



**“Delta Corp Limited  
Q2 FY2023 Earnings Conference Call”**

**October 12, 2022**



**MANAGEMENT: MR. HARDIK DHEBAR - CHIEF  
FINANCIAL OFFICER, DELTA CORP  
LIMITED**

**MODERATOR: ALPESH THACKER - ANTIQUE STOCK  
BROKING LTD.**

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Delta Corp Limited Q2 FY'23 Earnings Conference Call hosted by Antique Stock Broking Ltd. 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. Alpesh Thacker from Antique Stock Broking Ltd. Thank you, and over to you, sir.

**Alpesh Thacker:**

Thank you, Faizan. Hello, everyone, and welcome to second quarter FY'23 Investor Conference Call of Delta Corp Limited. Today, we have with us the management of Delta Corp, represented by Mr. Hardik Dhebar, Chief Financial Officer of the company. The format of the discussion would be brief opening remarks by the management, followed by Q&A session.

Without much delay, let me hand over the call to Mr. Dhebar. Over to you, sir.

**Hardik Dhebar:**

Good afternoon, Alpesh. Thank you once again for hosting the call this quarter. And welcome, everybody. Good afternoon to all. It is with great joy and pleasure I would like to state that this is a quarter which has broken a couple of records when it comes to revenues as far as Delta Corp is concerned. This quarter, we have recorded the highest ever revenue in the history of Delta. And if I was to extend it to the 6-month period ending September, this has been a record 6 months period also in the history of Delta Corp, whether you would like to look at the revenue or the EBITDA or the profits for the 6 months ended 30th September, '22, we have recorded the highest ever numbers in each of these categories. What has led to this sort of resurgence is basically the domestic travel and tourism industry has been doing reasonably well.

International travel is still largely out of bounds plus given the visa delays and visa constraints that are there across most of jurisdiction. Domestic travel is something which has gotten immensely benefited. And Goa amongst the domestic travel destinations has always been a very popular and the most sought-after destination. Thankfully for us. Every time Goa tourism does well, the rub-off effect happens on to Delta Corp.

While we are not saying that we are entirely dependent on tourism alone, but to a large extent, visitation of people with larger numbers into the state and Goa itself, obviously, will have a positive rub-off effect. That coupled with the fact that overall, the economy as far as India is concerned, while the world may be going through a difficult time, but I think India as a country and India as an economy has been doing reasonably very well, the home consumption story, the domestic consumption story remains intact, consumer spending remains buoyant and high. And we believe that this is only going to get more and more stronger as we move further given the fact that we would have India as one of the rare economies that will be growing in the higher single digits or double digits going forward.

So all this put together, it's a very, very positive thing. Good start to the season as far as Delta is concerned because, like I said, second quarter always historically has been the trend setting quarter, which sets in the tone, trend and the momentum, which continues into the third quarter and the rest of the year. In addition to that, as we all know, we are looking at a new vessel, which is likely to come in, in the next 12 months' time, post monsoon next calendar year and during the beginning of the third quarter or so is when we hope that third quarter of the next financial year is when we hope that the new vessel should be ready and operational and that will obviously add a lot of steam to the current momentum and the growth trajectory that we have been experiencing.

As far as online gaming is concerned, there with a renewed focus and attention on sales promotion activity and customer acquisition, customer retention and customer onboarding exercise that we have taken on in the last 6, 8 months, we have seen the traction paying its results. If you look at the segment of online gaming itself, if you

compare year-on-year, we've done about INR42 crore, INR43 crore of revenue last year similar quarter, which is currently at INR50 crore number. That is basically the initial effects of the effort that is being put in by the operating team on the online gaming side. With regards to the IPO update, we have received the final observations and approval from SEBI.

And we, as Delta Corp along with the operating team at Deltatech are looking to embark upon the next steps of interacting with the investors trying to assess the market and get a reasonable feel in pulse to then decide on the launch of the issue. The issue, obviously, as everyone knows, is roughly about INR550 crore divided into an offer for sale of INR250 crore and INR300 crore of primary issuance, which obviously will act as the war chest in the armory for the online business to further its growth momentum and growth trajectory. A lot of that money is going to be spent on customer acquisition, branding and sales and promotion and marketing activities, which will ensure that we have a continuous and a decent flow of customers' onboarding the platform at every point of time, giving us the necessary impetus for growth.

With regards to the GST ongoing issue, there is the matter pending with the GST Council. The council hasn't met as the group of registers has been discussing, deliberating upon what methodology and how they should be addressing this concern of the industry given the fact that there was this clarity at the GoM level per se with regards to understanding each of the businesses after they have gone through and the representations made by various industry forums and industry participants, including ourselves.

We have been able to achieve a success in form of the fact that they have now realized the differences between the methodology in how each of these businesses, whether it's also in online gaming and casinos operate, and therefore, to use the same yardstick and measure for levying of tax on each of these businesses would not be ideal, and therefore, each of them needs to be looked at separately, which we believe we have been able to communicate and convey to the GoM who seems to have taken it positively. We are now waiting for the final GoM recommendations and the GST Council to come out with the law. We are very, very positive and hopeful that it's all going to settle the matter once and for all. Other than that, there is no other extraordinary or any other item that needs to be highlighted in specific. I'm happy to open the floor for question answers, and I'll try to answer them to the best of my ability.

**Moderator:** The first question is from the line of Viraj Mehta from Equirus PMS. Please go ahead.

**Viraj Mehta:** Hardik congratulations again for a great set of results. Can you tell us the visitation for this quarter, please? So that was the first question. And second is there obviously, company gave clarification on Daman, but if you can provide us an update of where we are with Daman as well? And where is the case spending there as well? Those are my only 2 questions.

**Hardik Dhebar:** So visitations are more or less similar to what they were last quarter. It is about 120,000 visitations is what we have seen as of September '22 quarter. With regards to Daman, the matter has been listed for final hearing on the weekly board. But given the backlog and the pressure on the courts, the courts are doing their best. They sit up to 6:30, 7:30, 8:00 at times, trying to clear the backlog and the cases, but we haven't been lucky to get hearing. And like I said, this is the final hearing. So hopefully, very soon, we should be able to get on to the Board and the final hearing to commence once the hearing commences and we are hopeful that very quickly thereafter, we should have some direction to the entire matter.

**Viraj Mehta:** Sure. And just one last question, if I can squeeze in. If I look at the last page of the results note that you put on BSE, both Mr. Modi's and your comment was that we are likely to see the growth continuing. But with the number of visitation being

similar, and you had also mentioned that we are not likely to increase our end team prices. So then how does the growth come in, build a new vessel?

- Hardik Dhebar:** I think we have answered this multiple times earlier that it is the quality of crowd that one needs to monitor. I would be more happier to filter the crowd in a way where I get more focused than serious people who want to sit on the table and game rather than people who come for food drinks and entertainment. And therefore, we have a built-in mechanism like which we bring it into use, especially on busy weekends, where we don't sell the entry-level packages at all and it's only the high-end packages because for a gamer, it really doesn't matter because he is anyway going to spend. And most of my regulars or most of my club-Deltin members, their entries are anyways taken care of. So the moment I'm able to filter the crowd and in normal terms better the product mix, as we call it, that will obviously yield better results in terms of revenue per person improving while the numbers on the whole may remain more or less similar, thereby giving me the better revenue.
- Viraj Mehta:** And just your new ship you are saying will come by Q3 '24. Is that correct understanding?
- Hardik Dhebar:** Next financial year third quarter.
- Moderator:** The next question is from the line of Arun Kumar from BMO Capital. Please go ahead.
- Arun Kumar:** Congratulations on a very good set of numbers. I just wanted to know about the status of the IPO like where is it likely to launch? And the second question is about the present GST and like impact, what could be the worst-case scenario if it is 28%?
- Hardik Dhebar:** With regards to the IPO, I just gave an update in the opening remarks itself that we received approvals. We are commencing the process of road shows, et cetera, we'll make the assessment of the market and then decide on the right time to launch. And as far as we are concerned, there is no delay or no holding back from us as the company or the issuer per se. With regards to GST also, I think I gave a very detailed scenario of what the situation is presently. As regards the rate of GST is concerned, casinos have historically right from the day that GST was introduced, have been paying 28%. So for Delta, it really doesn't make a difference.
- Moderator:** Next question is from the line of Chirag from Keynote Capital. Please go ahead.
- Chirag Maroo:** Sir, in Q1, you have mentioned that our other expenses were high due to some legal expenses were taking place. But if I see in Q2 also, we are still in the same zone. So should I expect that the run rate for other expenses have been at this level only?
- Hardik Dhebar:** See, a larger of the chunk is on account of the Daman matter, which is coming up on a daily basis, virtually daily basis. And therefore, plus the other GST-related issues which are there where we have a lot of legal consultation. And the other expenses also account for a lot of professional charges and these professional charges are not only legal fees, but we have marine staff and marine consultants who are on board, plus we have a revenue share arrangement with one of the operators in one of our casinos. So all those things with the regular inflationary increases and everything will get added into this. Now to say whether the trend will continue like this? I don't think so because, hopefully, sooner rather than later, the legal issues are going to come to an end. And therefore, those recurring expenses that you are incurring today will stop.
- Chirag Maroo:** Sir, could you put the revenue that we had in casinos from Sikkim and Nepal for the quarter?
- Hardik Dhebar:** On a monthly run rate in as far as Sikkim is concerned, we are doing anywhere between INR2 crore to INR2.5 crore a month, whereas Nepal, we are doing anywhere between INR3.5 crore to INR 4crore a month.

- Moderator:** The next question is from the line of Digant Haria from GreenEdge Wealth. Please go ahead.
- Digant Haria:** I think you alluded to a few things regarding this question, but I still asked is that before COVID and after COVID, have you seen a change in mix of the customers which come to your casino especially between the casual customers and the serious gamers or is that more or less the same?
- Hardik Dhebar:** So that is entirely something that we can control. On days when we have enough capacity available and it's not a busy day like a Monday or a Tuesday or a Wednesday type. So the crowd is what we allow freely to walk in the way we want. And on busy weekends, long weekends and on the blackout dates is where we try and control the crowd in a way where we try to filter out the serious gamers from the non-gamers. So I think that mix more or less remains the same. I don't think there is any difference or change in that.
- Digant Haria:** Okay. Perfect. And second question is on the online gaming part that we've been stuck in that INR40 crore to INR50 crore kind of quarterly revenue for a pretty long time. Is it more of the way industry is or after COVID, things are pulling off?
- Hardik Dhebar:** We have only recorded a INR50-plus crore number once, which is in the quarter of April to June 2020, which was the first quarter immediately after the lockdown came in. Other than that, we have never crossed the INR42 crore, INR43 crore number. This is the first time that we have touched INR50 crore barring that one incident I told you on April to June '20. So I don't think that we have been stuck. Yes, we were stuck for a while between INR38 crore to INR40 crore, then between INR42 crore to INR44 crore. But I think we've broken the shackles from time to time. And this is, again, that we have broken the shackles. We've touched INR50 crore. We are looking at the run rate currently into this quarter, and we believe that these numbers can be replicated without much of a problem. Plus, our efforts and our brand spend and our marketing concentration and focus is more renewed on the online side.
- And the team is working very hard to ensure that we get more and more registrations, which now the multi-gaming platform also coming into play completely. We've seen a registration sport happening on the multi-gaming platform. And the idea is that the moment we keep getting larger registrations on the multi-gaming platform, we try to nurture and convert those into high ARPU players and nudge them towards the games which are high ARPU, thereby trying to maintain our revenue streak and profitability streak.
- Digant Haria:** Okay. But would it be fair to say that the sector tailwind is not as great as, say, when it was in the first year of COVID lockdown, it's more of now company's efforts which have led to this INR49 crore kind of a number, like up from 15%.
- Hardik Dhebar:** Obviously, there are no tailwinds or headwinds in a business like ours, honestly, the tailwind, if at all, anybody wants to call it a tailwind was the undue amount of money that got raised by most of the online companies through private equity and stuff like that, and everybody went on a spending spree. Now that is what got you the tailwind. Otherwise, there was never a tailwind or a headwind situation as far as the business is concerned. It is entirely the company's efforts which have to pay results at the end of the day. And I'm very happy to say that our team on the online side has come together very well as a unit. In the last 1 year, we have reasoned a lot of things, gotten a lot of talent. And the dividends are paid now. And we are hoping with the IPO money coming in, the spend capability and the power increasing, we would only hope that this INR50 crore number is not only maintained, but surpassed and grown from time to time.
- Moderator:** The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.
- Dhwanil Desai:** So the first question is, if you can give an update on the greenfield project and any change in timeline for that?

**Hardik Dhebar:** So the greenfield project is, is the one that you're referring to the Mopa Airport integrated resort, right? Yes. Okay. So there we received the final does it notification approving the project and approving the area as an investment promotion area about a month ago. And then obviously, we were in the midst of the monsoon. So it's only by December end or January is when we will start breaking ground and actively working on the project. There have been a little bit of a delay from the original timeline given that the permissions and the approvals given the COVID situation took a little longer than what we anticipated.

But I think the way it is worth it given the fact that now it's a single-window clearance project, I don't have to run from pillar to post going from department to department seeking approvals and permissions. It's only one authority, which is the GIPV, which will approve and everything will be done through that. So I think the delay was worth it, the way it was worth it. It is a 4-year sort of a project that we are looking at. And like I said, we start in '23. So by '27 or so, we should be completing the entire project, if all goes well and there are no surprises during the course.

**Dhwanil Desai:** Okay. And second question, Hardik, is on the online gaming part. So I think you mentioned that you are upping the ante on marketing spend in terms of getting more registrations. So on a segmented level, should we expect higher EBIT losses or that will happen only post IPO?

**Hardik Dhebar:** We are very stingy spender and frugal spenders, so to say. We believe in trying to maintain profitability or at least minimize the losses while trying to achieve our objectives and goals. So I'm not saying that the losses will go away completely, but it's not going to be a situation where you will see 1 quarter humongous amount of loss and the 1 year will be very large loss vis-a-vis compared to, I think, in the previous year or subsequent year. So I think it's going to be a very measured spend, very focused and concentrated spend because the operating team, like I said, is as far as Poker is concerned, we are the leaders. We are the masters. We understand our client, our segment that we need to target extremely well. And therefore, we can direct our spends in a very, very targeted and a focused way to ensure that we get the maximum benefit out of the minimalistics of the spends.

With regards to the multi-gaming platform, yes, we will be on a spending spree so that we can add more players, more registrations, more bodies on to the platform. But again, there, it will not be a blind kind of a call where we just go on a spending spree. So while, yes, there will be losses in some time to come, at least for the next 6, 12 months, maybe or maybe more. But I think it will not be a blind spend like there is no tomorrow.

**Moderator:** The next question is from the line of Chintan Mehta from Prudent Broking. Please go ahead.

**Chintan Mehta:** I have a question on the new vessel that we are replacing. The new ships would have the same margin as the existing ship that we are replacing?

**Hardik Dhebar:** See, margin of a business should only improve from here and can only improve from here going forward. Because like I said, it's a very high operating leverage business. Once we have achieved a breakeven every additional rupee, anywhere between 55% to 60% of every additional rupee gets added to the bottom line. So obviously, when we start the new vessel, which is going to be a much larger vessel, in the initial months, you expect some costs to be incurred and the revenue is not to be commensurate to cover the cost. But once the costs are covered and the revenue starts kicking in, it's anybody's guess where the margin can go up to. But I think anywhere between 37% to 45% could be the range that one could easily look at in a steady-state, stable environment.

**Chintan Mehta:** Okay. And also any extra impact on depreciation because of replacement or something?

- Hardik Dhebar:** That's natural, right? You get a newer asset it's going to depreciate more than an asset which is already depreciated for the last 10 years.
- Chintan Mehta:** Okay. And second question on the Deltatech IPO. Post IPO, what would be the structure of revenue allocation from Deltatech gaming to Delta Corp any royalty or something?
- Hardik Dhebar:** There was no royalty ever paid by Deltatech to Delta Corp. Even today, there is no royalty that is being paid or received. Other than the fact that there are certain business arrangements in terms of the live poker room that Deltatech and manages and does a lot of things which Delta Corp or with Deltin Royale. So those kind of revenue share arrangements may continue, but other than that there is no royalty ever contemplated.
- Chintan Mehta:** Okay. I have just one last request. Just can you share any internal metric or something to take the Q-o-Q like gross gambling revenue or average ticket size or something, anything?
- Hardik Dhebar:** The fact that it is internal very difficult to share.
- Moderator:** The next question is from the line of Mayur Gathani from OHM Portfolio Equity Research. Please go ahead.
- Mayur Gathani:** So just wanted to check if any of the existing boats will go on dry dock in the second half of this year?
- Hardik Dhebar:** Yes. Deltin Royale will, in all properties somewhere in the fourth quarter going for a dry dock for about 3 weeks or so.
- Mayur Gathani:** Okay. And you said the new project will come by '27. So do we have to wait till '27 for the revenues to start generating? Or in the next 1 or 2 years, the revenue should start generating, right?
- Hardik Dhebar:** No, it all depends on the final structure that we go ahead with. And the way I look at it is I think we will have to wait for at least 3 years for the first revenues to start kicking in.
- Mayur Gathani:** Okay. Minimum 3 years, that's what you saying. Any land acquisition, you'll be doing more? I mean, you've already done that.
- Hardik Dhebar:** As of now, not required, like I said, out of the 110, 120 acres that we already have, we are only utilizing 90. So we'll have about 15, 20 acres still available. And that 90 also is going to be spread over time. So there's enough that we already have to take care of the near foreseeable future.
- Mayur Gathani:** Okay. And we can start work from calendar year '23. Is that what you said, right?
- Hardik Dhebar:** That's correct.
- Mayur Gathani:** Permissions from the government is required.
- Hardik Dhebar:** So like I said, we've got the letter of intent. We've got the notification of the area being notified as the promotion or investment zone. And therefore, it is now a single-window clearance project where all approvals, permissions will come through the IPB, which is what I mentioned earlier that the wait is worth it and it is going to be eventually beneficial that we have waited and we are getting it done through this route.
- Mayur Gathani:** So are you the only one who's doing this? Or there other competitions that also do have existing boats are proceeding with land acquisitions.



- Hardik Dhebar:** So Mayur, I think you're getting a little confused between the situation which was there about a couple of years ago when they were talking of moving the boats away and bringing the casinos live on land. That policy, while it was announced has not been furthered and taken shape. If that was to happen and that ever happens, you will obviously have others who will have to build it on land and give up the licenses on the river. But that is nothing that's not happening as of now as it appears. So that's policy implementation and policy decision is on hold. What we are doing is simple. The rule currently existed on a 5 star hotel, you can have an electronic casino. So we are going to have an electronic casino of about 100,000, 150,000 square foot to begin with in this integrated resort project, while our ships will continue to operate.
- Mayur Gathani:** I'm aware of that, sir. Thank you very much And sir, one last question. Anything on the fees that were not paid during the COVID time, any expect?
- Hardik Dhebar:** They have not asked for anything. Like everyone knows the provision for those fees is already reflecting in the P&L and we've already accounted for it. So from a P&L perspective, there is not going to be any impact even if the fees were called in for. But as we speak until today, we have not received any intimation or communication with the government one way or the other.
- Moderator:** The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.
- Dixit Doshi:** Just one question. So I think that once the new ship comes in the Q3 of next financial year, one of the existing ship will get replaced. So how much revenue, let's say, that the current ship would be doing?
- Hardik Dhebar:** The smallest one will get replaced. So whatever it gets replaced with is not going to be as significant as the addition is going to be. So I think it really doesn't matter.
- Dixit Doshi:** How big it would be from the one which will get replaced in terms of size?
- Hardik Dhebar:** It will be bigger. The new one will be bigger than our current biggest ships. So the smallest one is too small.
- Moderator:** The next question is from the line of Anuj Momaya from Ideal Investments. Please go ahead.
- Anuj Momaya:** So what will be the capital outlay for the ship? And how much of the CapEx that you are planning for this Goa integrated park that you're building?
- Hardik Dhebar:** I think we've answered this question in the earlier calls in the prior quarters. Anuj, you've been there on all the calls. So for your benefit, again, I will repeat it. The ship will cost anywhere between INR200 crore, INR 250crore give and take a couple of crore here and there. And the integrated township or integrated resort project spread over 4 years will be anywhere between INR2,500 crore to INR2,800 crore, roughly about INR3,000 crore give and take.
- Anuj Momaya:** And this will be completely self-funded this INR3,000 or will be to raise some debt at some point of time?
- Hardik Dhebar:** We are having INR600 crore of cash today. We'll be raising another INR250 crore through the IPO as part of the secondary sale. Current year trend shows INR400 crore of cash that we are generating on an annual basis. We are spreading it over 4 years, that INR1,600 crore and INR800 crore plus, so that's about INR2,400 crore, INR2,500 crore. So we should be good.
- Moderator:** The next question is from the line of Bhavesh Patel from Patel Investments. Please go ahead.
- Bhavesh Patel:** First of all, Hardik, many congratulations on great set of number as well as a wonderful performance. Very happy to be part of Delta family. Most of the questions





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have been answered. So I will just once again pass on my appreciation and look forward to continued great performance.

- Hardik Dhebar:** Thank you, Bhavesh.
- Moderator:** The next question is from the line of Rahul from Symphony Finserv. Please go ahead.
- Rahul Sanghvi:** Yes. So first of all, congratulations on the good set of numbers. I just wanted to know about the other current assets that have gone up because of which the cash flow has taken a hit, so if you can give a sight on that?
- Hardik Dhebar:** So why do you think the cash flow has taken a hit?
- Rahul Sanghvi:** Because it was showing negative INR70 crore in the result because of other current assets.
- Hardik Dhebar:** There is no negative cash flow. Pragnesh, you're on the call, can you just give some details on the other current assets, please? The bulk of the item in as far as the current assets is concerned, is the license fee that would be payable so roughly about INR58 crore or INR60 crore of license fee has been paid in advance or was to be paid as of 30th September and as on 1st of October, that entire amount has been paid. So other than that I don't think there is anything substantial in the other current assets in any case. Faizan, can you just check for Pragnesh if he can be put on talk mode?
- Pragnesh Shah:** Yes, I think you are right, there is mainly on account of prepaid license fees, which we paid in last week of September.
- Hardik Dhebar:** Yes. So I think that's the answer.
- Moderator:** The next question is from the line of Pratik Shetty, individual investor. Please go ahead.
- Pratik Shetty:** Congratulations on a great set of returns. So my question is on the multi-gaming platform, online multi-gaming platform that we have. So what would be the current active user base for this? And can you give some numbers on the monthly new user addition? And secondly, a follow-up on that would be initially in the previous calls, Hardik, you have mentioned that we use this as a funnel to direct the gamers towards poker and rummy. So are we seeing that right now? And what would be the conversion rate?
- Hardik Dhebar:** So as far as the strategy is concerned, that is precisely the strategy to use this as a platform and a funnel to try and attract as many more number of people onto the platform who will be onboarded. And then over a period of time, try and nudge them towards the high ARPU gains. Now I'm not only saying poker and rummy, but obviously, Poker Rummy are the highest ARPU games at this point of time. But every other ARPU that is ARPU, which is a high ARPU game is where we'll try and nudge the players to ensure that our revenue and profitability is maintained. With regards to the data on users, I think I have Abhinav on call it now. Abhinav if can be brought into the talk mode and Abhinav can throw some light?
- Abhinav Nigam:** Okay. So as far as the data on the active user base is concerned over the last 2 quarters, our average revenues monthly revenues are more than 30,000 and more than 40,000 users every month. So the multi gaming platform is seeing the heavy growth and we are quite confident that this growth will continue.
- Pratik Shetty:** Okay. Month on month what is the addition?
- Abhinav Nigam:** So Pratik you want to know on the month-on-month addition interest?
- Pratik Shetty:** As in what is the monthly growth rate kind of if could give an idea over the last 6 months or maybe quarter how fast are we growing in the online, the user base?

- Hardik Dhebar:** Pratik, we started the multi-gaming focus in the last 6 months or 8 months to be precise where we started focusing where we started spending. So what Abhinav is saying that we are looking at 30,000 to 40,000 monthly MAUs happening that monthly active users happening. That's the kind of trend that we are seeing, and that's where he said that it's a healthy growth that we are seeing.
- Pratik Shetty:** Okay. Got it. And so it's too early to kind of look at the conversions as well then, I guess, right, maybe towards the high ARPU games?
- Hardik Dhebar:** Absolutely Pratik.
- Pratik Shetty:** Okay. Understood. So my second question would be on the Daman case. So if and when we get a hearing in our favor, how long will it take to kind of set up the casino and start generating revenues from there?
- Hardik Dhebar:** The casino is everything is ready. It's just a plug-and-play because that's going to be an electronic casino again. So we just have to plug-in the equipments and we'll be ready to start. It takes me about 45 days to 60 days to activate the whole thing because I'll need to get in people. I need to bring in the equipment from wherever they have been currently being utilized. And we will ensure that in 45 to 60 days times we are up and running.
- Pratik Shetty:** Great. So no significant CapEx on the electronic equipment?
- Hardik Dhebar:** Not really, so there will be, but very insignificant.
- Moderator:** The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.
- Dhwanil Desai:** Hardik, just one clarification. And correct me if I heard you wrong, but you say INR3,000 crore CapEx for the Deltin City project?
- Hardik Dhebar:** Yes.
- Dhwanil Desai:** So earlier, we were thinking about around INR1,500 crore kind of a number?
- Hardik Dhebar:** No, we were always talking about INR1,800 crore to INR2,000 crore. If you look at all the commodities, they have significantly risen the costs have gone up multifold, plus bringing a 5-year project, we need to provide for a further inflationary and contingency mechanism built-in, so that would be another INR300 crore, INR400 crore easily. And if you account for all the steel prices, cement prices and other commodity prices going up, that's the natural INR300 crore, INR400 crore. So on the whole, about INR600 crore, INR700 crore deviation comes in from there, plus, obviously, there is like an import component involved in this. So if you look at the rupee dollar, again, that's something that has gone for a toss from where we started. So I think while we are not off in that sense of the term, but yes given the factors which are external and beyond the control of anyone that has got an impact on the price.
- Dhwanil Desai:** Okay. So in terms of your internal workings, does it change your attractiveness of the project because the cost increase is substantial, right?
- Hardik Dhebar:** While the cost increase is substantial, but on the other hand, if you see the way the casino business has been doing and the gaming numbers are stacking up, I don't think it is going to make a significant impact in terms of the profitability, if we are able to achieve the casino strategy, right? And since we have been operating casinos for the last so many years, we believe that we would be able to pull it through. And this, the project, obviously, hovers around the entire casino setup.
- Moderator:** The next question is from the line of Navin Goel, individual investor. Please go ahead.

- Navin Goel:** My question is that what is a weekday capacity utilization for Deltin Royale?
- Hardik Dhebar:** Honestly, there is no concept of capacity utilization, please understand. One could have a different mix of people where you want ship overflowing with 2,000 people a day and the revenue would not be commensurate and then you would have 500 people where the revenue would be commensurate. So there is no concept of capacity. Theoretically, I could say that I have 2,000 gaming positions, average utilization by a person is 4 hours, and there are 24 hours in a day, so into 4 into 6 is 24 into 2,000. So that is the hypothetical capacity, but I don't think one should look at it that way.
- Navin Goel:** And the second question I'm having, the entry price, which you are having for random gamer who are coming, that covers your fixed costs, which you are incurring on food?
- Hardik Dhebar:** Yes, of course. Everything, it covers everything my FnB, transportation all, it will obviously cover, I don't want to lose money at any stage.
- Navin Goel:** So it's a good thing if you can have more footfalls?
- Hardik Dhebar:** Of course. But there is no capacity constraint as such on weekdays, but if there are people, there will be accommodated, if there are no people on where do I get people from and where does one talk about capacity there. And like I said, we have seen that over the last few years, there has not been too much of a deviation whether it is a Monday or a Sunday. Yes, of course, the Tuesday and Wednesday maybe an odd dip in the footfall, but otherwise by and large, everything is on a very standard flow basis.
- Navin Goel:** Okay. And the last one from my side, is there any comment you want to make with respect to immediate competition, which has come in. Is there any impact because of that as per your internal clients?
- Hardik Dhebar:** Which immediate competition are you referring to?
- Navin Goel:** Let's say, Big Daddy is there.
- Hardik Dhebar:** They have been operating for the past 4 years which competition, there is a new competition that is coming, except for that one month when they are on that program where they have Bollywood star coming in and trying to attract as many people as they can on their vessel. I think everybody has settled and we've grown from where we were in 2019, we surpassed all our numbers. In fact, I opened my call with saying that this is historical highs in terms of revenue and profit. So where is the question?
- Moderator:** Next question is from the line of Sumit, individual investor. Please go ahead.
- Sumit:** Sir, first of all, congratulations for the good set of number. And all the question has been asked. I have just one question, as we are coming up with the IPO and the online revenue will be moving from Delta Corp to Deltin Corp.
- Hardik Dhebar:** No, it is not going anywhere. Delta will continue, the Deltatech gaming will continue to be a subsidiary, which will keep guiding consulted with Delta Corp, so it doesn't really matter from a balance sheet and a P&L perspective.
- Moderator:** The next question is from the line of Ajay, an individual investor. Please go ahead.
- Ajay:** Congratulations for a good set of numbers. Just wanted to check, I joined a little late. So on this GST part, any update on that?
- Hardik Dhebar:** No, so we are waiting that the group of ministers to present their report to the GST Council. Based on the interactions and the representations that were made from time to time to the group of ministers and the council, we are very happy to say that at

least the fact that each of the business, whether it is the online game from casinos, from horseracing has been clarified to them that each of them is a separate business and one cannot use the same yardstick to kind of calculate or compute tax. And especially in the case of casino, we have always been at 28% from the inception of GSE.

So from a rate perspective, we are agnostic there is no change that is going to have, but there's no change that's going to happen as far as we are concerned on the rate front. And what we are only seeking from a casino industry perspective or a casino operator perspective is the fact that internationally worldwide, the GST is calculated and completed in a certain manner, which is the manner that India was following right from the 1990s all the way to 2017 and beyond even after GST, till about the time when a new circular comes in, which brought in some ambiguity bank thankfully because of the representations that also has been clarified now, and we are very confident and hopeful that the committee, along with the group of ministers will take the right and the fair decision.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comment.

**Hardik Dhebar:** I think we've touched upon every aspect of the company and the business that needed to be touched upon and thrown light to, through my opening remarks or through the Q&A that we had. I am very thankful to everybody to keep supporting Delta and participating on this call. Thank you, Alpesh, over to you.

**Alpesh Thacker:** Thank you for your closing remarks and clarifying all the doubts that the investor community had. We can close this call now. Thanks for the participation.

**Hardik Dhebar:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking Limited that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.