"Business Update Conference Call of Imagicaaworld Entertainment Limited"

February 19, 2024

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MR. DHIMANT BAKSHI – CEO, IMAGICAAWORLD ENTERTAINMENT LIMITED
MR. MAYURESH KORE – CFO, IMAGICAAWORLD ENTERTAINMENT LIMITED

Moderator: Ladies and gentlemen, welcome to Business Update Conference Call of Imagicaaworld Entertainment Limited.

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I now hand the conference over to Mr. Jai Malpani – Managing Director of Imagicaaworld Entertainment Limited. Thank you and over to you sir.

Jai Malpani: Thank you. Good afternoon, ladies and gentlemen.

A very warm welcome to our Acquisition Update Conference Call. Along with me on this call I have Mr. Dhimant Bakshi – CEO, Mr. Mayuresh Kore – CFO and SGA our Investor Relations Advisor.

Before we commence, I would like to express our gratitude for this valuable opportunity to address our esteemed investors and analysts today, marking our first interaction since the restructuring of our operations a couple of years ago. We deeply appreciate the unwavering support from all those who have believed in us throughout this journey and we look forward to continuing our engagement moving forward.

India has been witnessing a very strong economic growth. Household income is also increasing significantly and expected to increase in high single digits, leading to high discretionary spending in India. India is on the cusp of multi decade growth in some of the consumer discretionary categories. In the last decade India's infrastructure investment has considerably improved connectivity boosting domestic tourism. Over 40 cities with populations of over 1.5 million have formed clusters fostering economic and cultural exchange. Additionally, increased consumer demand for leisure-related activities puts us in a very pivotal position. Having a dominant position in India's theme and water park market, we aim to reach a diverse audience with adhering to our 3C strategy, that is focusing on urban clusters, expanding catchment areas and locating in strong connectivity areas for sustained growth and success. At Malpani Group we have been actively involved in the park business since 2005, consistently running all our paths with success and profitability.

Post our acquisition of Imagicaa in 2022, I am thrilled to share that the Company has undergone a remarkable transformation over the past 2 years, emerging as a beacon of innovation and excitement in the park industry. With strategic vision and dedication, we have revitalized operations to create a new identity that captivates and delights guests of all ages. To further enhance the offering, I am delighted to announce that we are acquiring a total of four operational parks including two water parks under the brand name of Wet N Joy Water park in Lonavala and Shirdi, one amusement park in the brand name of Wet N Joy Amusement Park in Lonavala and one devotional theme park Sai Teerth which is one of its kind parks in India for a consideration of total Rs. 630 crores which is payable over a period of 30 months. The acquisition also brings headwinds arising from the recent CAPEX of approximately Rs. 25 crores incurred in these parks by Giriraj Enterprises which is a Malpani Group entity. Additionally, the Company is also acquiring an upcoming water park in Indore for a consideration of Rs. 140 crores from Malpani Parks Indore Private Limited.

These acquisitions are a part of our strategic goal to combine all our park businesses into one entity and a cornerstone of our vision to emerge as the leading and the most dominant name in the entertainment sector across India. These acquisitions mark a significant increase in the bouquet of offerings encompassing a diverse array of attractions including India's largest theme park, a devotional park, an amusement park, a luxurious five-star hotel and a total of five water parks. With the combined strength Imagicaa will have presence in five locations with eight parks, a total of 2.8 million footfall and over Rs. 400 crores of revenue more than 175 crores of EBITDA. This expanded range of offerings allows us to cater a wide spectrum of guests, ensuring that everyone, regardless of their preferences, can find an experience tailored to their desires within our establishments.

Building on a dominant position in Maharashtra, we are expanding our footprint into other states. With the successful launch of our Aquamagicaa Water park in Surat last year and the upcoming addition of one more water park Indore, our aim is to replicate success and establish a strong presence in these new territories, mirroring the dominance we have achieved in our existing parks. With these acquisitions all our park businesses will be consolidated under one entity, making us the largest player in the industry. Going forward, all the expansions and acquisitions for the park business will be done under the listed entity only. With unwavering commitment and boundless potential, we embark on this journey united, ready to redefine the standards of excellence and create unforgettable experiences for all our guests.

I now hand over to Mr. Mayuresh Kore who will take you through the deal contour and operational synergies.

Mayuresh Kore: Thanks Jai. Good morning, everyone. It's a pleasure interacting with the investor community after a few years gap.

Today as we speak, we are seeing a completely new avatar of Imagicaa with a stronger and experienced management, stronger financials and a commitment to deliver unforgettable experiences to guests nationwide.

To start with I would give a brief on the numbers and the timeline of completion of these acquisitions:

Firstly, on the acquisition of the four Wet N Joy parks:

These transactions comprise of acquisition and purchase of the business undertaking pertaining to two water parks, one devotional theme park and one amusement park owned by the flagship Company of Malpani Group which is Giriraj Enterprises, and this is on a slump sale basis. These parks are located at Lonavala and Shirdi in the state of Maharashtra. The aggregate lump sum purchase consideration for this transaction is Rs. 630 crores. The transaction is on a debt free and cash free basis. The consideration is to be paid over a period of 30 months beginning April 2024. The transaction is being done at arm's length based upon independent valuation reports.

Talking more about the financials of these parks:

All these four parks reported a combined revenue of Rs. 148.7 crores and an EBITDA of 84.6 crores with EBITDA margins standing at a solid 57%. These numbers are on a trailing 12-month basis. Thus, this acquisition is being done attractive valuation of 7.4X at EV EBITDA multiples.

Coming to the second transaction which is the acquisition of upcoming Indore water park:

This transaction comprises of purchase of the assets and properties pertaining to the water park being constructed by Malpani Parks Indore Private Limited which again is a Malpani Group entity. This transaction comprises of purchase of all the properties in this project except the underlying land and the aggregate consideration will be Rs. 140 crores. The park is spread across 18 acres of land which will be on a long lease from Malpani Parks Private Limited and the annual consideration will be rental of Rs. 3.8 crores and a security deposit of 1 crore.

To give you a brief about this location:

We all know that Indore as a city is a well-known business and a tourist destination. It ranks as the 15th largest city in terms of population, and this gives us a great opportunity to offer our experience to the people of Indore as well as the rest of Madhya Pradesh and central India. The location where the park is coming up is a prime location between two major cities 15 km away from Indore and it's about 45 km away from Ujjain. The park will have 20 world class water rides and three multi-cuisine restaurants along with banqueting space.

This transaction is expected to be completed in the month of March 2024. Park is set to commence its operations in Q1 of FY25. Post this acquisition, we will double our footfall and EBITDA, Revenue increases by 1.5X. We are confident of generating strong cash flows in the combined entity. These acquisitions are to be funded through a combination of internal cash flows, debt and equity. The numbers for these acquisitions will be consolidated in our books with effect from 1st April 2024. This acquisition strengthens our financial position with a larger balance sheet size, robust revenue growth and enhanced profitability. It also aligns with our strategic focus allowing us to consolidate our strengths across various entities, streamline business operations and drive seamless expansions. With a strong geographical presence across western India and plans for further expansion into central and northern India, our brand visibility and market dominance are set to soar.

Additionally, we anticipate significant business synergies:

We will leverage cross park offerings, optimize resources, negotiate better procurement deals, leverage our expertise and share the IPs that are held in these various entities. Together these synergies pave the path for unprecedented success, innovation and guest satisfaction and we expect these will catapult us to the forefront of the entertainment industry.

With unwavering commitment and immense potential, we embark on this journey united ready to redefine the standards of excellence and create unforgettable experiences for all. Thank you for joining us on this thrilling adventure towards a brighter and more captivating future.

This call is only related to the present acquisition, and we would expect Q&As on this subject only.

With this we open the floor for questions. Thank you.

Moderator: Thank you very much. We now begin the question-and-answer session. The first question is from the line of Dhruvesh Sanghvi from Prospero Tree Financial Services.

Dhruvesh Sanghvi: With this entire exercise is it like expected to get completed in 6 to 12 months or more?

Mayuresh Kore: Yes, so the exercise we mean the transaction and the documentation are expected to get completed in the next 2 months and obviously, we have a deferred payment schedule. So, the integration of these parks commercially will start with effect from 1st April 2024. So, the effective date will remain as 1st April, 2024. We are expecting shareholders' approvals to be there in place within a month's time in the month of March and definitive agreements will be executed at that juncture as well.

Dhruvesh Sanghvi: The second thing is that in general Malpani Group is a very cash rich or a very balance sheet positive group. So, the kind of money that is going to the Malpani Group, is it expected in the future that similar sort of land buying will happen on the personal entity which will be leased out to the Imagicaa entity or if there is something on that line? Because I'm sure you will be trying to expand the number of parks by double in the next 4-5 years. So just some thoughts around that.

Jai Malpani: Currently we are open to all sorts of possibilities. We are even exploring lands with governments in case they lease out lands to us on long term basis. So, we are currently open to all sorts of possibilities on all this front.

Moderator: The next question is from the line of Parin Gala from SageOne investment.

Parin Gala: I just have one question. Our CEO mentioned that this transaction will be a combination of internal cash plus equity and debt. Can you just give some kind of a breakup? What will be used where and when you say equity, so is there going to be a round of fundraising?

Mayuresh Kore: So currently we are a debt free Company, and we are open to a moderate level of debt which will not exceed 2X of the EBITDA. The balance contributions will be funded from a mix of internal accruals and if any external equity required because the timing of the structuring is done such that the payment is to be over a period of 30 months. So, we don't anticipate too much of requirements apart from that. But yes, we are open to a moderate level of debt, and we have good internal accruals combined from both of these projects which will help us fund the consideration.

Parin Gala: So, no fresh fundraising, no fresh equity?

Mayuresh Kore: We are exploring various options at this juncture and as of now we have time to decide that. So, we will keep you posted in the near future.

Moderator: Next question is from the line of Vipulkumar Shah from Sumangal Investments.

Vipulkumar Shah: My question is, can you share the EBITDA and revenue numbers of entities we are acquiring for last 3 years?

Mayuresh Kore: So just to give a brief background. The flagship water park, these parks have opened at various points. So, the park at Shirdi has been operational since 2005 called Wet N Joy. The Wet N Joy water park opened in 2016. The amusement park opened at Lonavala in 2017-18 and has been a WIP and then Covid came. So, what we are referring to is the current trailing 12-month numbers. We can share the full FY23 numbers as well which actually makes sense because the parks were under a ramp up phase especially the Lonavala amusement park. So, I think we can share that in due course. Since the queries come in, so FY23 the EBITDA was 73 crores and the trailing 12 month as we mentioned earlier in the call is 84.6 crores for this parks to be acquired.

Vipulkumar Shah: So, 73 crores for previous year for all four entities together.

Mayuresh Kore: Yes.

Dhimant Bakshi: So, it's almost 58% kind of EBITDA margins.

Vipulkumar Shah: And regarding your Indore parks the acquisition why this land is not transferred along with land will remain with the Malpani Group only, right?

Mayuresh Kore: So that's a very valid question.

Vipulkumar Shah: What is the rationale of not transferring the land also.

Mayuresh Kore: So that's a very valid question and we appreciate that. At this juncture while we've done a slump sale of all the existing parks for the Wet N Joy operational parks and a slump sale, we include all the assets. We cannot cherry pick the assets. But in case of going ahead expansions, we are looking at options wherever we don't have to deploy significant capital into land. And if there are lease options, be it even with government entities, we are discussing at various state governments. So, we will prefer lands wherever they are available on lease where we can focus our capital deployment on the creating the entertainment value in terms of the rides and attractions rather than blocking money into the underlying land wherever there is an option.

Jai Malpani: And the term gives an option to the Company to acquire the land, so that option is still there. So currently looking at the cash flows we thought it is better for the Company to lease it and then potentially buy it at a further point in time.

Vipulkumar Shah: And my last question is what should be the gross block of these four entities and the Indore park, when it becomes operational what kind of gross block it will have?

Mayuresh Kore: So, in our books the consideration for the acquisition of 630 crores which will be there and plus 140 crores for the acquisition of the Indore parks which is basically we are only reimbursing or the actual cost incurred for this project under construction water park is what we are buying from the Malpani Group. So combined of this is 770 crores.

Vipulkumar Shah: No, that is the acquisition value in rupees. I am talking about gross block.

Mayuresh Kore: So, this is the gross block that will come into my books.

Moderator: Next question is from the line of Tushar Raghatate from Kamayaka Wealth Management.

Tushar Raghatate: My question is in regards to debt. As you recently signed the MoU with Goa and Uttarakhand Government. I just want to understand how the peak debt would look like in FY25? So that would be my first question.

Mayuresh Kore: So glad to note that you have been tracking the expansion or the discussions of the Company. So, Goa we have not signed an MoU. We are in discussions with the industries department for looking at various options. In Uttarakhand we've signed an MoU which is an in-principle interest to set up a park in the state of Uttarakhand. So, both of these have not moved ahead into definitive stage. But yes, answering your question, in the medium term we are not expecting debt levels to increase more than 2x-2.5x of our EBITDA and that is something we will continue to stick to it in the immediate future.

Tushar Raghatate: In terms of your branding, like the marketing expense as a percentage of your sale, how do you see that in next 2 years? And how do you planning to leverage the Imagicaa brand going forward?

Dhimant Bakshi: So, the overall marketing expense when we look at advertising marketing and the sales distribution, we think we will be able to maintain it sub 10% kind of an overall cost to acquire. And with new parks such as Indore where we would require the additional marketing impetus considering introduction to a new city. Yet we think with the combined synergies sub 10% is what we will be able to maintain. As you would have seen that over last 2 years, we've been able to constantly monitor the spends very effectively and targeting and utilizing digital media as a stronger medium as you would see the overall impact.

Tushar Raghatate: Just want to understand this devotional amusement park, what EBITDA margin is the range for this business?

Jai Malpani: So, for the devotional park in Shirdi we are in the range of 30% to 40% of EBITDA margins. And that park has a good potential to grow because it's a very new park. The concept is new altogether. Going ahead we'll see a good increase in footfall in Shirdi park as well.

Tushar Raghatate: This new park near to Indore so what sort of margin profile are we seeing? Is it accretive? How is the plan?

Dhimant Bakshi: So, the margins for the upcoming Indore park will be in lines with the current Imagicaa margin structure to begin with considering the new introduction would require that additional impetus as well as the time for the format to mature in the city of Indore. So, we think it will be in the region of about 40%-45% kind of a margin structure to begin with. As and when you'll see over a period of 2 to 2.5 years the margins will start improving northwards.

Tushar Raghatate: Do you have any landbank near Imagicaa?

Dhimant Bakshi: Yes. So, in the current park we have kept elbow room expansion of almost 7.5 to 8 acres of land available. As well as in the current theme park, we have space for three attractions that we can introduce as such. I hope I answered your questions.

Tushar Raghatate: Yes sir.

Moderator: Next question is from the line of Rusmik Oza from 9 Rays EquiResearch.

Rusmik Oza: My question was on the Indore property, I think we have spent around 140 crores, that's the equation cost and still work in progress. So, what are the total CAPEX for this Indore park till the time it gets commissioned?

Mayuresh Kore: The total capex will be 140 crores. So, we are taking it on as is. It's a completed park, once all the cost which are factored in will be included in this 140 crores. Currently at a very advanced level but it will not cross 140 crores to begin with.

Rusmik Oza: And second question, any debt of the acquired entity that is coming in the books of Imagicaa?

Dhimant Bakshi: No there is no debt and essentially, it's debt free.

Rusmik Oza: And so last question for my side, do we have any excess land available near this Khopoli Imagicaa park which can be monetized in future?

Dhimant Bakshi: So, the current amount of land bank which I mentioned is kept for elbow room expansion and there is no further land for monetization, and we do not see an immediate requirement to have.

Moderator: Next question is from the line of Gaurav Gandhi from Glorytail Capital Management.

Gaurav Gandhi: My first question is can you explain the rationale behind the decision? Because this theme park at Lonavala which we have acquired is only at a distance of one hour. So why should pay so much price to acquire in that same area? Why not develop the park in a different state or a different area where there will be more potential? Because this is in the immediate vicinity I see. Can you explain the rationale behind that?

Dhimant Bakshi: Yes. So, there are two rationales, if I were to answer your question. One is that as a group the overall objective and the focus is to put all the park businesses and the entertainment verticals under one umbrella of the listed entity. So that the group's focus is always on to building the listed Company as an entity. So that being one and second being if you look at worldwide places such as Orlando or the Gold Coast kind of places where there are multiple parks within one region, but all the parks continue to do well. So, we believe that by doing this integration and consolidation, the group has a stronger presence in the western region and the synergies that would kick in for the group would be better rather than operating having two separate teams doing separate activities or there is sales and marketing unification. There are various levers that you will see being added and the primary reason being group's commitment and focus to build a listed Company as a bigger organization and what you've been really focusing for.

Jai Malpani: And Gaurav just to add to that, from Imagicaa perspective the revenues and cash flows start flowing into Imagicaa from day one. Usually, to make four different parks at this scale will take a good amount of time. So, for Imagicaa it's a beneficial deal because at a good price the cash flows there's no risk of execution at that point in time. These are parks with historic performances and proven EBITDA. So, adding those into Imagicaa will give more cash flow to Imagicaa itself.

Gaurav Gandhi: And this Shirdi water park which we have acquired is like matured park now. So how we are going to drive the growth in footfalls there? Also, can you share how much footfall growth and average revenue per user growth do you expect in FY25 in overall terms including the Indore park?

Jai Malpani: So, for Shirdi water park as you rightly said actually, we have spent 25 crores in the last current financial year adding new attractions and rides across all our parks. So, in Shirdi water park we have added eight new water slides to revamp the park and kind of give our guests a new reason to come back to the park. So, with eight new water slides we are seeing increasing in capacity of the park as well as repeat footfall should go up significantly over there. So, we see some good growth in that particular park. Along with that we have also added a lot of retail which will start from 1st of April and a lot of new F&B options. So, our ARPUs are expected to go up because of these new additions as well.

Gaurav Gandhi: And how much footfall the Indore park will be adding in FY25, a ballpark figure can you give?

Dhimant Bakshi: I think it will be a better thing to say FY26 because by that time the park would have really seen the full year of operations. So, we think somewhere around 3.5 lakh, around that number is what we expect in the first year of full operations.

Gaurav Gandhi: And just a suggestion to keep watch on the equity dilution happening for investors. Thank you very much and all the best. It's actually a proud feeling for us that such a new big group is emerging from small towns of the country.

Moderator: Next question is strong line of Anant Mundra from Mytemple Capital Advisors.

Anant Mundra: I just wanted to understand what is the nature of the underlying land in the four operating projects that we are acquiring. Is it a leasehold land or is it a freehold land?

Mayuresh Kore: So, these are all freehold lands. We have about 47-48 acres in Lonavala and about 13 acres in the heart of Shirdi for the Sai Teerth and the Wet N Joy parks in Shirdi. Totaling 61 acres is what we get of freehold land.

Anant Mundra: They don't have any kind of lease from the state government. So, we don't pay any lease rentals or anything of that sort of lease, right?

Mayuresh Kore: No, definitely not.

Moderator: Next question is from the line of Rajan Shinde from Mehta Equities Limited.

Rajan Shinde: How about the pipeline inorganic growth strategies if they have planned anything and how will we fund it?

Jai Malpani: So, for inorganic acquisitions in the future if there are parks which are open for acquisitions we are always on the lookout. And in case some good parks which fit our quality standards, we are open to those acquisitions. It can be funded through a mix of debt and equity we can fund these parks in the near future.

Rajan Shinde: What the current consolidated debt on the books post-acquisition would be?

Mayuresh Kore: At the point of acquisition, we currently do not have any debt. But yes, to make the committed payments we've mentioned that we could leverage to around 2-2.5x of EBITDA of the combined entities.

Rajan Shinde: So, the total debt would be then?

Mayuresh Kore: At the combined level if we add up both EBITDAs of these entities, so combined debt could be in the range of 350 to 400 crores and remaining would be funded from the internal accruals of these parks.

Rajan Shinde: There was news of developing Lonavala Hill points like Tiger points, is Imagicaa is participating in these projects also?

Jai Malpani: No, not to our knowledge. But yes, since you mentioned we'll just check out on this. But yes, Imagicaa is not associated with it and at Malpani Group also we just have no involvement in this, but we'll definitely check out if there's such development.

Rajan Shinde: Regarding the acquisition, total the acquisition would be paid as you told earlier in the span of nearly 30 months, right? So how the Imagicaa will generate such profits and pay off to the seller, can you put some light on that?

Dhimant Bakshi: As you would reckon that from 1st April 2024 itself, we not only be able to utilize the EBITDA and the cash in hand of Imagicaa listed Company but the revenues and the EBITDAs of the acquired park also, the proceeds are part of the listed Company. We think that over the period of 30 months that we have the agreed tranches of payments. There will be utilization of these free cash flows that we generate and as you would notice that for the new acquired parks, the EBITDA that we generate is almost the free cash flows to the Company in terms of accruals. So, we should be able to be comfortable as far as the payouts are concerned as well as the Company would be availing the limits from the lending banks. However, we will utilize based on judicious discretion to ensure that while the limits are required, we may not want to utilize to the fullest. That would be our strategy and approach. However, like the question that was there earlier, if there are any inorganic or any other such arrangements that we get, we would be open to that as well. The point that you may want to note is that there are no taxes payable since the Company also has the carry forward losses that Company can utilize as tax shield. So free cash flow benefit out of EBITDA is what we think would really help us tide this over the entire transaction well. I hope I answered your query.

Rajan Shinde: Yes sir. One last question. Can you put some light, how the Imagicaa will totally looks like after the acquisition in simple?

Dhimant Bakshi: Your Company would be almost you can say one of the largest listed companies in this entertainment space with revenues upward of 400 odd crores, with the EBITDA almost touching about 200 kind of crores EBITDA. So, a healthy 48% to 50% kind of EBITDA margins with few more projects in the anvil. So, I think it will be something you can say almost among the top two companies that you would see in the space of this category.

Moderator: Next question is from the line of Binoy from Sunidhi Securities & Finance.

Binoy: First question is the consideration of 770 crores, is it entirely to be paid in equal installments or is there any front ending of the same or back ending of the same, anything like that?

Mayuresh Kore: Thanks Binoy for your query. We've uploaded the investor presentation a couple of days back, so I think that will have the schedule of payment. So, 140 crores of the Indore is kind of upfront payment but the 630 crores of consideration for the existing parks, it's staggered over the 30 month period and we put the actual schedule up on the presentation. So, at the sign up we only to pay 30 crores and within the quarter we have to pay additional 100 crores. For the remaining payments is staggered into tranches of 100 crores every six months. So, the schedule is put up on the presentation for your consumption.

Binoy: And the second question was do we see any cost synergies from eliminating duplication of resources after this acquisition?

Jai Malpani: So, Binoy we see a lot of good cost synergies coming into play. First of all, our senior team we'll have a common senior team across parks that would lead to good 10% to 15% of cost synergies on that front. Along with that our back of the house operations like purchasing, HR, accounts, finance, sales. We are consolidating into one location which will work for all the parks. So that operating leverage which has to come into play for all the parks that will come into play as well. And our procurement will go up because when we are negotiating for so many parks at the same time over there, we'll see roughly up to 15% of cost saving and then for agent payout transaction cost. Since we are operating seven to eight different parks at the same time, we'll see again some good cost synergies on that front. Along with that since we are operating in the same location in Maharashtra for the four parks, we can have things like common passes or a super pass where customers can visit different parks at the same time or in the full year. So, these would lead to a lot of repeat visitation across all our parks, and we can cross sell and upsell to the guest based on this.

Binoy: Is there any number that you can share in terms of the total cost savings as well as the revenue synergies by cross selling upselling?

Mayuresh Kore: At this juncture we don't want to quantify this number. But yes, on the various heads that we mentioned right from advertising, right from manpower and various other synergies, I think in the coming quarters we'll have a better sense of those numbers which we can share with you.

Binoy: Now the last question is on the Indore water park that will be coming up. You said that you expect after first full year of operations footfalls of roughly about 3.5 lakhs. What is the ARPU that you are targeting in this park? Will it be very similar to what is Wet N Joy's ARPU, or will it be lower?

Jai Malpani: So, the ARPUs will be in the range of Rs. 900 to Rs. 1000 to begin with. So that is what we are targeting. And just to add to that our Indore park has a capital subsidy of 30% which Imagicaa will avail. So that 140 will eventually come down by roughly 30% on fixed assets. So that number we are likely to see go down in the next coming 3 to 4 years.

Binoy: And this subsidy will flow in over what period of time?

Jai Malpani: It will flow over a period of 3 to 4 years.

Moderator: Next question is from the line of Faisal Hawa from HG Hawa & Co.

Faisal Hawa: What will be ROC and ROE of the combined entity going forward? And is it not possible that the Company could actually do these 100 crores payments from EBITDA itself by really being very tight on finances and being very cost conscious? Second point is on the strategy front, Imagicaa and Wet N Joy are like two very separate brands. Imagicaa is very much like international quality theme park whose rides are almost on par with Disneyland and Wet N Joy is much more towards the masses. So, having managed a product which is more towards the masses, how will we really have the wherewithal to manage very niche and upper-class product? Because these are two very different markets even though it is within theme parks segment. And secondly sir what is the bigger vision of the Company? Do we want to be at least 25 to 30 cities in the next 10 years? And the promoters could have actually merged the Company and probably raised their holding also, but they have decided to take the cash out of it. So, what is the rationale behind that?

Mayuresh Kore: So, there are multiple questions. Yes, so we'll take it. I'll not go sequentially. I'll answer your last question first. The promoter holding currently stands on a fully diluted basis at 74.5%. So nearly at 75%. So, a share swap wasn't a structure that was feasible at this juncture, else we would have preferred that. Hence the cash consideration. However, it is deferred unlike any other acquisition which you will see. You're getting the business upfront but yes you got 30 months to pay. So, the present value actually is much lower than what would come out. Second part is in terms of managing these different segments, just to advise the operating teams remaining the same, they are already positioning and selling those respective parks at various levels, and we don't foresee any constraints because the entity now is being combined.

I mean whatever is being done in terms of the sales force at the ground level. Dhimant you may want to add.

Dhimant Bakshi: So, as it was mentioned earlier, there are a couple of new attractions which are being introduced in Wet N Joy, Lonavala amusement park. And new introductions are something really worth waiting for because they are kind of state-of-the-art attractions that are being added and that becomes a part of this entire investment and inventory that we will be able to get. Secondly, if you will see that Wet N Joy amusement park opened just prior to Covid. Therefore, it had not really seen a proper full year of operations and based on various feedback that were received from the guests as well as certain new introductions which were in the pipeline that all is getting commissioned in this year. So, you will see that FY25 full year of operations will actually be able to enjoy the complete efforts and investments that were being made by the group as a full year of operation now. Secondly it is really not a mass park in terms of the original design. However, as it was in pipeline in terms of completion, what you will see now is a very different experience and something that would be nice from a guest experience and the quality point of view also.

Faisal Hawa: Sorry to interrupt but are we trying to say that now Wet N Joy will be a very upmarket product?

Dhimant Bakshi: No, I would not say very upmarket but yes from what you would have seen it will go at least two to three notches above.

Faisal Hawa: We are now aiming for a different income group only.

Dhimant Bakshi: Yes. And what it would also do is that as I was explaining, since it was in development in the pipeline that were being initiated this is the full year of operations that you are going to see. So, whatever that we've seen of Wet N Joy amusement park, it is going to get better from here.

Mayuresh Kore: In terms of the return for any inorganic acquisition or any expansions we are looking at IRRs in the range of 18% to 20%. And because of the high capital base high asset base of Imagicaa the return on capital employed and all will take some time to make sense. On the overall vision that you mentioned for going into other parts of India. I think Jai if you could just throw some light on the question that you mentioned about multiple cities that we are looking forward.

Jai Malpani: Our vision is to go across India in all the Tier-I and premium Tier-II cities across India. And we are evaluating various different options with state governments. We are evaluating options in the NCR region, Gujarat, Goa, Punjab, Tamil Nadu. So, we are in talks with various different governments at this stage. So, the vision is to go across all different Tier-I cities and selected Tier-II cities. And with the current acquisition being done we have a bouquet of offerings now. We have a devotional theme park. We have a theme park. We have an amusement park. We have a water park. So based on the demographics the city and the location we can play around with various different offerings since we have the learning curve and experience operating all these things. So, it will be a good advantage for us to kind of have a good mix and match of these formats based on the location.

Moderator: The next follow up question is from the line of Dhruvesh Sanghvi from Prosperotree Financial.

Dhruvesh Sanghvi: In terms of branding, are we going to use Imagicaa as a title brand even for Wet N Joy? Something like Imagicaa Wet N Joy or any thoughts on that? And what will be the branding for the future parks?

Dhimant Bakshi: Yes, so we would not be using Imagicaa Wet N Joy kind of combined name. We will allow the brands to remain independent. For future parks the flagship kind of parks which are larger in size and scale is where the thought is to use Imagicaa as a brand. And we also have three more brands in our portfolio. So, we have Imagicaa, we have Wet N Joy, we have Aquamagicaa, we have Sai Teerth and Magic Mountain. So, these are our portfolio of brands. So, depending on the format and the size and scale and the city profile, we will be utilizing the brands selectively.

Dhruvesh Sanghvi: And what would be the current cash on books of Imagicaa?

Jai Malpani: At this point we have 70+ crores cash on our books.

Dhruvesh Sanghvi: And no debt because you've mentioned we are debt free?

Jai Malpani: Yes, we are debt free.

Moderator: Next follow up question is from line of Rusmik Oza from 9 Rays EquiResearch.

Rusmik Oza: I wanted to understand the breakup of revenue Imagicaa of the acquired assets possible. The question I'm asking why is because Imagicaa EBITDA margin is 36% and, in the presentation, you're showing 57% EBITDA margin for the acquired assets. Now within the acquired assets in the call you mentioned that the Shirdi Sai Teerth park is generating 35% EBITDA margin. That means your Wet N Joy Lonavala and Surat, is it that it's making more than 57% EBITDA margin? Just to get a granular breakup of the margins of per park it would be helpful.

Mayuresh Kore: So, you're right about the existing margins that is with Imagicaa is there. On the combined level the four parks are generating 58% EBITDA margin as of FY23. And in that obviously at the various park levels as Jai mentioned, the amusement park at Lonavala there is work in progress which was happening. And post the last one year itself there is ramp up which is happening. So, the margins at this level we are not giving the breakup of the respective parks but even Sai Teerth is a new location and new attractions being added over there. But as an aggregate of FY23 these parks have been generating 58% margin and in the trailing twelve months this would have increased to 65%, I would just like to add. This is actually proof of that this CAPEX, which is done over the last 1 year or 1.5 years is helping, and these parks are clearly in a growth mode and the base also is helping. And when you combine both of these, you can just add up the math at what Imagicaa is currently generating and what Wet N Joy currently generating on a 12-month basis plus the synergies which we are not really quantifying at this juncture. Combined the margins will be much better than what they are today for Imagicaa.

Rusmik Oza: Related question since you're operating at 57% EBITDA margin acquired assets and Imagicaa is around 36%, do you see the margins of Imagicaa suppression can go up to (+50%) in future? How do you see that?

Mayuresh Kore: At the combined level, if you just add up it's coming down to an average of 44%-45% and we see no reason why they could inch upwards closer to 50% in the years to come.

Rusmik Oza: And second question, what will be the CAPEX requirement for Surat and Lonavala parks going forward?

Dhimant Bakshi: So, there is really no immediate capex requirement for Surat or Lonavala parks because in fact almost all the parks the CAPEX requirement have been methodically been done. So almost by this April or May of this year you will see that all CAPEX would have been completed in all current parts. And that's been factored in the calculations that we've mentioned to you by and large.

Moderator: Next question is from line of Jay Toshniwal from Toshniwal Equity Services.

Jay Toshniwal: I have two questions. First question is that there is a sale of land parcel of about (+100) crores and the consideration of about 35% is coming by way of cash and the balance coming by way of a deferred bond preference share where the money comes in after 20 years. So, what is the logic for deferring the cash inflow at almost zero interest and which is the issuing Company for these preference shares? That is the first question. And second question is what are your plans regarding devotional park expansion beyond Shirdi, say for example Ayodhya or Varanasi or Mathura etc.?

Mayuresh Kore: Answering the first question. So, this is a transaction which is from the resolution of debt which happened with the lenders, and it is primarily whatever cash consideration had to be received in the books has already been received. For taxation purposes there was this instrument which is there. So, this is not in terms of any recovery that we are expecting from that. So, it's purely a tax structure which is there. And it was part of the management deals which were concluded at the point of resolution by the Malpani Group. Coming to the second question for devotional theme parks, especially in Ayodhya and Varanasi Jay, would you just want to add?

Jai Malpani: Jay we are exploring those because since we have good experience with Sai Teerth already in Shirdi which is on the similar lines. So based on this we have been talking to the people at Ayodhya, Dwarka or Varanasi for that matter. So, we are exploring land parcels over there. I think we are in talks and once something gets concluded we'll update you on the same.

Moderator: Thank you. Ladies and gentlemen due to time constraint we'll take that as a last question. I'll now hand the conference over to Mr. Jai Malpani for closing comments.

Jai Malpani: We appreciate your participation in our business update call today. We trust that we have addressed all your queries. Should you have any further queries, questions please feel free to reach out to our Investor Relations Advisors at Strategic Growth Advisors, SGA. Thank you and have a pleasant afternoon.

Moderator: Thank you very much. On behalf of Imagicaa World Entertainment Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.