



“Delta Corporation Limited
Q2 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to Delta Corporation's Q2 FY2022 Earnings Conference Call hosted by Antique Stock Broking. 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. Thank you, and over to you, Sir!

Alpesh Thacker: Thank you, Steven. Hello, everyone, and welcome to Second Quarter FY2022 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 ado, let me hand over the call to Mr. Dhebar. Over to you, Sir!

Hardik Dhebar: Thank you, Alpesh. Thank you very much for hosting this call for the quarter two results. First of all, I hope everyone on the call is on hale, hearty and fine, and everyone's families are also all safe and secure given these uncertain times, I think that is the most important thing today.

With regards to the business, we are very happy to share with all of you that effective the month of September predominantly, all our casinos across Goa, Sikkim and Nepal have now become operational and we are witnessing the trajectory, we are witnessing the traction, we are witnessing a run rate which is almost at the pre-COVID numbers and in fact slightly better than what we were. Having said that, giving you a little bit more details about these facts, Sikkim was the casino which opened the first amongst everything else, which around the 16th of August we commenced operations of our Sikkim casino. So for the quarter, we have had about 40 days of operations to be precise. Then, Nepal became operational on about 8th of September, so we have had about 22 days of operations for the Nepal Casino, and our largest, the lion's share of business which comes from Goa, Goa became operational on the 20th of September, so we have about 10 days of operations in the quarter for Goa.

Having said that, there are a few highlights as far as the numbers are concerned; Sikkim, per se, has been a big revelation. From the time that it commenced operations, the traction and the trajectory that we have witnessed, obviously one could attribute some of it to the fact that Sikkim was the only destination, gaming destination that was accessible at that point of time to Indians, and therefore we would have seen some unprecedented traction, but what we are seeing after even Goa opening up, the numbers are much better than what we were doing on a standard basis in the financial year 2019-2020. So that gives us a great comfort

and great confidence to say that Sikkim is now on the growth trajectory and will start contributing much larger.

Just to give you a perspective, in 2019-2020, Sikkim would have done a topline of anywhere between 16 Crores to 18 Crores. As against that, in this quarter alone, Sikkim has contributed 16 Crores, and we are continuing with a decent trajectory into the month of October, which is very, very heartening and very, very comforting. Nepal, as you all know, we commenced operations of the Nepal Casino somewhere in February 2020 and in about 15-20 days from there, the world was hit with the pandemic, Nepal went into a lockdown and there was a much stricter lockdown as compared to the other places and there were no operations till 8th September when we reopened our casino is when we actually begin operations for the very first time so to say, and in the 22 days that we have operated, it is again very reassuring that we have been able to clock a revenue of close to about 4 Crores, 4.25 Crores. Given that it is a new market, it is an uncharted territory for us. While we had a strong belief in the Nepal market and we believe that this could be a great market going forward, it could be developed into a great destination. I think the first 20 days of operations, giving a 4 Crores kind of a number in terms of revenue is again reassuring and giving us confidence that our judgment on Nepal does not seem to be wrong, and we should start seeing a larger contributions coming in from Nepal along the way.

Coming to Goa, which obviously is the main share of the business, the lion's share of the business as we say in the 10 days of operations, just to give you a perspective, in the first quarter we had the month of April for which where we operated for I think about 29 days and then on the 30th of April we were asked to shut because of the second wave of pandemic. In the whole one month we had done about 24 Crores, it was a slow month so to say, but having said that, despite being a slow month or whatever it may be, in the 10 days of the September operations we have been able to do an equal number of revenue, which is 22 Crores roughly, which basically indicates to the trend and the trajectory that we can expect on full-fledged operations or rather a full three months of operations if we get, and basing on these trends, we are very, very confident that given that October, November, December is the best season as far as Goa is concerned from a tourist perspective and right from October all the way up to March you will see a lot of footfalls and lot of visitations happening it to Goa. While the casino and the gaming business per se is cyclical, but obviously larger number of people visiting the state is all this always going to help the business in terms of attracting more people.

Thankfully, I also just was reading some news and I saw a news flash saying that starting October 18th, even the domestic flying restrictions that were there on the flight capacity have been kind of done away with by the Ministry of Civil Aviation, so you will have the normal air traffic happening. So we believe that the footfall and the visitations into Goa in the coming season should be very, very promising and that also gives us further reassurance

that we could see pre-COVID levels or better than pre-COVID levels in terms of our revenue that we could clock going forward in the quarter.

With regards to the hospitality business, like everyone knows, hospitality is more a complementing business as far as Goa is concerned. The hotel was not even operational for the large part of the time and since it basically caters to our casino guests since there was dearth of the casino guests coming into Goa till very recently, the Goa hotel operations are just about picking up and they will start hopefully doing well in the quarter of October to December. As regards Daman is concerned, Daman has been operational and is back to contributing at the EBITDA level, which is what it used to do at the pre-COVID era, and we are very happy that they are back in the business and are demonstrating decent performance and business resilience.

With regards to online, I will spend a couple of minutes on the online play. In the last two years or rather from 2020 and in the current year, 2021 and the current financial year, what has happened is we saw a little bit of up and down when it comes to how the online businesses behaved, and why I say that is because in the quarter of April 2020 to June 2020 when the lockdown was at its peak and it was the strictest of lockdowns that any country would have seen, most online platforms, including ours, Adda52 saw a very abnormal spike. It was an aberration so to say, now that we can say when we have seen things normalize, and we saw some unprecedented numbers that we clocked in that quarter of April 2020 to June 2020. However, from July 2020 onwards things started easing off and business started opening up over a period of time, and a lot of people started going back to their other activities and we saw a tapering down effect on the revenue as far as the online space is concerned, which is something that happened with the entire industry, and Adda obviously is a part of the industry, so Adda also had that kind of tapering effect that we saw.

Having said that, what we utilized this 18 months, 20 months of the hard period that we had, is we used this time to develop very, very good and a very, very robust backend system, a very good and robust human asset that we have now, or a human team that we have who is running the business. We have a full-fledged CEO who has taken charge. His name is Mr. Shivanandan Pare. In addition to that, we have the new Chief Technology Officer, a new Head of Business and new Head of Market Intelligence. A lot of things that we have put in place, a lot of things we have streamlined in terms of the platform.

In addition to that, we also kind of redid our Rummy vertical and refocused on the Rummy vertical and also very recently about six months ago we have launched our multi-gaming platform called Adda Games. Now what we have also done is we have kind of dovetailed the Rummy business into the Adda Games, not as our standalone vertical, which it was operating, and we believe that both Adda Games and Rummy is going to act as or the multi-gaming platform along with Rummy is going to act as a funnel to basically attract and get

more and mass registrations and onsite and through that funnel we would be able to kind of get traffic onto the poker website, because poker is a very unique game unlike the mass attracting games like the Fantasy and the Call Breaks and the Rummy of the likes, poker is a little bit of a niche area which needs education, which needs a little more penetration and little more deep diving required before you can get a decent chunk of people willing to play poker.

So like I said, the fantasy platform, the multi-gaming platform, the rummy platform which is dovetailed into Adda Games is going to act as a funnel to bring in the crowd, and even if a small percentage of that large crowd that we hope to attract, and even if a small percentage of that gets diverted onto playing poker, then the revenue and the profitability of the business would be coming back and it will be robust. Like I said, we are highly poker focused. We continue to remain poker focused. At the same time, we are now investing and trying to grow the multi-gaming platform along with the Rummy platform.

As regards, the Daman court case, the matter is with the Bombay High Court and by 30th of September the administration of Union Territory of Daman was to respond to our petition, which has not happened, but we are now told that we will be getting a date from the court very soon and we believe and hope that the hearing on the matter will start. As regards the legal standing on the case is concerned, we continue to be very positive as we believe and as we have been advised that we have a legally very strong case and we are confident that we should have a good and positive outlook.

With regards to two other things, which are very important from a Delta perspective, not in the very immediate near future, but in slightly medium-term and then one is a slightly longer-term; one is obviously, the medium-term one is the new ship that we are building. We are building a large new vessel to replace our smaller vessel, the Deltin Caravela. The vessel should be ready somewhere by December 2022 or latest by March 2023 is when we believe that the new vessels should be ready. The new vessel currently is being built in Udipi by the same shipyard, which helped us build Deltin JAQK, and the ship is being built to customization and specification to meet the requirement for proper casino vessels.

Having said that that will take care of the kind of growth and the capacity constraints that one may start facing in the next 12 to 16 months time, because the new vessel which will come in, the size of the vessel would be equivalent to or slightly more than our existing current capacity of all the three vessels put together. So that basically means that our capacity also will probably be more than double in that duration, which obviously gives us a horizon to grow for the next few years till we reach our larger project on land, which is the Deltin Entertainment City, which is being developed on the 100 acre parcel that we have bought near the Goa Airport. In December 2020, the parcel has been granted an investment promotion board in principle approval. We are awaiting the final approval from the

government designating it as an investment promotional area, which basically will help us to be a single window clearance project, thereby easing off a lot of pressure and cutting on a loss of time on account of getting multiple approvals and multiple permissions from various authorities.

Having said that, we are in the advanced stages of doing a complete modeling in terms of what are the type of assets that are going to be created, while we know the broadest pluses, but what exactly is going to come in that Deltin City, what hotels, how many hotel rooms, exact numbers, what kind of retail, what kind of restaurants, bars, what water parks, etc., is all that is in the final stages of planning and we hope that by November-December we should have a full fledged plan ready to be rolled out, to be shared with the investor community as well as the media and the stock exchanges, etc., and by then we are very confident that the final approval from the Investment Promotion Authority also would be there in place, which will help us to kick start the project. Once we kick start the project, we believe that it will take us anywhere between 42 months to 48 months to complete the project. That is with regards to the long-term vision.

Most of the new projects that I mentioned about the vessel as well as the Deltin entertainment city that we are going to create are something which is going to take Delta into the next level and the next league because the shift will take care of the traffic and the growth and the constraints if any that would have that would have been faced as far as new offshore casinos are concerned, and the entertainment city will take us into the future, and we believe and we hope that that would be a game-changing experience as far as Delta is concerned.

With these opening remarks, I would like to let the floor be open for any question-and-answers from the participants and the investing community if they have any, and I will be happy to answer them to the best of my ability.

Moderator:

Thank you very much, Sir. We will now begin the question and answer session. The first question is from the line of Manish Ostwal from Nirmal Bang. Please go ahead.

Manish Ostwal:

Thanks for the opportunity. My first question on your comment around the December quarter will reach pre-COVID or even better than that. So in terms of cost saving, which we have last 18 months to 20 months we have achieved in certain aspects of the business because of pandemic. So, Sir, how do you see the operating cost saving impact on the operating margin from pre-COVID levels to these measures? So any material impact do you see or those impacts are not there?

Hardik Dhebar:

Basically, Manish, whatever measures were there, they were not measures that were done out of choice, they were force majeure sort of situations. Asking the people across all rank

and files to take a salary cut is not something that we do out of choice, but we had to do it. Obviously, when you are not operational, the fuel and the operating cost also are going to go down. So some of these costs are definitely going to come back, but fortunately, like I said we are going to be at pre-COVID levels or slightly better than pre-COVID levels. The growth on the topline will be more than sufficient and it will be more than robust to compensate for these cost increases, so to say, and I would not call them cost increases, I would say going back to the normal cost levels, and therefore I do not see any margin compression happening. If not better, we should at least be at the pre-COVID levels of margins, and I do not see a reason why we should be worried about any margin compression at this point of time.

Manish Ostwal:

Secondly, Sir, your comment on long-term vision for the company, the Deltin entertainment city or new vessel. So what is the total capital outlay we have envisaged for these two projects? Number one, and secondly, after the completion of these projects, where do you see the Delta casino business vis-à-vis Singapore or global benchmark, where do you see that thing? Can you comment qualitative and numerical terms? Thank you.

Hardik Dhebar:

Let me answer the second part first because that is easier. Not that the first part is difficult, but the second part, I do not think even after we create the Deltin entertainment city, in terms of size we would still be a mini Genting. I do not think we could compare to Las Vegas or a Genting or a Singapore size of casino because those are 300000 400000, 500000 square foot casinos. So, we will still be comparatively smaller. But from an India perspective and I think from the region as a Indian subcontinent perspective, we will be by far the largest gaming facility available in the Indian subcontinent and which I think would be a to-go destination and a must do think as far as Goa and India is concerned. So in terms of size, we will still be smaller than the Singapore, then the Genting and the Macau's of the world, I have no doubts in that. But I think we are slowly but surely growing in size and trying to achieve a world-scale sooner rather than later.

Coming to the capital expenditure requirements as far as the vessel is concerned, the vessel should cost us anywhere between 250 Crores to 270 Crores, and on the Deltin entertainment city, the total project outlay would be anywhere between 1500 Crores to 1700 Crores. So totally we are looking at between both the projects about 2000 Crores. We currently as Delta Corp are sitting on about 400 Crores of cash. Like I was explaining to somebody the other day that even if I go back to the pre-COVID levels and I start doing an EBITDA of 350 Crores, which gives me about 1400 Crores over four years and 400 Crores and about 1800 Crores, that is good enough for us to complete all our projects, both the ship as well as the Deltin entertainment city without borrowing a single rupee from outside. So Delta continues to be a debt free company.

Having said that there are a few other activities that are lined up we have a land in Sri Lanka, which we are looking to sell off. Now again there the market is picking up and we have started getting some inquiries or so as far as the land is concerned. That should free about 35 Crores, 40 Crores. We have a small development in Goa, which we had bought the land originally for building a hotel. Finally, we ended up buying a ready hotel, therefore that land became available, so we are developing that and selling it off. That should free up about 120 Crores, 140 Crores of cash flow, that makes it 140 Crores plus 40 Crores is about 180 Crores and then we have our investment in Advani Hotels, which we have always maintained that it is up for sale. That should at least fetch us 125 Crores, 130 Crores. So that makes it about 300 odd Crores of cash that will be available only out of monetization of these assets. All that put together, we should be fairly liquid and debt free even after having completed both these projects, both the vessel as well as the Deltin entertainment city.

Manish Ostwal: In between there is no plan of equity raise or dilution of online business because some media report says that we are planning to raise so can you clarify our position on that?

Hardik Dhebar: Whatever we are trying to do on the online piece is purely focused and dedicated to the online gaming play. So even if there is an equity raise, which we are planning to do, it will be in the subsidiary and not at the Delta level, and the other thing is that we would, like I said today morning on one of the new channels that every opportunity to unlock shareholder value and create value for the shareholders, whether it is through organic, inorganic way, we will explore all possible options to unlock value for the shareholders as far as the online gaming business is concerned.

Manish Ostwal: Thank you, Hardik, and I really appreciate the not equity dilution during the pandemic year, so compliments to the entire management team of Delta Corp. Thank you.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment. Please go ahead.

Pritesh Chheda: Sir, I have just one question from the capacity perspective. So what we have the capacity today in terms of the ships and we were doing about 200 Crores odd run rate, what would have been the utilization in terms of the footfall or is there any extra gaming postings that we can put up on the existing ships that we have in order to help us understand the capacity constraint?

Hardik Dhebar: So, as of now there is no capacity constraints. There are a few days or a few weekends here and there where we have a capacity constraint, otherwise we still have capacity to cater to our clientele to visit the casino, and when we were clocking in 200 Crores a quarter, we have not faced a capacity constraint. Having said that, pre-empting the situation a couple of years in the future, well, 14, 15, 16 months in the future, we have already embarked on the

project of building a new vessel and bringing it into the river in time for any sort of capacity constraint creeping in. So we are very confident that we should not have a capacity constraint issue anywhere in the near future which will hamper our growth or any constraint as far as we are concerned. There are no additional gaming positions that we have currently thought of adding to our current vessels. But we have the capabilities to add more gaming positions if and so required, and if there is demand, we can convert and we can add more gaming positions as well.

Pritesh Chheda: So the question was, you can add more gaming positions on the same vessel and at 200 Crores run rate when you are doing the 200 Crores run rate, what would be your capacity utilization at that time?

Hardik Dhebar: I do not think, Pritesh, you have been a very regular on the calls as well as you understand the business a little better also than most of the people. This is not a business where you look at capacity and capacity utilization because it is a question of what kind of people and what kind of players that you get on a given day or a given night. So currently we have issue on the capacity, where we cannot go full up. What we are doing is we are focusing more on our club Deltin member that are regulars, who basically have a larger gross gaming revenue per person as against what I would have done on a normal day when I would have 40%, 50%, 60% people who are walk-ins and then the balance 20%, 30%, who would be by regular then club built-in numbers. Now I am focusing more on those basically trying to maximize whatever I can buy terms of compensating value for volume.

Having said that, out of about 2000 gaming positions that we have, the peak that we would have gone to, the average occupancy has been about 1200 people a night, so that is about 60%, 70% of occupancy that we were doing if that helps you.

Pritesh Chheda: This helps, because I had 1100 footfall number with me. So I was just wondering kind of maximum foot fall that you can support. This was very helpful, Sir. Thank you, thank you very much.

Moderator: Thank you. The next question is from the line of Viraj Mehta from Equirus PMS. Please go ahead.

Viraj Mehta: First of all congratulations for brilliant performance of the business in limited time that we had. I wanted to understand two, three specific things. One, the kind of uptick that you are seeing like, when you talk about Sikkim, you are seeing revenues which are like fourfold. Is it because the per person ticket sizes increased, because in the AGM, Mr. Modi specifically mentioned that we have not changed the prices. So how has this spent per person gone up so significantly?

Hardik Dhebar:

No. So you are mixing the two things. Sikkim never had any entry ticket or a price, so Sikkim is completely different from what you are now trying to mix with the entry price and stuff like that. So let us understand and address the context correctly. Sikkim, like I said, when it opened up was the only destination or only gaming destination that was opened and accessible. So therefore people from all over the country probably would not have been in normal course gone to Sikkim, started going to Sikkim in the last 40 days, 45 days, and that trend we are seeing continuing. Having said that, there is no question of any entry fee, there is no question of any charges that we were collecting as far as the Sikkim casino is concerned and because the footfalls were better, because the visitations were higher and we have seen the numbers grow over a period of time. Like I also mentioned that with Goa opening up, we also believe that this trajectory of fourfold, fivefold growth that we have seen, what we did in the full year happening in 40 days, that is not going to continue. It will taper down and it will taper down. But it is always observed that whenever there is a breakout, the base is a new high by itself and it starts from thereon. So if I was doing 1.25 Crores a month earlier, I may end up doing about 3 Crores a month now because then people have started liking Sikkim, people start going to Sikkim more frequently and therefore I may start doing 3 Crores a month. But that is a huge jump almost 100% jump if you look at it that way. If I was doing 18 Crores, then I start doing 36 Crores, then it is a 100% jump. But that the time will tell where we are going to settle it.

Coming to the per person spend or the revenue or anything, again in the larger scheme of things the gate receipt never contributed more than 10%, 12% of our revenue in any case. So it was never the mainstay of the business. It was always the gaming spends by the people that are the mainstay of the business. I just now explained that today we have to compensate value for volume and therefore rather than trying to attract more visitations because I have the constraint, I cannot take everybody who wants to come on board, I would rather pick and choose my client and I will rather pick and choose my customer and therefore my focus is more on my club Deltin members, my loyalty program members, my regulars whose spend was always ranging between anywhere between Rs.25000 a person to maybe Rs.50000, Rs.100000 a person, and that is the kind of people that I am trying to more attract, so that it basically compensate for the volume loss that I may end up having because of the COVID constraints.

Viraj Mehta:

Thank you. That was a very elaborate answer. The second what I wanted to understand is on the online business. You also mentioned in your opening remarks that we saw large revenue last year, which obviously tapered out over a period of time. But since the time you bought Adda, you seem to have stagnated especially over the last couple of years over a number that we are doing and also kind of, till you mentioned that we have hired a new CEO and the CTO for it. We also got a sense somewhere, at least last year that we were not too keen over pursuing this business very aggressively. Has that stance from the management changed as such?

Hardik Dhebar: I do not think we have ever given any vibes that we are not willing to pursue this business aggressively. We are poker focused and one has to also understand the stagnation or whatever you may be seeing is on two accounts. One, obviously, there was a change of management, change of the de-methoding and when there is a change off guard happening, the founders left, the new CEO came in, he could not settle, he left. There is a new CEO now. So obviously that is going to unruffled a few things and it is not going to be easy for things to go back onto the growth trajectory.

Having said that, when I say poker is a niche business, poker is not like the fantasies and the rummies of the world where you have every person on the street who can start playing poker overnight, he needs to learn the game, he needs to be educated, he needs to understand the game and then has to get excited about the game and then gets attached with the game and then he will start playing regularly. Therefore, the effort is with the help of the fantasy and the other skill games like Rummy and call break and other things, we are trying to attract more and more people to come onto the platform and then expose them to poker, and hope and believe that a few percentage points out of that will definitely turn towards poker and that will give us the growth at the revenue and the profitability in the overall business. So trying to say that there is stagnation, yes, there is stagnation. There is no denying it. In fact, even in the current year we have seen that stagnation happening. But there are reasons for it, and why is the stagnation that needs to be understood. One, there was a change of guard. We have a new team. We were rejigging the entire portfolio. We are rejigging and rebranding and refocusing on the businesses and we are back, and we will continue to do whatever is best for the business and whatever is best for the shareholders.

Viraj Mehta: Last question is you give some sense of the trends that we are seeing, especially in the Goa casino. Are we seeing continuation of the trends that we saw last quarter going forward?

Hardik Dhebar: Well, we had only 10 days. So there was no quarter as such. But yes, I can fairly say that we are seeing a very strong trend which is akin to the pre-COVID levels or slightly better than the pre-COVID levels at all our properties.

Viraj Mehta: Thanks a lot, Hardik, and best of luck for the future. Thank you.

Moderator: Thank you. The next question is from the line of Tarbir Sahapuri from Nidara. Please go ahead.

Tarbir Sahapuri: Sir, I have two questions. The first one is that we have been providing for some licensees during the last year or so when the casinos were shut. Now, what is the status going to be on that? Will that not reflect in the cash flow? Obviously, you have not paid back. So how are we going to account for that now going ahead? That is the first one.

Hardik Dhebar: They are already accounted for in the P&L. Last year, last year's P&L has been debited by 56 Crores of unpaid licenses, which has been accounted for, and it is already there in the books of accounts. For the six months there is a 36 Crores license fee that has been provided, of which about 24 Crores remains unpaid because we operated for one month and paid for that period and after that we have not paid anything so about 24 Crores in the current year and 56 Crores of last year so about 80 Crores worth of license fees is something which has been already provided in the books, but not paid for.

As far as we in the stance is concerned, we have a representation pending with the government seeking a waiver or reduction or giving us some relief on the license fee for the times that we have not operated. The government has not come back on it, but has neither demanded any fee for that period, so we will wait for the government to come out with clear guidelines and directions on that front. As far as we are concerned, that is already reflecting the worst case scenario position as if the fees are supposed to be paid, and they have already been provided for.

Tarbir Sahapuri: Fair enough. My question was more regarding the cash balance and that is why, so 80 Crores investment that may or may not happen, we do not know that, right. Perfect. My second question to you is, Sir. I mean, what was the business mix pre-Corona during the last, I mean 40 odd days? And what do you foresee in the next couple of quarters of the high roller versus the mark gamers.

Hardik Dhebar: We have never been a high roller. See, first of all you need to understand that we have been more middle income, walk kind family entertainment destination. We are not somebody who attracts the so-called high rollers, and again, high roller definition in the world of casino is very different for the world as well, the world is concerned and it is very different when it comes to India.

Having said that, yes, we do focus, like I was just explaining to somebody on my previous answer that we are definitely focusing on high spenders and I will not call them high rollers because these are people who spend more, who are the higher middle income, slightly higher income groups, who are our club Deltin members and loyalty program members and they spend enough to give us the nice sweet spot of revenue, and even in the pre-COVID era our dependency on the high rolling community was anywhere between 7%, 8%, 9% because we are never highly dependent on the high rolling community. It was predominantly focused on the walk-in customers earlier, which is now getting the place given the constraints and given the current situation; it is how we are focusing it on our Club Deltin and loyalty program members.

- Tarbir Sahapuri:** Okay, so I will reframe my question then. Pre-corona, what do you think or if you have to share the number, was the business, the customers increasing or customer over Rs.25000 spend as opposed to where do you see that going ahead?
- Hardik Dhebar:** No. If everybody starts doing well, the gross gaming revenue is bound to increase. It is a question of changing the mix of my customers. My gross gaming revenue which I was reporting at Rs.14000, I can increase that gross gaming revenue in a multiple form and fashion. One, if I restrict my entry to only gamers and only my Club Deltin members, my average GGR is going to go higher. Secondly, if I change the minimums and maximums of the gaming bets that I have, again it can have a positive impact on my gross gaming revenue. So there are multiple things that one can do to sustain and grow the gross gaming revenue per person.
- Tarbir Sahapuri:** No, Sir, I understood. I think I am trying to ask you a question. If you said 8% of your business was, for example, a high roller, how will you define it? What I am trying to ask you is, pre-corona, what percentage of the business was, people...
- Hardik Dhebar:** I do not have that number ready. I can dig out that number and tell you exactly what that number was because that is the bulk of the number.
- Tarbir Sahapuri:** Fair enough, and you are seeing the 14000 average spend, do you see that trending upwards or staying the same going ahead?
- Hardik Dhebar:** See, the 14000 trending will only happen when I open my casinos to the fullest and start allowing the walk-ins and start allowing everybody to come in. Till then, and we have always seen that improve over year-on-year. When we started in 2008, my average gaming per GGR per person was Rs.5000, today it is Rs.14000. So in 10 year it has gone up threefold and it will increase. But, if GGR increases, the footfalls are going to come down, and if the footfalls increase, the GGRs are going to come down. They are inversely proportional to each other.
- Tarbir Sahapuri:** Fair enough. Thank you.
- Moderator:** Thank you. The next question is from the line of Jignesh Kamani from GMO and Company. Please go ahead.
- Jignesh Kamani:** If you think about Deltin City, so hopefully next five years it will be ready with our land-based casino and really moving our onshore casino to Deltin City.
- Hardik Dhebar:** No, no, Jinesh. Currently the Deltin Entertainment City what is going to come up is going to come up as an electronic casino. So my three offshore casino will continue to operate and

I will have a large electronic casino again. When I say electronic, there is a very, very thin line between live and electronic and a lot of you who have visited those casinos have seen it. So we will have five casinos, to be honest. We are not going to shut one for the other.

Jignesh Kamani: So at least for next five, six-year there is no plan to move land based or you can see land casino?

Hardik Dhebar: No, I am not saying that. The policy is something very different from what has happened just now. What we have got is an investment promotion zone certification and accreditation. We will continue to build our project. The Goa land policy or the Goa casino land policy is a completely different subject, which has been promised by the government on the floor of the house. As and when the government decides to roll that out, we will be obviously eligible for it and we will have that policy up and running and we will take advantage and benefit of that policy.

Jignesh Kamani: So the new vessel which we are applying to bring by done next December or March 2023 will run for more than five to seven years because there is no near-term you plan to land base based on the regulation, right?

Hardik Dhebar: Jignesh, unless you know and you know the Goa government more than I do or everybody does. I cannot say whether we will run for five years or seven years. It may just happen that I get a new ship and two years down the line the policy changes, so I will give up one license, start a casino on land, I will get the second license, start a casino on land, and maybe I will give up the third license and start a casino a land. So I do not have a crystal ball to give into the future and tell you what is going to happen.

Jignesh Kamani: And just to understand the payback period for the vessel, it could be one and a half years we used to have in past or it will be much higher payback period for this considering the large size?

Hardik Dhebar: I think it should not be worse off, because it is a larger vessel than everything that we have built and everything Goa has seen so far, I still believe that it will be the 12 months 14 months kind of a payback that we can expect from the larger vessel as well.

Jignesh Kamani: Okay, thanks a lot.

Moderator: Thank you. The next question is from the line of Bhavesh Patel from Patel Investments. Please go ahead.

Bhavesh Patel: Thanks, Hardik, and thanks for the opportunity. Really hope and wish you and the entire extended family of Delta Corp is in a great shape, and all the big, big thanks in terms of all

the hard work in a difficult period as well. My question is around the same Deltin entertainment city and you just answered that the land policy is different and it will come up and when it come up we will be in the best position to make the most of it, so that part is answered. The one bit which I am still wanting you confirmation is what about the final approval that you mentioned, because I was under the impression that we will be sharing on the exchanges, the entire project is cleared and investment promotion board has cleared everything and we are yet there, so if you can throw some light on that that could be helpful?

Hardik Dhebar: No, it is a mere formality. You are absolutely right, the approval is already granted, which is what we have shared on the stock exchanges and as required to be done. So final approval is awaited, but it is more of a formality because even the CM who is a part of that committee made a statement saying that the permission is kind of granted and approved. So it is a formality before we get the paper, but till you get it you do not get it, and till it is in your hand you do not have it, that is the case, and that is where I do not want to say that I have the permission till I actually see it in black and white and I have the approval letter in my head.

Bhavesh Patel: Fair enough. Thank you very much, and again, I mean, very, very excited and looking forward to the continued journey as a long time in terms of shareholding as well as wishing all of us the very best. So thank you for all your effort. Best wishes.

Moderator: Thank you. The next question is from the line of Pratik Shetty, an Individual Investor. Please go ahead.

Pratik Shetty: Thanks for taking my question. So, end of September I think I had visited Goa and I had been Deltin Goa, I also experienced a revival cost and it is great to see that. What is also observed is I had gone there to play poker, so what I observed is basically I saw the Adda52 branding on the poker table, but none of your staff actually tried to introduce me to the online platform, neither me nor any of the other customers or the guests. So is not there a conscious effort from the management to get you offline gamers introduced to video online gaming platform with probably a loyalty bonus or some kind of other marketing strategy? Secondly, your comment on the user experience on Adda52. I find it to be quite basic via pan pedestrian compared to something like Zynga Poker. So considering the kind of cash balance and distinct we are, stand back we are, we expect a better app from Deltin, right, Delta Corp, right?

Hardik Dhebar: So, Pratik, thank you very much. I will take the feedback on the app and I will pass it on to the operating team and the technical team and we would see if there is something that we can do to better the user experience and upgrade the app if there is anything found wanting or lacking in that. With regards to your other question on cross-branding, cross promoting

and cross marketing the online, on the offline bit, that activity was being carried out in the pre-pandemic times. I think the staff which was dedicated for that activity from the online piece of it, given the pandemic everybody has gone back to the respective locations. Once things start getting normalized you will have that activity back in full swing, but yes there is never a dearth or we do not miss an opportunity to try and promote our products and our brands and our platform, one for the other.

Pratik Shetty: Understood, Sir. Thank you.

Moderator: Thank you. The next question is from the line of Mayur Gathani from OHM Group. Please go ahead.

Mayur Gathani: Hi, thank you for the opportunity. Sir, just some updates on the GST news flow that came in yesterday, if you could throw some light?

Hardik Dhebar: That is some petition filed by somebody challenging or asking for clarity on a cohesive action and the computation and the GST liability, etc. The court has set aside that order by cohesive action could be taken because there is already a Group of Ministers Committee that has been formed to look at the methodology and the way GST is going to be implemented as far as the casinos and the online gaming is concerned, which basically means that the government is considering and is open to looking at the fair, real and the practical way things can be done, and that is I think very positive in the overall scheme of things. There is nothing as far as we are concerned to be worried about or bothered because this is a matter which is three years old. We have not heard back anything since then. There is no other communication from any department whatsoever.

Mayur Gathani: Okay, great. So any clarity on that will help us clear the three-year-old issue that had come up suddenly from nowhere?

Hardik Dhebar: But there is no issue.

Mayur Gathani: I agree, there is no issue, Sir. But the news flow was such that the process or the way it is to be implemented was a question mark.

Hardik Dhebar: Yes, now the clouds are getting moving away and we will have clarity soon.

Mayur Gathani: My point was that only. Thank you. Thank you very much, Sir.

Moderator: Thank you. The next question is from the line of Manish Ostwal from Nirmal Bang. Please go ahead.

- Manish Ostwal:** Actually my question has been answered. Thank you.
- Moderator:** Thank you. The next question is from the line of Vikas Atri, an Individual Investor. Please go ahead.
- Vikas Atri:** Hello, good evening. Thanks for the opportunity. Sir, before I ask my question I must mention that the management did a great job in acquiring the land for the Deltin entertainment city way in advance. So my question is the management on multiple occasions mentioned that they would like to add another 50-acre to the existing undertake a parcel, so what is the status on that?
- Hardik Dhebar:** We are looking for a conducive land parcel. If you get one which is at the right price with the right title and everything, we will look at the opportunity. But we are in no hurry, and if the right land and the parcel at the right price with the right things comes across, we may consider it. But at this point of time, we are in no hurry because we have enough to not only develop this first phase that we are looking at, probably one more phase could be developed without having to add anything.
- Vikas Atri:** And Sir, the Phase 2 will be similar to Phase 1 or that will be bigger in size?
- Hardik Dhebar:** I think we have not even thought about what the Phase 2 is going to look like at this point of time. So let us first focus on Phase 1 and get that operational and we will look Phase 2 later.
- Vikas Atri:** Okay, thank you so much. Appreciate your reply. Thank you.
- Moderator:** Thank you. The next question is from the line of Manish Dhariwal from Fiducia Capital Advisors. Please go ahead.
- Manish Dhariwal:** My question is basically regarding getting an understanding about the competitive landscape that you are experiencing now at Goa?
- Hardik Dhebar:** There is no change in the competitive landscape. There are six offshore casinos to be owned and operated by us and three by competition, they are all operating, they are all doing fine. Our casinos are doing fine. So our competition is doing fine, and there is enough room for everyone to co-exist and grow at the same time, so there is nothing, nothing, no change in the competitive landscape.
- Manish Dhariwal:** Okay. So, there was basically the competition, it was pre-COVID, but the competition had come out with some aggressive parley to basically grab market share. So my question was do understand how aggressive is the competition trying to grab the business vis-à-vis the Deltin operations?

- Hardik Dhebar:** I think that was the euphoria of a new product launch. You cannot give freebies 24/7, 365 days a year and they had to stop some time and had to come up to same level. They have all settled down. It is all business as normal down and everyone is growing at their own pace. So, we are all competing with each other to try and grow our business. But I think like I said there is enough space for all of us to co-exist because the market is so large, it is still so unpenetrated. Just to give you a perspective. The total visitations to Goa is 1 Crores visitor in the pre-pandemic era, 1 Crores visitors who used to come to Goa on an annual basis. As an industry, I do not think we have attracted more than 10 lakh people a year. So even from the existing people visiting Goa, there is so much opportunity to grow. I do not think there is going to be any worry to anybody that, oh this is competition and how this will happen or what will happen. I think there is enough room for everyone to co-exist and grow.
- Manish Dhariwal:** Thank you. That was all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Anuj Sharma from M3 Investment. Please go ahead.
- Anuj Sharma:** Yes, thanks. My questions have been answered. Thank you.
- Moderator:** Thank you. The next question is from the line of Viresh Sangwan, an Individual Investor. Please go ahead.
- Viresh Sangwan:** Thanks for the opportunity. Just wanted to understand when this land policy is announced and there is a process of moving the casinos, will that be in the entertainment city that we are currently planning the 100 acres or will it be a separate capital investment altogether?
- Hardik Dhebar:** In all probability it will be in the same entertainment city. There is no plan of moving it anywhere else because this will be the investment promotional area, this will begin development zone and this is where it will move. But I think for that the land policy has to be spelt out, rolled out and announced categorically and then we will take a decision on that.
- Viresh Sangwan:** Thanks. That is it.
- Moderator:** Thank you. The next question is from the line of Mayur Gathani from OHM Group. Please go ahead.
- Mayur Gathani:** Sir, on the land policy have the competition also moved and bought land or it is only Delta who is in the need for land bought 100 acres as of now? Have you seen some movement on the competition side?

- Hardik Dhebar:** There was a moment when people started looking at land parcels, then started negotiating, but then the pandemic hit and everybody has gone into the back burner for. So as of now we are the only ones.
- Mayur Gathani:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Sahil Talwar an Individual Investor. Please go ahead.
- Sahil Talwar:** My question is regarding the buyback that was done during the COVID wave. We had a lot about 125 Crores for the buyback and eventually I do not think we were able to complete even half the amount. So I would like to know why was it not done in a more meaningful manner?
- Hardik Dhebar:** I thought we gave the best price that we thought at that point of time given the situation we wanted to demonstrate that the company and the management is strongly behind the business and we did it what the management thought was best for the business and best for the shareholders. Not getting a response or not getting adequate participation is not something that I can imagine or I can think of, it all depends on what the shareholder see and what the shareholders say.
- Sahil Talwar:** Right, Sir, I understand. It was a great move, and even the previous gentleman mentioned that we did not have to dilute any equity during the pandemic and instead we did a buyback. So I mean we have to thank the management for it. But I think it could have been done in a more meaningful manner because there were times when there was a lot of stock available and even then having allotted that much amount of capital we could hardly execute trades, I guess.
- Hardik Dhebar:** We had liquid capital available. If I do not get trade what do I do my friend.
- Sahil Talwar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Yash Mandawewala from Mandawewala Family Office. Please go ahead.
- Yash Mandawewala:** Thanks for taking my question. I have a couple of questions on the online business. So first of all, is this Karnataka issue? So what are we doing there? Have we shut operations in Karnataka for online and what is the share of revenue for the online business that comes from Karnataka? That is number one.

Hardik Dhebar: Karnataka obviously has been geo block for now till there is any further direction from any court because obviously decision is going to be challenged like Tamil Nadu, decision was challenged and that was reversed by the honorable High Court of Madras. So till the time there is any decision that comes and overturns this or anything of that nature happens, there is a geo block as far as Karnataka is concerned.

With regards to the contribution as far as Adda is concerned, I do not think we have a contribution more than about 7%, 8%, 10% at best on this. But I think over a period of time that gets settled. So it is not a large number that we are looking at it from Karnataka at this point of time.

Yash Mandawewala: Got it, and there were some precedent where similar thing happened in another state and by the court.

Hardik Dhebar: I just mentioned about Tamil Nadu High Court.

Yash Mandawewala: So you expect this to be overturned as well, right?

Hardik Dhebar: I cannot turn give a judgment on behalf of the high courts, but ultimately it is for the courts to decide. But going by the precedence, what happened in Tamil Nadu, what happened in Kerala, one could make an assumption on that.

Yash Mandawewala: Sure, and just lastly on the margins on the online business is lower than history, so what is happening there and any guidance there for the future?

Hardik Dhebar: Like I told you we were in the phase of regrouping, refocusing, rebranding, and re-repackaging the whole online gaming play. We have now the multi-gaming platform that we have launched along with the rummy, which we are focusing on. So there are spends happening there. The marketing spends are happening there to attract more people as far as those gaming portal are concerned, which will act as a funnel to get more people onto the poker platform. So when you increase your marketing spend, sales promotion, bonus activity, obviously the pressure is going to come on the margins. But these are all temporary measures because eventually when the growth must kick-in all these things will go back to normal.

Yash Mandawewala: Got it. On the core poker business have you seen any impact in the margin, just that the poker platform?

Hardik Dhebar: Standalone poker is doing as fine as it was doing. So there is not too much of a difference on the poker, whether it is in terms of revenue or in terms of on the margins.

Yash Mandawewala: Got it. Okay, that is it from me. Thanks, Hardik.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Hardik Dhebar, for closing comments. Over to you, Sir!

Hardik Dhebar: I think we had a very detailed and very interesting discussion on this call and I think I have been able to answer the questions to the best of my ability and to the satisfaction of whoever asked those questions. Like I said, we await a good quarter in the offing given the trajectory and the traction that we have seen, and with all the prayers and wishes of everyone that there is no third wave and there are no other disruptions for any business, let alone our gaming and hospitality business but any businesses, we believe and we are hopeful that we will have a robust third quarter and a fourth quarter and future years to come. Thank you very much.

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