Wonderla Holidays Limited

Instruments	Amounts	Rating Action
	(Rs. crore[1])	
Term loan facilities	80.00 (increased from 20.00)	[ICRA]AA- (stable); upgraded from [ICRA]A+
Long-term fund based facilities	6.00	[ICRA]AA- (stable); upgraded from [ICRA]A+
Long term proposed fund based limits	0.00 (reduced from 35.00)[2]	-
Short term proposed limits	0.00 (reduced from 25.00)	-

Note: Increase in the amount rated under term loan facilities is equivalent to the reduction in limits rated in the long term and short term proposed limits of the company

ICRA has upgraded the long-term rating outstanding on the Rs. 80.00 crore (increased from Rs 20.00 crore) term loan facilities and the Rs. 6.00 crore fund based facilities of Wonderla Holidays Limited ("WHL" / "the company") from [ICRA]A+ (pronounced ICRA A plus) to ICRA]AA- (pronounced ICRA double A minus).[3] The outlook on the long-term rating is Stable.

The rating upgrade reflects the consistent improvement in operational and financial performance of the company during FY2016 and the expected robust growth in revenues and earnings over the medium term with the recent commercialization of its Hyderabad amusement park. Despite the moderation in footfalls witnessed during FY2016, owing to heavy rains during the peak season and sharp increase in ticket prices, overall performance of the company was supported by the strong growth in non-ticket revenues. The levy of service tax on admissions resulted in the sharp increase in ticket prices during FY2016. The company is in the process of adding new attractions, undertaking focused marketing / brand building initiatives and rationalizing prices to improve footfalls. Overall performance over the medium is also likely to be supported by the ramp up in footfalls at the Hyderabad park, given the limited competition and strong demand potential in the region (the management estimates annual footfalls to reach about one million within the first three years of operations). With a new park proposed to be commercialized every three to four years, the operating margins are likely to moderate from current high levels; however margins / accruals would be supported by the growth witnessed in the high margin non-ticket revenues. Contribution from non-ticket segment has increased to over 20% of the overall revenues; with WHL planning to operate more restaurants on its own, non-ticket revenue contribution is expected to further increase over the medium term to 25%.

The rating also continues to positively factor in the established presence and leading market position of the Wonderla parks in South India, limited competition owing to the strong entry barriers given the high capital intensity and healthy competitive advantage enjoyed by WHL through its attractive pricing, good accessibility of its parks and effective in-house design / maintenance teams. WHL's financial profile remains robust, illustrated by its conservative capital structure with low debt levels, sound coverage and return indicators and healthy liquidity position. While the expected part-debt funded capex for the Chennai park is likely to result in marginal increase in gearing levels, the experienced management team with proven capabilities in completing new projects within the proposed time and cost; and healthy cash balances of over Rs 110 Cr as on March 31, 2016 lends some comfort.

The rating also factors in the vulnerability of footfalls to discretionary spend by consumers, high price sensitivity exhibited by visitors especially in the group / institutional segment, the seasonal nature of operations with footfalls and earnings being the highest during the summer (Q1) and holiday seasons (Q3) and capital intensity in the business with continuous spend on regular maintenance/ up-gradation to ensure safety and sustain footfalls. These concerns are mitigated by the steady performance illustrated by the company over the years,

---

1 100 lakh = 1 crore = 10 million

2 Increase in amount rated under term loan facilities is equivalent to the reduction in limits rated in the long term and short term proposed limits of the company

3 For complete rating scale and definitions, please refer ICRA's website (www.icra.in) or other ICRA Rating Publications

its strong brand equity, improved revenue diversification with the opening of new parks and healthy financial profile. Going forward, successful scaling up of footfalls at its Hyderabad park and completing its proposed Chennai park in a timely and cost effective manner would be critical to improve its credit profile and would remain key rating sensitivities.

Company Profile

Wonderla Holidays Limited ["WHL"/ "the Company"] is a leading player in the domestic amusement park industry, where it currently owns and operates three amusement parks under the brand name "Wonderla" in Bangalore, Hyderabad and Cochin. The company was setup in 2002 and the park in Bangalore became operational in September 2005. In 2008, another group company - Veega Holidays and Parks Private Limited, which operated amusement park in Cochin (operational since 2000) was amalgamated with WHL. The company subsequently also started an 84 room, 3 star resort at its Bangalore Park during FY2013. The third park at Hyderabad became operational during April 2016 and the company is in process of setting up its fourth amusement park at Chennai which is likely to become operational during second half of 2019. The constructions of the third and fourth parks are largely being funded through the equity infused following the successful Initial Public Offering (IPO) made by the company. WHL is promoted by the Chittilappily Family, promoters of V-Guard Industries Limited (rated [ICRA]AA-(stable)/ [ICRA]A1+), a leader in the stabilizer market with a pan-India presence. The promoters also manage a company into fashion accessories - V-Star Creations Private Limited (rated [ICRA]BBB(Stable)/ [ICRA]A2).

As per the audited financial statements for the fiscal 2015-16, the company has reported profit after tax (PAT) of Rs. 59.1 crore on an operating income (OI) of Rs. 205.4 crore as compared to PAT and OI of Rs. 50.2 crore and Rs. 181.9 crore respectively in the preceding fiscal.

August 2016

For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 6114 3408)
subrata@icraindia.com

Balaji M (Tel. No. +91 44 4596 4317)
m.balaji@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office
Mr. Vivek Mathur
Mobile: +**91 9871221122**
Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 3rd Floor, Electric Mansion Appasaheb Marathe Marg, Prabhadevi Mumbai—400025, Board : +91-22-61796300; Fax: +91-22-24331390	**Kolkata** **Mr. Jayanta Roy** Mobile: **+91 9903394664** Email: jayanta@icraindia.com A-10 & 11, 3rd Floor, FMC Fortuna 234/3A, A.J.C. Bose Road Kolkata—700020 Tel +91-33-22876617/8839 22800008/22831411, Fax +91-33-22870728
Chennai **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 5th Floor, Karumuttu Centre 634 Anna Salai, Nandanam Chennai—600035 Tel: +91-44-45964300; Fax: +91-44 24343663	**Bangalore** **Bangalore** **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 'The Millenia' Tower B, Unit No. 1004,10th Floor, Level 2 12-14, 1 & 2, Murphy Road, Bangalore 560 008 Tel: +91-80-43326400; Fax: +91-80-43326409
Ahmedabad **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 907 & 908 Sakar -II, Ellisbridge, Ahmedabad- 380006 Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-79-25569231	**Pune** **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020 Tel: + 91-20-25561194-25560196; Fax: +91-20- 25561231
Hyderabad **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj Bhavan Road, Hyderabad—500083 Tel:- +91-40-40676500	