Wonderla Holidays Ltd — Feb 2026 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline (Topline Beat / Margin Miss) **One-line:** The long-term thesis is now in its "Harvesting Phase" as the landmark Chennai Park successfully commenced operations in December 2025; near-term margin compression is purely optical, driven by one-time launch costs and a structural (but industry-wide) labor code adjustment.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	**Inline**	Revenue beat (□134.5 Cr vs expectations) offset by EBITDA margin compression to 23% (Labor code impact).	□
Earnings Quality	**High (Core)**	Core operating cash flows remained robust; □8 Cr exceptional item is a non-recurring regulatory catch-up.	□
Guidance Confidence	**Strong**	Management delivered Chennai on the promised Dec 2025 timeline and 21-month execution cycle.	□
Management Credibility	**Strong**	Exceptional execution on Chennai (□611 Cr capex); transparent about Kochi "Amoeba" issues.	□
Business Quality Signal	**Improving**	Transformation to "Resort-Destination" model is validated by 71% growth in hospitality revenues.	□
Key Q&A Exchange	**Q5: Chennai Break-even**	Mgmt expects first-year EBITDA break-even with 20-25% margins, scaling to 45% by Year 4.	□
The Street's Primary Anxiety	**Footfall Stagnation**	Concern over flattish footfalls (9.17L); Mgmt response: Focus is on ARPU (+8%) and weather-recovery.	□
Capital Cycle Stage	**Harvesting**	Chennai shifted from CWIP to Operational; BLR roller coaster (□15-20 Cr) is the final near-term capex.	□
Margin Trajectory	**Deteriorating (Temp)**	EBITDA margins fell to 23% (vs ~30% historical Q3) due to launch costs and new wage code.	□
Pricing Power	**Expanding**	ARPU grew 8% YoY to □1,377, proving pricing power even amidst flattish volumes.	□
FCF Conversion & Quality	**Strong**	Debt-free balance sheet maintained despite □611 Cr Chennai investment.	□
Competitive Moat Signals	**Widening**	Successful entry into Chennai (high barrier to entry) and category creation in Bhubaneswar.	□
Balance Sheet Strength	**Exceptional**	Company remains debt-free with sufficient liquidity for the next park expansion.	□
Working Capital Efficiency	**Stable**	Standard negative working capital model in parks; high cash-to-PAT conversion.	□
Mgmt Guidance Track Record	**Reliable**	Delivered Chennai launch and BLR "Isle" expansion exactly as messaged in FY25.	□
Key Vulnerability	**Regulation**	New Labor Code impact (□8 Cr) highlights sensitivity to regulatory wage inflation.	□
Management Tone	**Pragmatic & Confident**	Focused on "disciplined growth" and cautious land acquisition for the next 1-2 parks.	□

Sentiment: □Positive

Key Takeaways (Positives & Negatives): * **Positives:** The **Chennai Park launch** (Dec 2, 2025) is the single most important thesis-validator; it generated □11-12 Cr in its first month despite weather alerts, proving strong brand pull. The **Hospitality Pivot** is working, with Resort revenues up 71% and occupancy hitting 68%, effectively de-risking the seasonal park business. **ARPU growth of 8%** demonstrates that Wonderla can grow topline even when footfalls are seasonally or weather-impacted. * **Negatives: Margin compression** was significant this quarter (23% vs 30%+ in prior Q3s), primarily due to the **New Wage Code** (□8 Cr one-time + recurring opex) and **Chennai Launch Costs** (□5.5 Cr). **Bhubaneswar** remains in a "category creation" phase and is yet to reach EBITDA break-even, dragging on overall margins. * **The Street's Concern:** Analysts are anxious about the **next growth engine** post-Chennai. Management’s refusal to name specific cities (though hinting at Mumbai, Goa, and Vizag) suggests a disciplined approach to land acquisition but leaves a "visibility gap" for FY27/28 growth. * **Watchpoint:** The ramp-up of Chennai footfalls in Q1 FY27 (Summer Peak). If Chennai can track toward the 1 Million annual pax "North Star" as management claims, the stock is due for a significant re-rating.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: PPT figures primary; Concall used for commentary and ARPU.

Metric	Current Qtr (Q3 FY26)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue (□Cr)	134.5	↑ 10.7%	↑ 67.8%	↑	Driven by Chennai launch (□12 Cr) and 8% ARPU growth (Pricing/SPH).
Gross Margin (%)	100%	→	→	→	Core park business has negligible COGS; all costs are Opex.
EBITDA (□Cr)	32.17	↓ 13.3%*	↑ 330.1%	↓	*YoY decline due to □5.5 Cr launch cost and new labor code (□5 Cr impact).
EBITDA Margin %	23.9%	↓ 660 bps	↑ 1460 bps	↓	Margin hit by one-time Chennai expenses and regulatory wage hikes.
PAT (□Cr)	14.5	↓ 28.7%	↑ 928%	↓	Impacted by higher depreciation (Chennai/BBS) and labor code.
EPS (□)	2.28	↓ 33.7%	↑ 914%	↓	Diluted by margin compression and exceptional items.
Footfalls (Lakhs)	9.17	→ (Flat)	↑ 81.5%	→	Chennai (0.75L) offset Kochi weakness (Amoeba cases impact).
ARPU (□)	1,377	↑ 8.0%	↑ 6.2%	↑	Strong pricing power and higher non-ticket spend (F&B/Resorts).
Resort Revenue (□Cr)	Not Stated	↑ 71.0%	↑	↑	Driven by "The Isle" premiumization and 68% occupancy.
Net Debt / (Cash)	(430)*	→	→	→	*Derived from prior context; mgmt confirmed remaining debt-free.

2B. SEGMENT BREAKDOWN

Segment	Revenue (₹ Cr)	YoY Growth	Footfall (L)	Trend	vs Co. Avg	Key Development
Bangalore	Not Stated	↑	3% growth	↑	Above	20th Anniversary; "The Isle" resort scaling yields.
Chennai	12.0	New	0.75	↑	Below*	*Margin (11%) below avg due to ₹5.5 Cr launch spend.
Hyderabad	Not Stated	↓	↓	↓	Below	Impacted by heavy rains and higher group (school) mix.
Kochi	Not Stated	↓	↓	↓	Below	Impacted by "Amoeba" health scare in Kerala schools.
Bhubaneswar	Not Stated	→	0.25	→	Below	"Category building" phase; weather-impacted by cyclones.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	**Chennai Ramp-up**	Reach Bangalore levels (1M+ pax) in 4 years.	Requires ~25% CAGR in Chennai footfalls. Feasible given market size.	**New Target**	**Low**
Guidance	**Next Park**	Announce 1-2 more parks in 1-2 years.	Dependent on Govt approvals (Maharashtra/Goa/Vizag).	**Mixed**	**Medium**
Guidance	**New Ride (BLR)**	Launching new Roller Coaster (₹15-20 Cr) by April 2026.	Construction in final stages; timeline appears solid.	**On Track**	**Low**
Strategy	**Hospitality**	Integrate Resorts at all parks (Hyderabad/Kochi next).	High yield potential; de-risks seasonal volatility.	**Delivered**	**Low**
Macro	**Labor Costs**	Stabilize labor costs post-Wage Code adoption.	Expected to settle at 2.5-3 Cr/month for Chennai.	**In-Progress**	**High**
Balance	**Leverage**	Remain debt-free through next expansion phase.	Internal accruals + existing cash (₹400 Cr+) sufficient.	**Delivered**	**Low**

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
1	4.5	Vinod Krishna / Avendus	Strategy	Capex and Allocation	"We have not announced even a single new park... for the next 1-2 years, can we expect at least another 1-2 parks?"	Management clarified they just launched two parks (BBS/Chennai) and are in active talks for Delhi, Mumbai, and Ahmedabad. This signals a continued rollout strategy but highlights the long gestation of land acquisition.	None	4.0	Directional with evidence
2	4.0	Vinod Krishna / Avendus	Footfalls	Business Overview	"What were we doing to get footfall growth at least to 1%-2% per year or 3%?"	Management noted current flattish trends are weather-related (cyclones/ rains) and expects 2-3% organic growth in mature parks. This confirms mature parks are now an ARPU-driven story rather than a volume-led one.	None	3.5	Vague but consistent
3	5.0	Gunit Singh / Counter Cyclical	Financials	Financials	"What are the fixed costs per quarter for that [Chennai] park and the peak revenue potential?"	Management stated labor costs are ₹2.5-3 Cr/ month and total revenue should reach Bangalore levels (~₹170 Cr+) within 4 years. This provides a clear roadmap for the Chennai	None	4.5	Specific and quantified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						valuation contribution.			
4	4.5	Gunit Singh / Counter Cyclical	Margins	Financials	"EBITDA margins... have come down from 50% to 30% currently. What is the main reason?"	Management attributed the 50% era to post-COVID pent-up demand and identified 40-45% as the "sustainable matured" margin level. This reset of margin expectations is critical for long-term modeling.	None	4.0	Realistic reset
5	4.0	Shamit Ashar / Ambit	Footfalls	Business Overview	"Cochin... witnessed some moderation in footfalls... any guidance?"	Management explained a one-time "Amoeba" health scare in Kerala impacted school trips, but Q2 was the best-ever for Kochi. This clarifies that the volume dip is non-structural and likely to bounce back.	Guidance numbers	3.5	Qualitative explanation
6	4.5	Himanshu / Steadfort	Competition	Business Overview	"Is there any risk of cannibalization for Bangalore and Cochin Parks?"	Management dismissed cannibalization risks as parks are 500-600km apart. This validates the geographic strategy of placing parks in major metro hubs.	None	5.0	High Credibility
7	3.5	Himanshu / Steadfort	Strategy	Business Overview	"Do you still think that the model or a smaller theme	Management admitted Tier-2 (Bhubaneswar) is an	None	3.0	Pragmatic admission

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
					park in Tier-2 towns remains a viable model?"	"experiment" with a longer gestation but still believes it builds the category. This suggests future focus may pivot back to Tier-1 "Large Format" parks.			
8	4.0	Ankit Shah / White Equity	Strategy	Capex and Allocation	"Over the next 3-4 years... how many parks are we likely to operationalize?"	Management targets minimum one, potentially 2-3 new locations, with active talks in Maharashtra (Bombay). This provides a loose 5-year growth visibility.	Exact locations	3.0	Directional
9	3.0	Athar Syed / SmartSync	Financials	Financials	"Our PAT declined by 29%... can you please repeat that?"	Management identified □6 Cr incremental depreciation and labor code provisions as the primary culprits. This confirms the earnings miss is an accounting/ regulatory step-up, not business deterioration.	None	5.0	Verifiable
10	3.0	Abhishek / ICICI Direct	Hospitality	Business Overview	"How much of it [Resort] does flow into the park as well?"	Management confirmed 60-80% of resort guests use the park, validating the "Isle" expansion as a synergy play. This supports	None	4.0	Consistent

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded	Cred.	Verdict
						the destination-resort thesis.			
11	4.0	Nikhil Upadhyay / Simpl	Operations	Governance	"There were some news items... issues with the rides in the initial period in Chennai."	Management clarified it was a power fluctuation issue, not safety, and was communicated transparently to guests. This mitigates brand-risk concerns early in the park's lifecycle.	None	4.5	Transparent
12	3.5	Vinay Nadkarni / Hathway	Pricing	Financials	"Why was the Hyderabad ticket price dropped this quarter?"	Management explained it was a "mix issue" due to high volume of discounted school group bookings in Q3. This removes fear of competitive price-cutting in the Hyderabad market.	None	4.0	Logical explanation

PATTERN FLAGS & SENTIMENT The analyst community is primarily concerned with **"Growth Visibility Post-Chennai."** After waiting years for the Chennai launch, the market is now looking for the "next leg" (Mumbai/ Delhi). Management's posture was disciplined; they refused to over-commit to timelines given the unpredictability of government land deals, which created a slight tension with growth-hungry analysts.

Analyst Sentiment Verdict: Cautiously Optimistic. The friction point was clearly the **Margin Compression** (Wage Code + Launch Costs) and the **Bhubaneswar Gestation**. However, the strong debut of Chennai (75k footfalls in a weather-hit Month 1) and the 71% growth in Resorts convinced most that the core business remains a high-quality, cash-generating moat. Management's credibility remains high as they delivered Chennai exactly when they said they would.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q2 FY26)	This Quarter (Q3 FY26)	Direction
Chennai Status	Under Construction (CWIP)	Operational (Launched Dec 2)	↑ Harvesting
Labor Cost Structure	Normal opex	Structural step-up (New Wage Code)	↓ Margin Headwind
Hospitality Growth	Initial Isle launch impact	71% YoY growth (The Isle/Resort)	↑ Yield Accretion
Footfall Driver	Core Parks + BBS	Core + BBS + Chennai Debut	↑ Volume Upside
Depreciation	₹14.6 Cr	₹21.0 Cr	↓ PAT Drag
Kochi Outlook	Stable	Weak (Health scare impact)	↓ Near-term risk
Exceptional Items	Nil	₹8 Cr (Labor code catch-up)	↓ Earnings Quality

Investor Notes: * **Thesis Change:** None. The thesis remains a "Multi-city Rollout" story. The move from 3 to 5 parks (BBS/Chennai) in 24 months is a structural scale-up. * **Earnings Quality:** Adjusted for the ₹8 Cr labor code one-time hit and ₹5.5 Cr launch costs, core EBITDA is closer to ₹45 Cr (a 20%+ YoY growth), indicating strong underlying health. * **Actionable Catalyst:** Q1 FY27 (Summer) will be the first "clean" quarter for Chennai. If the park achieves a 300k+ footfall in that quarter, it will prove the 1M annual target is achievable, likely triggering a valuation re-rating.

STOP.