Hope all of you are continuing to be safe. I would like to start off by appreciating the relentless efforts of everyone who worked in this pandemic.

After reopening of our parks in late 2020 and steadily increasing number of operational days, we ended up with about 77% of pre-pandemic levels footfalls. Unfortunately, the encouraging trend was affected by the emergence of the second wave, which happened sometime in late March and we progressively closed water parks and our amusement parks around April 19, 2021. This was implemented as precautionary measures were outlined by the respective state governments.



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In the months that followed, we focused mostly on initiatives to streamline our operations and have planned some enhancement for our eventual reopening. We have also done vaccination drive for our staff. Almost 99% of our employees are now vaccinated. In the interim period, we also worked on our new CRM enabled website and on our promotions. We have also stepped up our marketing efforts which have undergone a transformation over the last one year. We are led by more digital interventions and leveraging on our social media presence. We have also launched a very attractive advanced booking offer, and we have received huge response so far. We are happy to report that under this offer, we have sold approximately 12,000 tickets, signifying that there is a latent demand for outdoor entertainment when things open up.

Globally, the parks industries are staging a comeback driven by vaccinated populations and easing of restrictions. Across the US, Europe and Asia, most of the leading parks are now open and reporting decent footfalls. A further encouraging sign for the industry, new amusement parks have been commissioned in some places and existing parks have announced capital expenditures for upgrades and additions.

Keeping up with prudent financial practices, we have also kept our monthly operation expenses in check. For the period of April – June 2021, our average monthly expenses were maintained below 3.5 Crores. We are committed to maintain highest standards of hygiene and safety and fun in our parks. We have got very a coveted certification for running our amusement parks, from the top agency Bureau Veritas India. We are now going live with several measures to improve customer experience as well so it makes it more immersive and memorable.

In Q1 FY2022, the parks were functional for only 18 days during April 2021. Total footfall was about 35000 and gross revenue was about 5.4 Crores, up from 1.8 Crores in the Q1 of FY2021. Despite the recent lockdowns, we are optimistic that we will generate widespread desire and we will have good attendance in the coming quarters.



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As we again move forward towards gradual unlocking, our resort in Bengaluru has resumed operations followed by Hyderabad park and Bengaluru park, which is opening tomorrow. Both parks will open at 50% capacity initially. On the first 3 days, the parks will welcome COVID angels along with their families. The invitees include social workers and frontline workers who have done extraordinary service during the pandemic and have been voted in by our fans on social media. As a token of love, and service, Wonderla Park will host about 1500 COVID angels. We can proceed to the Q&A session. Thank you very much!

**Moderator:** Thank you! Ladies and Gentlemen, we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Harish Shah from HS Capitals. Please go ahead.

**Harish Shah:** Thanks for your time and taking my question. I have 2 questions. What is the status of rides, as this must be the longest period that they have not been in regular use? So, will we need to update our rides or incur any capex? My second question is, are there any new plans to utilize your excess land banks across the parks?

**Arun Chittilappilly:** First part of the question, rides are regularly maintained even when the parks are closed, so we routinely operate each and every machine at least once a week and we do some preventive maintenance even during the lockdown. So there is no issue with our rides. The second part is there is no immediate plan to monetize land. We are keeping that for future expansion and adding other forms of outdoor entertainment as time progresses. We are making plans for some of it, but we would like to keep all the excess land.

**Harish Shah:** Thank you, management. Wish you all the best.



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**Moderator:** Thank you. The next question is from the line of Kaustubh Pawaskar from Sharekhan By BNP Paribas. Please go ahead.

**Kaustubh Pawaskar:** Good evening Sir. Thanks for giving the opportunity. My question is around your monthly expenses. You mentioned that its around 3.5 Crores and you are looking to further reduce it or significantly manage it. So can you provide some brief on it?

**Arun Chittilappilly:** 3.5 Crores is our reduced amount. It goes up to about 3 times, it will be about 9 Crores-10 Crores.

**Sateesh Seshadri:** Yes Sir. During a complete year of operations, monthly expenses, is about 14.5 Crores per month. When we operate 4-5 days a week, like we did in January, February, March, our expenses were about 9-.5 Crores per month.

**Arun Chittilappilly:** So that will be down to around 3.5 Crores, right?

**Sateesh Seshadri:** Correct Sir. Currently we have cut and rationalized the cost, salary cuts, overhead cuts, hence it is around 3.5.

**Kaustubh Pawaskar:** So, from Q2, it will go up to 9 Crores-10 Crores, considering your park is operational 4 days a week and once they are open for 7 days and occupancies go up about 50%, it will go up further. Is it a right understanding?

**Arun Chittilappilly:** Exactly. Correct.

**Kaustubh Pawaskar:** You got a very good response for your online initiative, around April and May. Are you planning to continue it, because you are getting a good traction on this online sales platform?

**Arun Chittilappilly:** Yes, we are doing it. Right now, what we are doing is a different kind of experiment to see what will work and what are the ones which will not work. We are doing different kinds of marketing initiatives online. This online booking what we



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did was done in June and we were open for 2 weeks and were able to sell some 12000 tickets. That gives us a lot of confidence that there is a lot of demand. When our parks open, people will come. Depending on the situation we will need to have different kinds of offers. So, we will keep doing that, yes.

**Kaustubh Pawaskar:** Thanks Sir. Two bookkeeping questions, on the Chennai park, what is the status now? I can understand that in the three months period, you did not have much to talk about but anything on Chennai park?

**Arun Chittilappilly:** We will not resume work on Chennai immediately because of the COVID situation. We are probably looking at working on it only from next financial year onwards, when things stabilize more. Before that, we have to get a few more approvals and few more things are pending, so, that has to get done.

**Kaustubh Pawaskar:** Any comment on the Kochi park? When do you expect it to start operations?

**Arun Chittilappilly:** We have no idea as of now, but we are hearing that within a month, there could be some change.

**Kaustubh Pawaskar:** Thank you!

**Moderator:** Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

**Adhidev C:** First question is on our resort. Just wanted to know are you extending any offers for the long stays at the resort? Because, lot of people are working from home and can they benefit?

**Moderator:** It seems Adhidev has got disconnected. In the meanwhile, by the time he joins back, we will take the next question from Urmi Jain, an individual investor. Please go ahead.



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**Urmi Jain:** Good evening Sir. Thank you for taking my question. My first question is – are we running any campaigns to promote Wonder club offers? Also, as unlocking has increased and people are more inclined to spend weekends away, can Wonderla provide an avenue? Do we have any traction around it?

**Arun Chittilappilly:** Yes, we have a lot of offers going on at the moment as things are unlocking. We do most of the offers online now, depending on the situation we keep having different offers until we are open every day.

**Urmi Jain:** That is helpful. Thank you!

**Moderator:** Thank you. The next question is from the line of Dhrushil Jhaveri from Aditya Birla Mutual Fund. Please go ahead.

**Dhrushil Jhaveri:** Thanks for the opportunity. I just wanted to check, in terms of capital allocation, I think you have talked about in a media interview recently that you would be evaluating parks which would be in distress right now. Anything we can talk about our share in terms of anything that we are looking at?

**Arun Chittilappilly:** We are just evaluating. Lots of opportunities have come to us. We are just evaluating them at this point.

**Dhrushil Jhaveri:** But do you look at this as an opportunity to deploy capital? You think, some of this could come though this year? What are your thoughts here?

**Arun Chittilappilly:** I am not really sure. Like I said, it is too early for us to comment on this. Lot of people have approached us saying that they would like us to take over or to run parks especially after COVID. Still at a very early stage and hard to comment and say we are going to do this or not; a little too premature. As and when we have clarity, we will definitely keep you updated.



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**Dhrushil Jhaveri:** Got it. Thanks for this.

**Moderator:** Thank you. The next question is from the line of Anuj Sharma from M3 Investments. Please go ahead.

**Anuj Sharma:** Thank you for this. My question is – we have ascribed to follow some models like Six Flags, emulate them but over the past 18 months, has there been any interesting models which we saw during COVID, which we found interesting and would want to replicate in our park over next, maybe, 12-18 months? Any models which were differentiated in the trying times, globally?

**Arun Chittilappilly:** Everybody has the same issues. I do not think there are any differentiated models for the amusement park itself, other than making it touchless, which we are already doing. But people still have to come out and experience the park. I do not think there is much change there.

**Anuj Sharma:** Alright. Thanks Sir!

**Moderator:** Thank you. The next question is a follow up from the line of Urmi Jain, an individual investor. Please go ahead.

**Urmi Jain:** Thank you so much for the opportunity again. Sir, wanted to know - is there any update from the government on the LBT issue with the Tamil Nadu government?

**Arun Chittilappilly:** Not yet. We are just communicating with them. Nothing has come out of it. We will let you know when there is a development on it.

**Urmi Jain:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Sahil Doshi from ITI Asset Management. Please go ahead.





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**Sahil Doshi:** Good evening. Quick question in terms of capacity, I understand current times are a little uncertain. Just thinking ahead, the last 10 years odd, we are just opening fewer parks, incrementally, in the next 5 years odd, once better clarity emerges, do you see aggression in terms of new park openings would increase as a whole and if so, what is the plan ahead, if you can just talk little about it?

**Arun Chittilappilly:** Plan has always been to open a new park every 3-4 years. That is how we started Chennai also. But then unfortunately, when we started work, there was a tax issue and then there is COVID, so that work has stalled. If you keep that aside, I think we will definitely keep evaluating new areas to work on and try to expand.

**Sahil Doshi:** I understand we are yet in talks and nothing has been finalized, but how do the economics change in terms of owning the park model, the updated model versus a managed park? Do you have any threshold when you are investing or getting into some kind of an arrangement, if at all, where you would be looking at taking?

**Arun Chittilappilly:** No, it is too early to say. We are still talking to various park owners to see how we can work with them. Nothing is final, but obviously, it will be a low capex model – that is what we are trying to get into, but as and when details emerge, we will be sharing with you.

**Sahil Doshi:** Just to understand better in terms of capital allocation or how it used to be because the economics of this business is quite different from what normal businesses have. So, as a new investment, what are the few factors, besides location of course, how do you look at payback? Could you just share some broad matrix?

**Arun Chittilappilly:** There are no set rules for this. We look at an opportunity and see whether we want to be part of that geography or we are able to work with the promoter or how is it that we are able to work with them, it could be a management contract, it could be some equity involved, so it is very hard for me to say that there is ballpark figure for it.



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Each opportunity is going to be looked at differently and then I do not think it will be a cookie cutter model.

**Sahil Doshi:** Sure Sir. Appreciate that. I want to understand the management's perspective and how they look at debt, are you averse to debt as a whole or you are prepared to do a leverage buyout in a kind of situation?

**Arun Chittilappilly:** We are not averse to debt, but having said that, we will also be careful when we are looking at full acquisition, and all. So, we will be, maybe, a little overcautious. But we are not averse to looking at any debt. If we find there is a good opportunity, we are willing to go after it.

**Sahil Doshi:** Sure Sir. Appreciate that. Thank you so much and good luck.

**Moderator:** Thank you. Adhidev, your line is unmuted. Please go ahead with your questions.

**Adhidev C:** My question is, could you share the balance sheet figures, what is the cash and liquid investment on the books and are we open to taking on a debt in this year, if there are any other lockdowns again?

**Sateesh Seshadri:** Currently, we are at about 7 Crores to 8 Crores in the form of investments and cash. I do not think with the current run rate, we need any debt.

**Adhidev C:** So in case there is another round of third COVID wave or anything, what would be our OD limits? Could you share that?

**Sateesh Seshadri:** We have 30 Crores exposure to banks, but we have not used it.

**Adhidev C:** OK. So, that is a dry powder you have kept?

**Sateesh Seshadri:** Yes.



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**Adhidev C:** That is it from my side. No other question. Thank you.

**Moderator:** Thank you. As there are no further questions, I now hand over the conference to the management for their closing comments.

**Arun Chittilappilly:** Thank you all for attending the Q1 results call. We hope all of you stay safe and hope better days are ahead for all of us. Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of ICICI Securities Limited that concludes this conference for today. Thank you for joining us. You may now disconnect your lines.