



“Delta Corp Limited
Q3 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY '22 Earnings Conference Call of Delta Corp. Limited 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 from Antique Stock Broking. Thank you, and over to you, sir.

Alpesh Thacker: Thank you, Rutuja. Hello, everyone and welcome to third quarter FY '22 investor conference call of Delta Corp. 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 handle the call to Mr. Dhebar. Over to you, sir. Thank you.

Hardik Dhebar: Good afternoon, everybody. Thank you Alpesh, thank you very much for hosting this call, this quarter. It gives me great pleasure and with great happiness I want to say that we have, as you all would have seen since yesterday. And most of you would have done your bit of analysis and looked at the numbers to report that this has been the highest ever, or the best ever quarter, with the highest ever revenues, EBITDA and profit for a particular quarter, as far as Delta is concerned.

So that gives me great pleasure and satisfaction reporting that, and when I say satisfaction is because after very tough one, one and a half year that the entire world at large and the entertainment industry per se has gone through, we have been able to bounce back and

bounce back with lot of conviction and lot of resilience so to say.

Having said that, there are headwinds in form of the new variant that we are all again in the mist of, but thankfully, globally, we have seen the reports and it seems that while this remains a variant of concern, it is not as lethal and as mortal as the earlier variants. And therefore, we all believe that this is going to be a short-lived phenomena, and we will be able to come out of the restrictions and start living a normal life pretty soon.

And therefore, the only reason I brought this caveat in is because, while we have seen a fantastic quarter and we believe that this is something that we can replicate quarter-after-quarter, if the conditions and the situation around us remains pretty much normal, then replicating these numbers may not be too much of an issue, but we have to take into account the fact that in the current quarter, that is the January to March quarter we may have some hindrances and interruptions, which could act as a speed breaker of sorts, but other than that I think we are in for a good set of numbers, like we have demonstrated in the current quarter gone by, that is the third quarter ending December.

And we believe that this is, historically we have seen in our business that every few quarters we see a step-up growth coming, that step of growth remain steady for a few quarters and then the new step up comes in. So this, because the new base of sorts for the next few quarters before we jump up to a new high, and then that becomes the base.

So, yes, pretty much very good contribution across all the operating properties. Sikkim, Daman, -- sorry, Sikkim, Nepal, everything, from a gaming perspective has done exceedingly well. As regards the hospitality play also, I would like to highlight the fact that the hospitality business also has done exceedingly well. We've done probably one of the best quarters as far as Daman is concerned. We had a very, very, good

November and a very, very good December. Our Goa hotels did extremely well despite the fact that, you know the hotel is not normally sold like every other hotel, because 60% to 70% of the rooms are preoccupied and occupied by our gaming vertical, for our guests, as a part of the package sale etc., that we do. And therefore, given all those facts I think the hospitality also has contributed exceedingly well.

As regards the online piece is concerned, there has been a slight slowness in terms of the revenue and the profitability, but the slowness is very normal and natural so to say, given the fact that in the quarter gone by, you had the IPL immediately followed by the T20 world cup. And we have seen this happen every time that a large cricketing event is coming by, a decent size of the wallet share, typically gets diverted to the fantasy league platform and the multi-gaming platform, so to say, predominantly on the fantasy cricket side.

Having said that, I mentioned that we have had a small glitch here and there on our technical side, which has all happened in the same quarter and therefore we are seeing some bit of a dip of sorts, but thankfully all that is behind us and December -- the month of December itself we have seen the numbers clawing back to the earlier quarters and better quarter numbers. And therefore, we are off a very strong belief and the January trend is also showing that we are well on track to be able to achieve the numbers that we have achieved in the previous quarters not withstanding what happened in the October to December quarter.

We have also launched the multi-gaming platform and have, actively started the marketing, sales promotional activity, for the multi-gaming platform, which basically offers various types of real money games in addition to Poker and Fantasy League and Rummy. And the idea is very clear, like I have said in the last call also that, poker being a niche and a very specific and specialized market, which you can't do carpet bombing or do mass acquisition of customers. Therefore, the multi-gaming

platform thereby becomes a platform, which is going to be utilized to be, you know, kind of attracting and acquiring larger number of mass market players coming onto the vertical and the platform getting introduced to all the games, including poker. And there -- from there, we try to funnel out the real, good serious poker players onto the poker platform and the poker vertical, which then starts generating much larger numbers in terms of the profitability.

As you all know, we have at the Delta level taken a resolution in the yesterday's meeting, where we are looking to explore the possibility of doing an initial public offering for the online gaming piece, which in all probabilities is going to be a combination of a primary issuance along with an offer for sale in form of a secondary issuance by Delta.

The idea is very clear that we genuinely believe that poker per se and online gaming has a very bright future and a very positive future, so to say, and therefore a war chest is definitely required, if you are looking to grow this business in a multiplier effect going forward from here. And while Delta is definitely flushed with a lot of funds at this point in time, we have are speeding close to around INR 500 crores of cash, but Delta has its own commitments and own priorities and if the online vertical has to grow, not at the cost of Delta or Delta has to continue doing what it is doing at the cost of the online, therefore each of the businesses need to have their own dedicated war chest and that is where the IPO will play a big role. The primary issuance that we do, the money comes into the company, and that becomes a war chest for us to use that money towards marketing spends, customer acquisition spends, sales promotion activity to make our brand, our platform, our games more popular and more accessible to a larger audience.

And in addition to the organic growth, that we will achieve, there's always an inorganic opportunity that we will scout for. So we'll try and do one plus one is equal to 11 and not one plus one is equal to two, and

that is the game plan as far as the online piece is concerned and that is the thought process behind the proposed fundraiser that we are looking to do in the online gaming space.

With regards to coming back to the offline gaming space, the business has done better than ever before. And we are very, very hopeful that it will continue doing this given. like I said, without the constraints being there. On our two projects that we are working on one is the new vessel, it's on track and should be ready and ready to be put into operation, like I said, anytime in the calendar year of '23, that's the Endeavor.

With regards to the land-based project where we are going to be developing a integrated resort, all the approvals and the area being designated as investment promotion zone have all been done. We are awaiting the final approval posts -- from the authorities, after the cabinet approval that was accorded to the project. So once we get the final approval from the government written we will then be able to start break ground that should happen in this next 15 days to a month's time. And therefore, we would aim to break ground in the next three to four months' time, is what we believe.

This is all as far as the brief opening remarks is concerned. I am happy to take questions from the participants and answer to the best of my ability.

Question and Answers

Moderator:

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press '*' and '1' on the touchtone, telephone. If you wish to remove yourself from the question queue, you may press '*' and '2'. Participants are requested to use your handsets while asking a question. Ladies and gentleman, we will wait for the moment while the question queue assembles.

The first question is from the line of Niteen Dharmawat from Aurum Capital. Please go ahead.

Niteen S Dharmawat: Yes, thank you for the opportunity. My first question is, regarding this new variant Omicron, and what is the impact that we see on the footfalls in the casinos and hotels, and if there is any night curfew impact in go, if you can elaborate that?

Hardik Dhebar: So I did mention a bit about that in my opening remarks, there are restrictions that have been brought in. There is a capacity that has to be -- we have to adhere to a capacity requirement. In terms of the visitations into Goa, obviously, after the first week, in the last few -- couple of days, we have seen visitations into Goa drop a little bit. They have not yet dried up completely, but they have definitely dropped. And, there is a direct correlation, if you don't have large visitations happening into the state itself, the visitations to the casino are obviously going to get impacted. Like I said, this is more of a speed breaker given the fact that, while you have a bad situation in Delhi, where the cases are going up and the positivity rate is high. On the other side, we are seeing Mumbai, which is kind of flattening out and people are talking of Mumbai having hit the peak, and now we'll start seeing the cases go down.

So we are hoping that we don't get into any worse situations than this, and things will start opening up and, we'll be coming back to near normalcy pretty soon. But yes, there will be some constraints, like I also mentioned somewhere that there are elections coming up in Goa, so that is also going to act as a speed breaker of sorts, given that there will be moral code of conduct that will be kicked in and stuff like that. So, given that, we will have to factor in a little bit of slowness in the revenue and in the business and in the visitations, so to say. But other than that, I think it should be all pretty fine and normal.

Niteen S Dharmawat: Okay, thank you very much. My second question is, regarding the IPO that we are planning, so have we done any initial estimate about the valuations of this

business? Some sense about -- some idea if you can give?

Hardik Dhebar:

So like I said, the approval from the Board of Delta was required for us to embark on a full-fledged process, without which we cannot commence the process. Because Delta is a 100% shareholder of Gaussian Networks. We have taken that approval yesterday in the Board meeting and while we informally had a very, very brief chat in terms of what is the way forward, there is no concrete work done on the valuation for the company that is Adda Gaussian Networks per se. But like I said, in one of my television interactions in this morning is that you have a listed company in -- if not identical, but in a similar, real money gaming space in form of Nazara and you have had Dream 11 and MPL, who have raised money from the private equity space in the recent past. And we all know what kind of valuations they have enjoyed, and Nazara, what valuation it is enjoying today on the current listed space.

Now, if that is any indication, we should also be looking at a pretty much decent and healthy kind of a valuation so to say. Like I said, since we have not been [inaudible] in this area, we will be commencing the work starting [inaudible], we should be able to have some clarity in the very near future.

Niteen S Dharmawat: Got it, sir. Thank you so much and all the best.

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

Viraj Mehta: Yes. Hi, Hardik. And Congratulations for a tremendous set of numbers.

Moderator: I am sorry to interrupt you, but Mr. Metta, we cannot hear you. Can you speak a bit louder?

Viraj Mehta: Yes. Hi Hardik. Congratulations for a great set of numbers. I had a couple of questions, one was on the

new project that we are starting, there are a lot of newspaper reports which say that the clearance has been cancelled or approval is not there. Can you tell us the exact status, where we are?

Hardik Dhebar: So there was no clearance that was cancelled. It had gone to the cabinet for an approval, and one of the cabinet members had put an objection to it. Other than that, subsequently there was a second round of cabinet meeting and we -- what our information is that the project has been cleared by the cabinet. There is no issue on that front. The formal notification and the formal written approval to us will happen in the next 15 days' time. So as far as the approval for the project is concerned, it is done, but I -- we haven't yet made any public disclosure to that effect, given the fact that we don't have anything in writing as of now.

Viraj Mehta: Sure.

Hardik Dhebar: But this is sure, that it had been cleared.

Moderator: Does that answers your question Mr. Mehta?

Viraj Mehta: Yes. And my second question is, am I audible?

Moderator: You are still sounding low.

Viraj Mehta: Yes. My second question, ma'am -- Hardik, is regarding the new shift that we are talking, did you mention that our capacity will go up by 250%? Is that correct in Goa, the city?

Hardik Dhebar: I didn't mention 250%, but yes, I did mention 2 to 2.5 times of our current capacity. So, yes.

Viraj Mehta: Okay. So which can technically mean that today, if they are doing INR 200 odd crores of revenue in gaming post GST, then at 200 -- I mean 100% increase or 150% increase, post we are able to utilize it completely, we can be looking at a revenue of INR 400 crores to INR 450 crores quarterly revenue just from offline gaming.

Is that a correct assumption? When that is utilized to a...

Hardik Dhebar: First of all, we are already doing in excess of INR 200 crore post GST. So I don't know where that number is coming from, below INR 200 crore, but we are doing in excess of INR 200 crores already. Even in this quarter, we have done more than INR 200 crores of gaming revenue post GST. But, again, there is -- I cannot predict a number, what the added capacity or on a full capacity, what we'll do because it's anyone's guess. But you can safely assume that it will be much, much higher on a steady state basis on a normalized situation. It'll be much higher than what we are clocking today, for sure.

Viraj Mehta: And when will that shift come on stream?

Hardik Dhebar: In my opening remarks, I did mention that we are looking at the calendar year of '23, most likely in the first quarter of '23, but sometime around that time.

Viraj Mehta: Thank you so much and best of luck.

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

Manish Ostwal: Yes, sir. Thank you for the opportunity and congratulations to the team Delta to deliver such a strong performance. First question on the update on the Delta Entertainment City, what is the update -- what is happening on that front sir? Can you update on the project?

Hardik Dhebar: In fact, both the questions -- the first two questions we did touch upon that. The final approval, the final written approval from the government is awaited, which should be given to us in the next 15, 20 days. Once the final approval is done, we can start breaking ground in the next two to three months' time. As far as the project is concerned, it will take us, anywhere between 36 to 48 months to complete the project. The project is envisage

to house three hotels, a large 150,000 odd square foot casino, large format retail, multiplexes, water park, amusement parks, basically making it a destination which is like a Mini Genting, where every member of the family has something or the other to do.

Manish Ostwal: Right. Second question on the impact of Omicron on our footfall in our casino. So in terms average daily footfall in December 2021 quarter, and the current footfall, so what percentage of decline we saw, because of Omicron uncertainty?

Hardik Dhebar: So like I -- I answered this question also in a -- little bit of a similar question was there. While the first 10-12 days has not seen a large impact as far as the casinos are concerned, but we will start seeing the impact because in the last couple -- last few days, the number of people coming into Goa, the number has definitely decreased from what it was on a daily basis. So going forward, we may experience a little bit of slowness and little bit slow or weak visitations into the casino. We'll not be able to make an assessment today, because for the first 10-11 days, we haven't seen much of an impact because most of the states and all restrictions have just started coming in, weather it is Delhi, weather it is Karnataka so on and so forth. So we will have to wait. But I will -- at the same time, I'll only hope and pray that like the -- like it is anticipated in Mumbai that the curve is flattening or, you know, the peak is behind us or the peak will be behind us in a couple of days and things will start getting better. I just hope and pray that the same thing happens across the country. And we start going back to normalcy pretty much soon.

Manish Ostwal: Thanks a lot, sir. And hopefully FY '23 will be one of the best year for the Delta Corporation.

Hardik Dhebar: Thank you very much.

Manish Ostwal: Thank you.

Moderator: Participants to ask a question, please press ‘*’ and ‘1’. The next question is from the line of Dhruv Shah from Ambika Fincap. Please go ahead.

Dhruv Shah: Yes. Hi, congratulations on a really good performance Hardik. I have two questions, first is, can you quantify the contribution from Sikkim and Nepal?

Hardik Dhebar: So for the quarter Nepal has been doing anywhere between INR 3.5 crore to INR 4 crore a month kind of a run rate and Sikkim has also been clocking close to about INR 3 crores to INR 3.25 crores a month. Now for Sikkim, you know this is a decent, steady state, kind of a run rate given that we were doing about INR 1 crore, INR 1.25 crore for the longest period of time, and now we are stabilizing at about INR 3 crore to INR 3.5 crore a month, which is a very, very decent jump. It’s a multi-fold jump as far as Sikkim is concerned.

Nepal, like you all know, it was only in the month of September, from 8th of September, we started operating Nepal after a gap of two years. Even though we had launched in ‘20, in March 2020, but we hardly operated at all, or rather we didn’t operate that casino until as late as September ‘21. And for that matter, from September to December the traction has been excellent. And especially in the last quarter, we have been clocking close to about INR 4 crores a month, which is a very healthy sign so to say.

Dhruv Shah: So we can take INR 4 crores for Nepal and INR 4 crores for Sikkim as a steady state, ex. of this quarter.

Hardik Dhebar: I don’t know. In fact Nepal could be even better, because if things start getting better, things start opening up, tourism in Nepal kicks in again, things can be better. But yes, for good order sake, based on the current rent rate, that’s what you can make assumption.

Dhruv Shah: But is our size in -- the casino size in Nepal, as far as the capacity is concerned is bigger than Sikkim?

- Hardik Dhebar:** As it stands today, yes, Nepal is bigger than Sikkim.
- Dhruv Shah:** Okay. Okay. Okay. And my second question is, any reason why we are not planning a demerger and getting a P/E in the online business, rather than going through the IPO route?
- Hardik Dhebar:** I can't explain, this on a investor call, Dhruv. Maybe there are...
- Dhruv Shah:** No, no. I just wanted to know why IPO and not demerge, that's what my question is because, if it's an IPO then the online gets a holding company discount. That's the only question I had, not the fundraising route.
- Hardik Dhebar:** We have examined, there are constraints around everything we -- what we think is best for unlocking the shareholder value is what we are doing and at an opportune time, if -- and if there is a structure possible to demerger, we'll obviously do a demerger as well.
- Dhruv Shah:** Okay, great. And congratulations once again on a really good set of numbers. Thank you so much.
- Hardik Dhebar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Tushar Sarda from Athena Investments. Please go ahead.
- Tushar Sarda:** Yes. Thank you for the opportunity. I think in some of the past calls you've spoken about getting in more high-stake players at Goa. So if you can talk about this in terms of the results in the current quarter, what has been the strategy and how much percentage of betting has increased per individual kind of thing? If you can give some color on that, that would be helpful. Thank you.
- Hardik Dhebar:** So I think to clarify, first of all, I have always maintained, and all my transcripts and recordings are on the public platforms available that we are a -- we are not a high roller market like the Macau or the Singapore's of the world. So I don't know from where

that information is coming, that we are focusing on high rolling players or getting high rolling players into Goa. What I have always said is that we are focusing on members who are potentially higher spenders than the walk-in crowds that come into Goa. So you have three types of categories, if I was to categorize the business or the customers, one is pure play tourist, walk-in tourist who comes in, buys the ticket, buys an entry fee and effectively ends up spending INR 8,000, INR 10,000 a person. Then there is a club Deltin member or our regular players who basically spent anywhere between INR 25,000 to maybe INR 1 lakh per person.

And then you have, again, high roller, but maybe as not a high roller by the world definition, but somebody who spends in excess of INR 1 lakh to maybe INR 1.5 lakhs to INR 2 lakhs or something like that. That is a very, very small category as far as we are concerned. We do not cater to that category, and we do not -- because a large portion of that business is dependent on credit and as you all know, we do not extend credit to our players. And therefore we are more focused on people who want to swipe the credit cards, debit cards, or pay some money across the table. And our regular gamers and the club Deltin members are somebody who have a high repeat value a high potential of spending anywhere, like I said, between in excess of INR 25,000, all the way to INR 1 lakh, INR 1.5 lakh also sometimes.

So that is the category that we want to focus on. And that is a category that we are focusing on, to be honest. We have about 5,000 to 6,000 club Deltin members, and we are adding those club Deltin members on a daily basis. The moment I am able to create a mix where today my mix would be 40%, 50%, 60% of people who are tourists and walk-ins, and about 30%, 40%, coming from my club Deltin guys. And then a very small percentage on the so-called high rolling community. The moment that club Deltin share starts eating into the walk-in share, my revenue per person will obviously have a decent amount of jump from INR 10,000 to INR 25,000 per person or INR 30,000 per person. And

thereby, registering the growth in the overall revenue as well. So that's what it is.

As regards, the mix is concerned, yes, we are looking to filter out more riff-raffs and more walk-ins for the club Deltin members thereby they will utilize their time, gainfully for us. And we will be able to make more money within the same space and same timeframe.

Tushar Sarda:

No, I get your point. So that's what actually, I wanted to understand maybe the word high roller I used was not right, but the mix seems to have changed favorably this quarter for you. Would that be a right understanding, because the revenue has gone up substantially, right, beyond your seat capacity?

Hardik Dhebar:

While the mix is definitely more favorable, we have definitely focused because now we have two issues. One, obviously people coming into Goa, we want only good -- when I say good people, as in, who are serious gamers or more focused gamers to come in, because I have the COVID restrictions to follow, I have the time constraints that are there. So I would like to make the most from the time that is available and the constraints that I have to abide by. So yes, the mix has changed, but it is not very dramatic at this point of time like we would like it to be. But we are working towards changing the mix even better in our favor.

Tushar Sarda:

So then what has driven such a strong revenue growth? So if it's not the mix, then, what is the reason for such a strong revenue growth?

Hardik Dhebar:

So I think -- so, I did not say the mix has not changed. The mix has definitely changed, but it is not dramatic like I would want it to be. But the mix has definitely changed. The footfalls -- because there have been no footfalls and you're all of a sudden seeing decent amount of footfalls also happening, so it is a mix of per person spending power, the change of mix and the

footfalls all coming together has given us the growth that we are seeing or the revenue that we are seeing.

Tushar Sarda: Okay. Okay. Thanks. And really super results and wish you all the best. Thank you so much.

Moderator: Thank you. The next question is from the line of HK Pant from H. K. Pant & Associates. Please go ahead.

Hemant K Pant: Thank you for giving the opportunity. I just wanted to know the project of the Daman, is there any chances of casino to be bring in Daman?

Hardik Dhebar: So as far as the Daman casino is concerned, the final hearing should be starting somewhere in the month of February. As you all know, there is writ petition that we had filed and now the final hearing is stated to start somewhere in the month of February and we are hopeful that we should get answer one way or the other pretty soon. As far as we are concerned, we genuinely believe that legally we are on a very strong wicket and we should get a -- we hope, and we believe that we have a strong case and therefore, keeping fingers crossed and hoping for the best.

Hemant K Pant: Thank you very much and best of luck. Thank you.

Moderator: Thank you. The next question is from the line of Pushkar from Joindre. Please go ahead.

Pushkar Jain: Hi, sir. So my -- just a clarification question. The entity that we are planning to launch a IPO of, we have invested INR 290 crores in the same company right, up till now?

Hardik Dhebar: So INR 290 crores is the evaluation, the book value of the company. But the acquisition cost, when we did the acquisition in 2017 was INR 253 crores and INR 290 crores is a fair valuation as it stands today.

Pushkar Jain: Okay. And the same company has reported about INR 29 crores profit for FY '20, right?

Hardik Dhebar: It's all there out in the open. Why do you want this to be confirmed? It is audited, right?

Pushkar Jain: No, no. So I was just -- because there are two companies by Gaussian name, so I was just confirming, if it was INR 290 crores -- this is the same company which we are talking about. Thanks a lot.

Moderator: Thank you. The next question is from the line of Nambi from T. Rowe. Please go ahead. The next question is from the line of Nambi from T. Rowe. Please go ahead. Mr. Nambi may we request you to please unmute yourself if muted from your handset. This is the operator may we request you to unmute yourself and please go ahead with your question.

Nambi: Yes, am I audible now?

Moderator: Yes.

Nambi: First of all congratulations on success. My question is, are there any other foray into other countries expansion of Delta business?

Hardik Dhebar: So we already are present in Nepal and we've always said that the Indian subcontinent is something which what we will keep on exploring as then when an opportunity comes up, we would be happy to grab that opportunity and have a foot in the door. A couple of years ago, or rather a few years ago, Sri Lanka did present an opportunity, however, there has been regime change and law change that has happened there. So while we acquired a parcel of land with a view to build a casino and operate a casino in Sri Lanka, because of the law not being favorable and the regime, not in favor of amending their laws, that never took off and therefore we are also in the process of selling off the land in Sri Lanka very soon. But like I said, Nepal was an option that came by and we explored that opportunity by commencing a casino in Kathmandu,

Nepal, as and when we get an opportunity in the Indian subcontinent, for sure we will explore that opportunity.

Nambi: Thank you so much.

Moderator: Thank you. Participant who wishes to ask a question, please press star and one. The next question is from the line of Ankit Babel from Subhkam. Please go ahead.

Ankit Babel: Good afternoon, sir and congrats for a good set up numbers. So my first question is that, in the result release it is mentioned that, there was still restrictions to operate casinos at full capacity in Q3. So could you just mention that what was those restrictions?

Hardik Dhebar: The restrictions were basically on the capacity that existed, in terms of, you could only have 50% of your capacity or 75% of the capacity from time to time, no other restrictions.

Ankit Babel: Okay. So, actually what I need to understand is suppose if there were not restrictions, then what could have been the normal potential of Delta Corp in the gaming -- offline gaming business?

Hardik Dhebar: Ankit, it's very difficult to answer this question. It's not a cement plant where I say that it's a 1-million-ton capacity and I operated at 0.5 million ton, therefore this is it, if it becomes 1 billion, then I'll do. This is a very different business so to say to. So very difficult to gauge that.

Ankit Babel: So, I'll ask the same question in other words. So was there any situation in Q3 wherein, there were customers who would like to visit your casinos, but they were denied due to those restrictions?

Hardik Dhebar: Yes. There have been times.

Ankit Babel: Okay. And we have been reading in the press. Don't know whether that is official or not, but due to this new

variant has there been any government regulation in Goa to operate your casinos at 50% capacity?

Hardik Dhebar: I just now told you that the restriction is 50% capacity.

Ankit Babel: Okay. As of date it is 50% capacity. Okay, and sir though your number doesn't suggest, but is there any seasonality in your business in the offline casino segment on a quarterly basis?

Hardik Dhebar: There is no seasonality.

Ankit Babel: No seasonality. So if things are normal, the current, as you mentioned in your opening remarks also, that you can replicate these numbers quarter-on-quarter, if things are normal?

Hardik Dhebar: That is what should happen in an ideal world.

Ankit Babel: Okay. Okay. Okay. That's it from my side. Thank you, sir.

Moderator: Thank you. The next question is from the line of Kaustubh Pawaskar from Sherkhan by BNP Paribas. Please go ahead.

Kaustubh Pawaskar: Yes. Good afternoon, sir. Thanks for giving me chance. Congrats for good set of numbers. Sir, I just [inaudible] the projects, which you have coming up in Goa, can you just help us with the CapEx for both the projects, capital expenditure planning to do? And how the funding of the projects would be?

Hardik Dhebar: So there is only one project that we are coming up within Goa, which is the land [inaudible] integrated township that we are -- integrated casino resort that we are looking. I don't know which other project, if you are referring to the vessel then, yes, that is the other project. The vessel would cost us anywhere between close to about INR 200 crores for constructing the vessel. As regards the integrated casino, resort project is concerned -- integrated resort project is concerned

that should be anywhere between INR 1700 crores to INR 2000 crores give and take, which will be spread over the next, 48 months.

So in all, we are looking at about INR 2,200 crores of capital expenditure over the next four to five years. Where will the money come from? Like I said, we have about INR 500 crores of cash that we have sitting on currently, as we speak. Based on the current run rate and if everything was to be normal and will be stagnated -- even if we stagnate it at these numbers, we are looking at INR 400 crores plus of cash that we will generate every year. And for the next four years, that will make it about INR 1,600 crores. Plus, the INR 500 crores that we have, that makes it INR 2,100 crores.

In addition to that, we have a land parcel in Sri Lanka, which is up for sale, which would fetch us anywhere between INR 35 crores and INR 40 crores and in addition to that, we have a large stake in a company called Advani Hotels and Resorts, which is roughly about INR 125 crores to INR 130 crores worth of stake is there. So you add all that, we will be in excess of INR 2,200 crores, INR 2,300 crores of cash that we can generate in the next four to five years. This means that I will be able to not only complete the project, but I will not need any outside funding or debt funding so to say. And in fact, we should remain cash surplus even after all this, given the fact that we are doing value unlocking, as far as my online gaming business is concerned and a portion of the offering is going to be an offer for sale by Delta, which will generate some cash for Delta as well.

Kaustubh Pawaskar: Right, sir. Got your point sir. Sir any kind of expenditure you're planning to do for building up casino in Daman? For that, you don't require any CapEx as such?

Hardik Dhebar: The casino in Daman is pretty much ready. What -- if at all, we require anything is probably the machine and the tables, which will not cost more than INR 10 crores,

INR 15 crores. And the moment we get a final approval from the government, subject to the outcome of the court decision, we should be able to operate the casino within a couple of months from the time we get the go ahead. And like I said, we'll not be requiring more than INR 15 crores, INR 20 crores of capital expenditure, so to say.

Kaustubh Pawaskar: Right, sir. Sir, you just mentioned that there is no seasonality in the business. Just wanted to understand if your business -- can we consider that the weekend footfalls would be much, much higher than what it would be in the weekdays, any color on that?

Hardik Dhebar: So I think there was a time when that was true, but now, as somebody recently told me, Monday is the new Sunday for Goa. So a lot of people, because the flights become very expensive on Sunday to go back out of Goa, people try and extend their stay into Monday and some into Tuesday. So, while yes, it is true that the weekend starting Thursday, Friday onwards, the rush will be more as compared to a Monday, Tuesday, Wednesday, but I think, it's not, -- it's more and more getting even spread out across the week, rather than weekend being extra busy. They are busier than what they are on a normal day, but yes, still weekends will always be better than the weekdays.

Hardik Dhebar: Right sir. And one last one if I can. So you just mentioned that you have around 8,000 members, for your Deltin -- Club Deltin, any target that this membership should go up to this particular number and what kind of activities you're doing to add more members under your Club Deltin?

Hardik Dhebar: So, there is no target as to what that number should be. We would like that to grow to as bigger number as possible and we will also want that every members from that list are more actively and more repeatedly coming to the casino. That is the endeavor. With regards to activities, currently, what -- there are certain things that are offered as attraction of the membership

on achieving -- it's like a normal frequent flyer program of sorts, that you have. When you are a base member, there are certain benefits, when you go to the silver category, you get a certain benefits, then you go to gold and then you go to platinum. So similarly we have tried within the limited offering and constraints that we have whatever best we can offer to a Club Deltin member whether it is entry -- free entry to the casino or a free air ticket or something like that, those are the types of freebees that we offer.

Kaustubh Pawaskar: Sure. Thank you. Thanks for that.

Moderator: Thank you. The next question is from the line of Anupam Agarwal from Lucky Investment Managers. Please go ahead.

Anupam Agarwal : Yes. Hi, sir. Good afternoon and congratulations on good numbers. Hardik, if you could just explain us the representation that we had made to the government with respect to the license fee waive off for the period that we were not operational. So anything on that that you can highlight?

Hardik Dhebar: Well, the government has not demanded anything for that period. Whether it is for the previous year or for the current year, however, they have not yet come out in black and white, saying that whether there is a 100% waiver, a 50% waiver or what the situation is. And now with the code of conduct already kicked into Goa, given the election happening soon, I don't think that decision or that judgement will come out anytime soon. But the fact that they have not demanded it for the last one, one and a half years, I don't think that the intention is for anything else, but to let it be the way it is. As regards, we are concerned, like I have mentioned it earlier as well, from our side, we have made the provision for the license fee as if it was payable.

There is an amount of about INR 95 crores, which is between the last year and this year that we have provided for in the P&L, which once we get clarity can

be reversed and it will positively impact the P&L and profitability of the company. From a tax perspective, we -- for whatever tax disallowance we had to do on those fees, because there is a statute which says that a government levy, even though not paid you have to offer it for tax if it is not paid for a certain period of time. So we have already paid tax on it. So from a compliance and taxation perspective, we are completely above board. So as and when the government makes its decision and lets us know what needs to be done, whether it's a full reversal or a part reversal, or whatever that may be, that will only come as a positive and a benefit to the P&L of Delta and nothing else.

Anupam Agarwal: Understood. Understood. Is it possible, -- secondly, is it possible if you could quantify the visitation number for the quarter gone by?

Hardik Dhebar: Sorry, I couldn't hear you properly.

Anupam Agarwal: Is it possible to quantify the number of visitations gone by for the quarter?

Hardik Dhebar: We typically don't publish out those numbers, but we have been doing more or less in line with what we were doing in the previous quarters. So about close to about...

Anupam Agarwal: 1.5 lakhs?

Hardik Dhebar: Close to about 100,000, not 1.5 lakhs because given the constraints that we were going through because of COVID, it's not gone to the 1.5 lakhs, 1.4 lakhs, 1.5 lakhs a quarter, slightly lower. But I think, like I just mentioned to somebody that mix is better, therefore value is compensating for the volume.

Anupam Agarwal: Understood. That's all from my side. Thank you and wish you all the best.

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

Vipul Lamba: Yes, hi. Thanks for taking my question. So Hardik, just wanted to check on the -- our fantasy game platform. How has been the response on that as we've seen in non-listed space, there has been companies who are growing at a tremendous pace in this sector? Also in the IPO in that company is the fantasy platform also part of that?

Hardik Dhebar: So first of all, we don't have a fantasy platform per se. Fantasy platform is a part of Adda Gaussian Networks itself. It offers Adda52, which is a poker vertical, and it offers Adda.games, which is the multi-gaming platform, which offers the fantasy league, the poker, the rummy, and the other real money games, such as Callbreak, Fruit Ninja, the Slice Ninja, whatever that other games are. And it is Gaussian Networks that is being IPOed so everything is being IPOed. As regards growth is concerned, on the multi-gaming platform, we are a very new entrant in this space. It's totally been really three, four months, but operationally it's been about this nine month that we launched this platform somewhere in April, but the real focus and the real action and activity has started in the last three, four months. I think, from a registration perspective, we have between the two verticals -- between the Rummy and the multi-gaming platform we have in excess of about 2 million or about close to 2 million registered users already. And the active user base between the two would be close to about 40,000, 50,000 -- sorry, the active user base would be of 20,000 to 25,000 between rummy and the multi-gaming -- the other multi-game platform, put together.

The reason why we may not be growing the way the other multi-gaming platforms are growing is because we have as a strategy and as a policy never chased the growth at the cost of profitability. We are going to case growth even now going forward, but we will not be chasing it blindly so that we keep burning tons and tons

of money. We will burn money. We will probably lose a little bit of money, but we will not be losing the kind of volumes in terms of the money that the others are losing. But we -- with our strategy and our focus, we are very clear. We have been able to grow back our numbers from where we were. And with our strategy, our focus and the war chest that we will have post the IPO, I think we are definitely speeding in for a good growth.

Vipul Lamba: Okay. Just an add-on, just a clarification. So this platform doesn't include any sports related real money games?

Hardik Dhebar: The fantasy is a sport related money game. So we do basketball, we do cricket, we do football.

Vipul Lamba: It's part of that, the same platform, right?

Hardik Dhebar: That's right.

Vipul Lamba: Okay. Thank you.

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

Pratik Shetty: Hi, thanks for the opportunity. Congratulations on a great set of number. My question is regarding competition in the online space. So currently I think in the poker space there are around three or four players who have like a decent user base, and in my personal opinion, a couple of them even have better user experience than Adda. Do you think going forward, this will be like the winner takes all kind of opportunity or is there a room for three or four players to comfortably strive here?

Hardik Dhebar: If it is a winner takes all situation poker, we are the winners and we are the winner and we are -- we should be taking it all. We are the largest poker platform in the country today with the largest number of liquidity, with the highest number of registered users, etc., etc. So

from that perspective, yes, we are there right at the top. But I don't think that it is a winner takes all. There is a room for a number two, a number three, and a number four, the market is big enough. And therefore, I don't see -- you will definitely see [inaudible] happening now and then you will have players falling out in the way, merging etc., etc. I don't think it's a winner, takes it on a situation as yet.

Pratik Shetty:

Great. So second -- my second question is regard to the fundraising. So basically, the focus of this IPO is this fund infusion, or will we be even looking for strategic partners may be in the tech expertise who have tech expertise, and later on, maybe run this company like an agile start-up?

Hardik Dhebar:

So, we are already running this company like an agile startup. We have over the last two years build a very good backend team in terms of tech, in terms of CRM, in terms of business intelligence, and everything. And that is why we did invest a lot of money into our backend, into our people and building up a robust team. So I think -- and it is anyway run like an agile startup separately, it has no overhang from Delta's offline gaming business or vice versa. The HR policies, the practices, everything is very different. So it's already being run that way. And, as a part of the IPO, there is obviously a per IPO piece that is available for me to place out. So if a strategic investor, whether it's from a tech space or from strategic space who wants to come in and participate, we would be able to offer that as well. But otherwise, the fund infusion is probably coming into the company, there is a mix of primary and secondary like I have explained. And the bulk of the money is going to come into the company as a war chest for future acquisition of players, marketing, brands, sales promotion and growth.

Pratik Shetty:

Okay. So even right now, our internal expertise is enough to kind of -- so you do not require a strategic tech partner as of now, internally your resources can

handle everything that is required in the online gaming platforms, is it?

Hardik Dhebar: We are currently handling and we can handle it. But every time you ask anybody a question is this enough? The answer is always going to be no, because you want to grow bigger, you want to grow faster, you want to grow better. And there is always somebody who knows better than you and more than you. So if you can partner with that person, it's always going to be a win-win for both of them.

Pratik Shetty: Great. That will be on all from my side. Good luck.

Moderator: Thank you, ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to the management for closing comments.

Hardik Dhebar: Well, I think that was a great interaction covering almost all topics, areas, and issues that probably anybody could think of. And I think I have answered to the best of my ability and with my opening remarks also try and address whatever ups and downs that we could face. I think there's nothing more to add from my side. Thank you very much for participating and being on this call. Thank you, Alpesh. I hand back to you.

Alpesh Thacker: Yes. Thank you, sir. So on behalf of Antique Stock Broking, that concludes the conference. Thank you for joining us today. You may now disconnect your lines.

Moderator: Thank you, ladies and gentlemen, with that we conclude today's conference call. Thank you for joining us. And you may now disconnect your lines.