



“Adlabs Entertainment Limited Q2 FY 2017 Earnings
Conference Call”

October 28, 2016



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Moderator: Ladies and Gentlemen, Good day and Welcome to the Adlabs Entertainment Limited Quarter 2 FY 2017 Earnings Conference Call. This conference call may contain forward looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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. Kapil Bagla -- Director and CEO of Adlabs Entertainment Limited. Thank you and over to you, sir.

Kapil Bagla: Good afternoon, everybody. I am pleased to welcome you all on the Second Quarter Earnings Call for FY 2017. Just to give you a short update on the numbers, which you would have already seen, the total revenues for Q2 stand at Rs. 36.09 crores versus Rs. 34.07 crores in the corresponding quarter previous year, signifying a growth of 6% on year-on-year basis. Consequently, the EBITDA for Q2 is standing at Rs. 1.01 crores versus a loss of Rs. 6.03 crores in the corresponding quarter for the last year.

The footfalls of the parks put together for this quarter are 1.98 lakh vis-à-vis 2.48 lakh recorded in the corresponding quarter last year.

Consequently, on a half yearly basis the revenues for the first-half FY 2017 stand at Rs. 122.09 crore versus Rs. 114.07 crore in the corresponding half-year in the previous year registering a growth of 7% on year-on-year basis.

Consequently, the EBITDA for the first-half FY 2017 is at Rs. 31.03 crore versus Rs. 18.04 crore in the corresponding half-year, signifying a growth of 70%.

The footfalls of all the parks put together for H1 stands at 7.13 lakh versus 7.87 lakh in the corresponding quarter last year.

So, just to do some performance analysis, as you all are aware that for us Q3 and Q1 are generally strong quarters which are followed by Q4 and Q2, so quarter two is relatively a soft quarter for us for reasons of seasonality, monsoons, schools and colleagues opening post vacations, etc. However, for this quarter it is important to highlight that the business in Q2 FY 2017 was affected by a severe and long sustained monsoon in the Western India particularly in the Mumbai, Pune and Gujarat region which are our primary markets.



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However, despite reduction in the footfalls, we are still able to maintain decent revenue due to improved realization and improved EBITDA margin. Not only did the heavy rainfalls dissuade people to travel on the weekends but also due to massive traffic disruption, that most of us have experienced it ourselves on the bad roads of cities in Mumbai and Pune, it virtually diminished any intend for potential customers to spend on the road in transit.

The point to be noted, however is that despite heavy rainfalls, etc., all our parks in the hotel were fully operational during the season without a single disruption justifying the quality of our rides and attractions, as well as the adaptability of our operations team.

Thankfully the monsoon season is now over and we are already seeing an uptrend in footfalls from October onwards.

The key highlights and developments in Q2, I am just enumerating some of the key points to be considered in Q2. First is obviously the improved ARPU and realization. As I had highlighted in the earnings call, we are continuing our strategy of improving ARPU under all revenue head namely, ticketing, F&B, and retail.

In this quarter particularly, we have been able to increase our overall ARPU by 25% in comparison to the corresponding Q2 last year. The Theme Park ARPU is up by 26%, the Water Park ARPU is up by 24%, and more particularly the net ARPU of ticketing is up by 28%. The non-ticketing ARPU has also grown by 18%. So, we will continue to experiment with increased ARPU strategy for the remaining quarters as well and observe closely the impact on footfalls and revenue. We are hopeful that this new strategy of revenue maximization by realigning the pricing to superior product offering and the positioning of the park will yield a positive revenue outcome in Q3 and Q4.

The other highlight of Q2 is the operation cost rationalizations that we had achieved. In the last earnings call, we had said that we are embarking on an aggressive cost reduction, cost rationalization plan in line with the operations of the company and operations of all the parks and in line with taking into account the economies of scale of our business. We have made concentrated effort to optimize the operating costs of the park. There has been all round saving in operation, cost of operation, whether it is power cost, employee cost and other overheads.

The operating cost for the park only in Q2 inclusive of marketing has reduced by 27% as compared to Q2 FY 16 and the overall cost including hotel is reduced by 13%. On an annualized basis, we are overall targeting park operations cost reduction of about Rs. 30 crores to Rs. 35 crores and you would understand that this cost reduction is permanent in nature.

As you would have seen in our financials; that our focus for this year is profitability and EBITDA growth.



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The business of Novotel Imagica continues with good performance in Q2 as well despite the low season with the average occupancy standing at 60% and the average room rental is Rs. 6,800 plus and the overall ARR including food is Rs. 11,360. I think this is a good achievement and the performance of Novotel Imagica continues to encourage us.

During the quarter, we have concentrated on completing the balance 171 room. Further considering the demand from the MICE segment and the social groups, we have added two new banquet rooms with a combined seating capacity of 300 guests to accommodate smaller group enquiries as well. We are now waiting operating permissions for the balance rooms and we are hopeful to launch the balance rooms in near future post permissions and other statutory compliances. Historically, seems that takes about to six to eight weeks' post completion for the permissions to come in for operations, while I cannot comment to a date we are hopeful that we should get these rooms operational as quickly as possible.

The other major development is on the monetization of surplus land. As you would have heard, we are pleased to inform you that our wholly owned subsidiary Walkwater Properties has signed a letter of intent with a consortium of developers lead by Keystone Realty Private Limited i.e. the Rustomjee brand and Axis Spaces Private Limited for developing a mixed use residential township on part of the surplus land near our Theme Park.

Under the LOI, WPPL our subsidiary will provide surplus land of 88 acres to the developer for development, marketing and sales of the residential township. We will not invest anything, any capital investment in the project. The LOI also provide the usage of brand name of Rustomjee for the project. The detailed agreements and other terms and condition of the brand development are under negotiations and can be finalized in due course.

You would have remembered that Walkwater Properties has received a location clearance for Special Township on 88 acres of land out of the 170 acres surplus land. The company is now in the process of obtaining the approvals for the balance surplus land as well.

Just a little background that while we all talk about real estate being a little slow but our belt where Imagica is located the 12 kilometers around Khopoli to Khalapur where Imagica is located has seen substantial real estate development with some large marquee projects being developed by some marquee Real Estate companies.

With the new airport and other infrastructure project being put on fast track by the government it is expected that this region will become an epicenter for new development.

I would also now like to give you some idea for an outlook for H2 of FY 2017. I think there are a lot of new things that we are doing on the product side and on the offering side at Imagica and also the consequent effects from the potential financials and the expectations that one could have out of the second-half of the financial year. First of all, we are extremely pleased to



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announce that we have completed Beta Testing for India's first virtual reality roller coaster experience in our Gold Rush ride. This is a technology innovation which will substantially enhance the guest experience mixing virtual reality on a live roller coaster. International parks like Universal Studio and Six Flags have started updating the roller coaster ride with a VR experience.

Imagica therefore, is in the forefront and is committing to give its Indian guest the most innovative and contemporary Theme Park experience globally. We are also in the process of adding a 3D VR experience to another of our attraction Salimgarh. Since, the Beta Testing is now complete; we are now getting ready to launch this attraction to the public in this quarter itself.

For Q3 we have expanded our park ticketing options with a variety of new products for different segments of customers. For example, we have introduced Multi Park Combos for the same-day as well as multi day visitation. We are shortly introducing an Imagica by night option on the weekend for the guest who wants to enjoy some ride and F&B at Imagica and enjoy lovely ambiance that we provide in every evening to our customers.

For kids, we have introduced concepts like Big Big Birthday Picnic at Imagica where kids can have a birthday picnic with their friends. We have added Tubby Secret Party a fairy tale F&B and entertainment buffet at the park, The Grand Imagica Parade has been enhanced with additional Theme Park characters. So, there is so much happening for enjoyment for us customers at the park.

The Imagica retail stores have been expanded by increasing additional 2,000 square feet and new merchandizing lines and two new exit stores. So, our growth of non-ticketing revenues we are talking care of offering much more options to the customers.

Our focus in FY 2017 will continue to EBITDA growth and margin expansion with the improved realization and rationalized cost and we are pursuing this growth of EBITDA target quite aggressively.

I personally feel that H2 FY 2017 should be better than normal H2 in the previous year. We felt that there is a pent-up demand for Imagica from customers who are unable to enjoy the park experience in Q2 due to monsoon. We also feel that there is a positive consumption cycle in H2, expected due to general growth in economy fueled by good monsoons. So, I am optimistically looking forward to the balance part of the financial year in terms of operating businesses.

With this, I would like to handover to Mr. Mayuresh Kore, our new Chief Financial Officer to discuss our financials of Q2 and FY 2017 in detail. Mayuresh Kore was earlier our Vice



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President (Finance) has now been promoted as the Chief Financial Officer of the Company. I would like to wish him all the best and request him to take it forward.

Mayuresh Kore:

Thanks, Kapil and good evening, everybody. I will now talk about the financial highlights for Q2 FY 2017.

Firstly, talking about the details on footfalls and ARPU. The footfalls achieved for Q2 FY 2017 is 1.98 lakhs vis-à-vis 2.48 lakhs for Q2 FY 2016. The breakup being as follows: Theme Park 1.02 lakhs; Water Park 0.71 lakh and Snow Park 0.24 lakhs. The Theme Park and Water Park revenues combined stand at Rs. 29.36 crores; for the hotel, it is Rs. 7.13 crores and Snow Park it is 0.42 crores.

In terms of gross realization per visitor, the weighted average ARPU for the Theme Park and Water Park in Q2 is Rs. 1,706 versus Rs. 1,368 in last year's Q2 that is a growth of 25% over the previous quarter. The Theme Park ARPU parse for Q2 FY 2017 is Rs. 1,910 versus Rs. 1,522 last year Q2 which is a growth of 26%. The ticketing ARPU is up by 27% and the non-ticketing ARPU by 22%. The Water Park ARPU for Q2 FY 2017 is Rs. 1,414 versus Rs. 1,139 in last year's Q2 which is a growth of 24%. In this, the ticketing ARPU is up 32% while non-ticketing by 13%. The increase in ARPU in Q2 vis-à-vis Q2 FY 2016 is primarily because of the reasons that Kapil mentioned which is consistent focus of management to improve pricing, the discontinuation of low ARPU products such as Happy Tuesday and Water Wednesday.

Coming to EBITDA, the exercise that we have done to improve our margins has reflected, accordingly our EBITDA for Q2 FY 2017 is Rs. 1.1 crores versus negative EBITDA of minus Rs. 6.03 crores so, there is an improvement of 116% in the EBITDA.

Coming to the hotel, the hotel property is continuing with its stellar performance and has thrown a capacity utilization of 59% for Q1 and ARR of Rs. 11,000 plus. With the break-up of ARR being as follows: for room the ARR is Rs. 6,800 and for the F&B and others it is Rs. 4,560. Thus, a total ARR per room is 11,360.

Coming to the cost analysis, the cost related highlights for this quarter are as follows: the overall Q2 costs (which include the hotel as compared to financial year) have remained flat. However, as related to the fixed operating cost for the park business, it has come down by Rs. 5 crores in the quarter, it is around Rs. 1.07 crores per month; this is primarily because of our conscious efforts to optimize costs and also to take benefits of synergies between the various assets. The repair and maintenance cost has reduced by an absolute amount of Rs. 1.02 crores, this being largely due to some indigenization of sourcing of consumables. We have also been able to reduce power and fuel cost by 27% which has been achieved by entering into open access, power purchase agreement which is now permissible as law and we are able to reduce per unit cost substantially.



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Due to our consistent initiative to control cost, we expect cost to soften further in coming quarters. All this cost savings will however be without any compromise on safety and service quality at Imagica.

Coming to the interest cost. The current rate that we are paying is 12.05% per annum; accordingly the finance cost for Q1 is Rs. 29.08 crores. There is an increase compared to last year primarily due to the hotel asset being operational vis-à-vis last quarter. Our efforts for reducing the interest cost are ongoing. Even a 100-basis point's reduction would translate into a Rs. 12 crores annualized savings and we are working full speed towards this object. The debt outstanding as on 30th September, 2016 is Rs. 994 crores.

That is it from my side. We now throw, open the floor open for the Question-and-Answers.

Moderator: Sure, thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Mr. Rohit Potineni from Parag Parikh Mutual Fund. Please go ahead.

Rohit Potineni: My first question was that I am trying to understand that there is a broad cost reduction strategy that is happening on one side and on the other side there is a lot of exciting new additions happening in the park as was mentioned by Kapil sir. I was trying to tie both of this up. How do we expand our offerings and at the same time reduce the employee cost. This is because I assume that you would be requiring additional employees as well as power, etc., for whatever additions we have. So, if you could help me there?

Kapil Bagla: Okay. I think the way that we are adding new things are not actually cost additions in terms of operations; for example, the concept about the new virtual reality ride is actually a technology innovation on the existing coaster itself. So, there will not be any major CAPEX that are required and there will not be any major operational CAPEX required. It is VR gear which actually operating while it does not cost anything and I do not think there will be any cost additions. We are very conscious that whatever additions that we are doing are basically to improve the existing experience without additional cost.

Rohit Potineni: The next question that I have is there a target margin that the company would like to achieve in let us say two years to three years' timeframe and if you could help me understand what that would be?

Kapil Bagla: See for H1 FY 2017 EBITDA margins stand at about 25%, and at least the next one year target or by FY 2018 we would at least targeting a margin about 35%, that would be our initial target but like in two years or three years' time we are hopeful to actually have our EBITDA margins in the region of 45% to 50%.



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- Rohit Potineni:** Okay, understood. So, Imagica is a huge hit in Mumbai, I mean I and my friends have gone there. So, what I was trying to understand is what about going forward? What is the plan to replicate this may be in other locations, is there anything in the pipeline?
- Kapil Bagla:** As an overarching plan for the Company, we have ambitions to expand in other locations and we have gone on record saying that we are looking to do something in North India and something in South India. While we are open and looking at options at everywhere, I would feel that we will first go North of India then in South of India. However, I think expansion is something that we will probably be focusing in FY 2018 and not in the current year. Current year is a kind of year where we are getting Imagica to its optimum operational level and then improving the financials.
- Rohit Potineni:** So, just a follow-up there, so FY 2018 you would be thinking of construction then and may be 2019, 2020 I when you would expect a new park to open, am I right?
- Kapil Bagla:** I think FY 2018 would be the year where we will actually finalize the structure as it does not happen so fast. Parks like these take about three years from at least thinking and doing, obviously we will use all our resources internally and our learnings from the current park. But yes, if something gets finalized in FY 2018, we should be opening the park in the next 18 months to 24 months.
- Moderator:** Thank you. We have the next question from the line of Sagar Khasnis from Nirmal Bang Securities. Please go ahead.
- Sagar Khasnis:** Sir, I wanted to ask on our real estate LOI which we have signed, what is the development potential of these 88 acres in terms of FSI that we get there?
- Kapil Bagla:** Yeah, so, because of the Special Township the FSI permissible is about 0.7 against the normal FSI of 0.25.
- Sagar Khasnis:** Right. So, by when would we expect this project to start?
- Kapil Bagla:** No, I do not think so, what happens is that there is a process involved of construction permissions and other stuff which the developers are going to take care once we finalize our arrangement with them. As I see we will probably see development in about 18 months to 24 months actually, which is ground breaking in development.
- Sagar Khasnis:** Right. So, we are talking about 2.7 million square feet of development potential ?
- Kapil Bagla:** Yes, for this year, yeah.
- Sagar Khasnis:** Yeah, for this 88 acres. So, what will be our share and how will the cash flows works for us?



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Kapil Bagla: See, the exact commercial terms are being negotiated, I am not able to disclose that at this point in time, but it is revenue share that happens on this thing, we are not taking any of the cost of the project and typically the way it happens is that you have some element of upfront security deposit or earnest money which get adjusted as and when the sales happen for these projects, these projects are five years to six years projects typically in terms of start to end so, we will see periodic cash flows coming to the company as the development progress.

Sagar Khasnis: Okay, on the Imagica since a lot of people I know they like the project very much but many of them say that it is good for one-time visit. So, what efforts we are taking to get repeat customers on our property?

Kapil Bagla: Okay. So, there are different opinions like that just to give you some statistic, we have almost 17%-18% of our visitors have come to Imagica more than once, okay and about 4% to 5% comes more than two times in a year so, that is the kind of repetition. However, what happens is that because the market is so huge now that we are also concentrating on getting new customers, we have not yet exploited the entire market potential. However, we need to cater to our existing customers as well. So, we are introducing two products which I think in this quarter probably we will finalize. One of which is the Imagica Annual Super Saver Pass which entitles you for four visits in a year for a price. We are also introducing an Imagica Membership which is like a two year Membership where you can come to the park unlimited times, if you want to.

Moderator: Thank you. The next question is from the line of Prasad Padala from Investec Capital. Please go ahead.

Prasad Padala: Actually, I joined the call a little late so; excuse me if this is a repeat question. Can you please provide update on the status of the completion of the hotel specifically with the second phase of the rooms?

Kapil Bagla: Yeah, so the physical status that the 170 rooms are almost complete, some final stages interiors are going on. So, I think we should be able to complete physically the hotel in next three weeks to four weeks' time completely. After that the process of inspection compliances and operating permissions happen. So, we are hopeful and typically as I told you that it takes about six weeks to eight weeks from the competition to get OCs and you know operating permission subsequently so, I think we are hopeful, if not end of this quarter but early part of the next quarter we should make these balance rooms operational.

Prasad Padala: Regarding the fall in footfalls, I mean considering the base is low, what is the reason, is it mainly monsoon?

Kapil Bagla: This is largely monsoon, this time it was unexpected totally, I mean we were never anticipating this drop actually speaking and while I do not blame the customers as I myself staying in



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Mumbai see the conditions of the road and the traffic internally, I am actually in hindsight quite encouraged that at least we are able to achieve this much.

Prasad Padala: Okay, sir and just regarding your A&P spends, so, has there been any change in the marketing strategy like any change in the mix between your print or outdoor?

Kapil Bagla: Not really I think what we have done is that there is a change on timing of advertisement that happens. We have realized that for example, Q2 we know that it is a weak quarter. Now, however, hard I try and whatever I need to do to drag people out and how much ever advertising I do people will not come out so, it is basically a waste of expenditure. We realize it last year we spend money on advertising but people did not turn out to an extent that we anticipated them to do. So, our strategy is to bucket this into seasons where the throughput would be maximized and which is why we are smartly doing this thing. Obviously, what over a period of time as digital advertising is become prominent and much more cost effective, we are substantially depending on digital marketing, social media marketing for our customers being a consumer company.

Prasad Padala: Okay. So, are you saying that you will advertise more in your peak seasons?

Kapil Bagla: Yeah, I mean it will be relatively more.

Prasad Padala: Okay. Sir, do we think with the existing level, is it enough to generate enough excitement in the consumers?

Kapil Bagla: I mean see we have just started and I mean you would have seen our hoardings for the season in October; you have heard our advertisements on radio. We are very aggressive on all the digital media, we are not using print because we feel that print ROI does not serve the purpose, but you might probably see us on television if required in December.

Prasad Padala: Okay. I mean so, even in regions like Gujarat depending mostly on?

Kapil Bagla: Radio is our strategy for local, Gujarat of course is our primary market so, we also do outdoor over there but let us say other centers which we have inbound which we are wanting to do non-catchment, we are depending on radio, radio is quite an effective medium.

Moderator: Thank you. We have the next question from the line of Danesh Mistry from Tata Mutual Fund. Please go ahead.

Danesh Mistry: I have two questions Kapil. One is that so, whilst we are attributing the Q2 drop in footfalls with regards to the inclement weather and the bad route conditions and all that. But would you qualitative say that now at least quarter wise what the impact on the footfalls because of elasticity as we discontinued WAT A Wednesday and Happy Tuesday is now more or less out?



Kapil Bagla: Yeah, I know but see what happens today that we try to analyze saying that effectively, our paying customers have that being effected or no, let us say like we analyze that we probably had a 20% - 25% jump up because of the Happy Tuesday and the discounted products and if I kind of normalize that number and if I am able to achieve the similar footfall in a normalized number along a 25% growth in ARPU, I am better off than I was with them. So, I think we are trying to work around we also had a situation in the Happy Tuesday sometime where footfalls were growing beyond, what we call it as a comfort level for guest to experience the entire park, it is better to give them a better experience than a premium product then giving suboptimal experience and try to maximize footfalls. I think we are trying to play that strategy. What we have done is that rather than doing a lump sum discount, we are trying to work around combination, so trying to expand, so for example a three-day pass that we have introduced is basically where more single point revenue together. But obviously it will be a discount in the sum of park basically but at least you will have a customer who will be happy.

Danesh Mistry: Understood. So, going back by your point where you said that if you stripped out the Happy Tuesday and Water Wednesday customers, then would you say that you are in line with what the paying customers would be?

Kapil Bagla: I am not happy with what I did in Q2 honestly. I was okay in Q1 which is why I am saying that i think the rains had a tremendous overhang in fact, we did a study in our past the quantum of rains in terms of the measurement that we have was 5x what we actually received in the previous quarter last year so, that is the kind of intensity that rainfall happens.

Danesh Mistry: All right. And how has October been?

Kapil Bagla: I think start has been pretty good, we are now getting ready for the busy season starting tomorrow, the footfalls starts to grow the next day from Diwali that is where exactly the time comes in. I think the advance booking is basically robust.

Mayuresh Kore: Yeah, that is.

Kapil Bagla: Yeah.

Danesh Mistry: All right. And just one more thing, we have always talked about having these agents who would kind of look to bring in customers from other regions may be Gujarat or some other locations. So, how has that growth been in those agents in our agent mix or in our agent population ?

Kapil Bagla: See, I think we have tapped majority of the agents and the network is there but an agent file is like an ABC analysis, you will have the A category probably doing 60% of your number, and then you have the B category and C category, you have to keep them churning them, pushing them. However, what we have done in this quarter and that probably the results we play is that



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we have actually done a lot of alliances with time. For example, we have tied up with Jet Privilege which is for redemptions of Jet Privilege Cards, we have tied up with Vistara, we have tied up SpiceJet for the loyalty programs and stuff like that, we are slowly tying up a Quick Silver for some of the loyalty programs and gift cards. We will shortly be launching a specialized scheme with Paytm. So, these are multiple channels apart from the conventional routes that we are taking to expand our reach. I am very encouraged with the response that we got from Jet Privilege redemption actually in the last 15 days. So, we will be using channels but not only conventional travel agents but like for example, we are on Yatra as a package, we are on Easy Go one, we are on three or four large online travel platforms like Thomas Cook. We want to position it as Disney packages or Universal International packages that come in. Those are the channel things that we are trying to do.

Danesh Mistry: Understood, sir. And these loyalty programs that is Jet Privilege and all, so you get the money from Jet in how many days like in 15 days, 30 days or?

Kapil Bagla: No, it is basically a point redemption program and effectively the money comes in on a 30 days' cycle. It is a like a travel agent effectively where you pay them a redemption fee what you call discount of about 10%-12% which is equivalent to the commission that you pay to the agent and at least you get redemptions.

Mayuresh Kore: We have already got close to 1,500 plus redemption in the short time frame so, we look forward to that significantly.

Kapil Bagla: On about 15 days - 20 days.

Moderator: Thank you. Next we have a follow-up next question from the line of Rohit Potineni from Parag Parikh Mutual Fund. Please go ahead.

Rohit Potineni: So, I was just wondering about the maintenance at our parks, is it done in-house or do we outsource it to the manufactures of the rides, how do we do it?

Kapil Bagla: See, on ground maintenance team is all in-house However, when we do what you call as an annual maintenance or annually we have do a rehab of all our large attraction and coasters, that rehab is done under supervision of the suppliers. The second is that for any trouble shooting we have VPN connection with most of our suppliers as most of the suppliers are based out of Europe and America so, in the evening post the shutdown of the park any trouble shooting can happen online as well. But the physical team is obviously in house team.

Rohit Potineni: Okay, understood. Just another question, as the only competition that the company has in India is Wonderla and if you could just share your thoughts as to how the management sees them given their high margins, debt free and that they are planning to aggressively scale across the country.



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- Kapil Bagla:** See, I think I feel that as far as outdoor entertainment is concerned, India as a whole is a very underserved market and there is room for everybody to be there. There are different categories of parks around the world, so you have what is called as National Park and you have what is called as Regional Park. I think we kind of position ourselves more as a National Park which has a potential to attract customers from all over the country while not say anything about my competition. Wonderla is a Regional Park and did very well for them. As far as margins are concerned, we should appreciate Wonderla parks are 10 years old and we are talking about 10 years of history of financials. We are in the third year of our operation so, hopefully we will probably get faster there in terms of margins if our growth continues to be that we are doing.
- Rohit Potineni:** Okay, sir, understood. And coming back to the real estate again, sir, so we do not need to incur any CAPEX for it?
- Kapil Bagla:** Absolutely not.
- Rohit Potineni:** So, we just have provided the land and as and when the development in sale happens we get cash flows coming in, that is how it works?
- Kapil Bagla:** Yes.
- Rohit Potineni:** So, the focus in near-term to medium-term for the company would be to improve the margins and reduce the debt?
- Kapil Bagla:** Yes, that is what we are focusing on, as we have to do our own operations and we are not real estate developers. We have surplus land and it is a very good asset in the company, it is a very profitable asset and over a period of time it is also a natural hedge to the debt that is there in the company.
- Moderator:** Thank you. As there are no further questions, I would like to hand the conference back to the management for any closing comments.
- Kapil Bagla:** Yes, I think for all the investors who are invested and all those who are potentially considering investment into Adlabs, I would only want to say that this is a project that we have brought in to the country for the first time. We do not have any templates of how the project and business of these parks unfold. We only can say references on what has happened across the world internationally. Potentially, over a medium-term to long-term basis good assets have always performed well and gave reasonable ROIs to their investments. I am quite hopeful that as long as we are able to maintain the quality of our product and quality of experience that we are giving to guest which so far we are able to provide, I see a bright future in Imagica as well as the potential of outdoor entertainment in this country. You will have a lot of stuff coming in and a lot of news coming in for Imagica so, to say in terms of what we are doing around. Thank you very much for being with us and Mayuresh.



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Mayuresh Kore: Thank you all and Wish All Participants a Happy Diwali and we like to conclude the call at this juncture. Thank you.

Moderator: Sure, thank you very much. With this we conclude the conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.