



17th April, 2023

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Dear Sir/Madam,

Sub: Transcript of Conference Call

Ref:- Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Please find attached transcript of Delta Corp - Q4FY2022-23 Post Results Conference Call held on 13th April, 2023.

You are requested to take the same on record and oblige.

Thanking You.

Yours Sincerely,

For Delta Corp Limited

Dilip Vaidya
Company Secretary & Vice President- Secretarial
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Encl- As above

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“Delta Corp Limited
4Q FY '23 Post Results Conference Call”
April 13, 2023



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

**MODERATOR: MR. ALPESH THACKER – ANTIQUE STOCK BROKING
LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Delta Corp 4Q-FY '23 Post-Results Conference Call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touch-tone phones. 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, Darwin. Hello, everyone, and welcome to 4Q-FY '23 investor conference call of Delta Corp Limited. First of all, I would like to congratulate the management for achieving INR1,000 crores of revenue milestone in their gaming business for the first time, despite two years of disruptive business. So, congratulations for that. And then 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 will be brief opening remarks by the management, followed by Q&A.

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

Hardik Dhebar: Good afternoon, everyone, and thank you, Alpesh, for the milestone mention. Yes, I think it's been a very good year as far as Delta Corp is concerned. I know there has been a lot of confusing, I would say, and wrongly analysed messages, that are doing rounds on social media. So, I would, you know, take this opportunity to even clarify those. First of all, yes, this is the first year, first time ever that the casino gaming business of Delta Corp has crossed the INR1,000 crores mark.

As a company, on a company as a whole, we've reported a number in excess of INR1,200 crores, which itself is a milestone. The online gaming business also, as a gross turnover basis, has crossed INR200 crores. So, all in all, it's a year where we have touched multiple milestones. The EBITDA for the company as a whole on an annual basis, we have seen a 50% jump in the EBITDA.

And now let me take a minute to explain when I say 50% jump in EBITDA, because otherwise if you see on the face of the results, the absolute number is in excess of 100%. Now, the fact of the matter is last year, the operations were shut for about four months, four and a half months.

And therefore, if I was to regularize, assuming that we operated for the entire year last year as well, and then compared the EBITDA to the current year EBITDA, the jump would be approximately 50% more than what we did last year.

In the same breath, if I was to assume the net profit based on a regularization last year and compared it with the current year, we have jumped over 150% in net profit. So I think by any stretch of imagination or any stretch of analysis, this is a definitely good set of numbers and a good year. In addition to that, if one was to look at the last full financial year, when we operated, which was 2020, March 2020 was the last full year of operation. And then we had 2021 and 2022, which were both COVID marred years.

In that year, gaming had done INR778 crores or INR780 crores of revenue, which is currently standing at INR1,010 crores, which I think is an extremely, extremely good and positive growth sign for the gaming business. Similarly, if you look at online, while we have crossed the INR200 crores mark for the first time, we also would like to mention that in the month of March alone, we did a revenue of INR22.3 crores, INR22.5 crores to be precise, which is close to the highest ever revenue, which is done in a particular month.

And that highest ever revenue was that aberration in the COVID, when the first time ever the lock-down was announced, we did a INR23 crores number. That was an aberration and therefore, if I otherwise look at normal business or removing that aberration period, this is the highest ever revenue in a single month that we have done. And basis of this, I think we are on a better trajectory and a better run rate.

And I think, it's only good times to come as far as the online is concerned, given the fact that we now have a nodal agency in form of the Ministry of Information and Technology, who becomes a ministry which kind of regulates us as in the online space. And then we have the entire gamut of list of laws that are coming in, including the self-regulatory body, which will help us clear all the ambiguity around the game of chances, such as game of skill and also become the intervening body with all the regulators and the tax authorities as and when we need any clarity.

So all in all, the online gaming scenario is also becoming more and more clear. The visibility in terms of the legality of the business, the status of the business is becoming more clearer and stronger. And the status of the business and the industry at large is getting more and more recognition.

So, I think all in all, these are all very, very positive developments. Like I said yesterday on my televised interview, with all these positive developments, we once again believe that the IPO, which was kind of put on a slow track given that there were too many ambiguities, with all this clarity and confirmations, I think we are back in the game for the IPO as well. And we believe that sooner rather than later, we should be able to launch the issue and hopefully successfully close it as well.

Other than that, nothing out of the ordinary as far as the numbers are concerned. The business is resilient. The business is strong. Goa is witnessing good footfalls. And the new airport has started operations, of course, not fully, but that is going to be another game changer in terms of the number of people that would be able to be brought into Goa, given that the number of flights will increase.

All-in-all, I think, very well poised. And hopefully, in this financial year, we'll have the new vessel, which will come in like we have always mentioned, which will obviously give the boost from the next financial year onwards in terms of our capacity, in terms of our revenue and in terms of our profitability.

I think with that opening remark, I would now leave the floor open to questions if there are any, and I'll try to answer them to the best of my ability.

- Moderator:** Thank you. The first question is from the line of Viraj Mehta from Equirus PMS. Please go ahead.
- Viraj Mehta:** Hi, Hardik, can you give some timeline on when are we expecting the new ships to come on sea?
- Hardik Dhebar:** So, we have been always mentioning it around third quarter of this financial year, but there is likely to be a slight delay. But I think in the fourth quarter, we will have the vessel coming in as it appears.
- Viraj Mehta:** Second, if you were for two months, whenever Royale was working, if you were to just aggregate that for the third month, what is the likely loss of revenue that...
- Hardik Dhebar:** I'm very happy you asked that question. One of the areas that people have been harping upon, you've de-grown on margins in the fourth quarter. You've de-grown on revenue in the fourth quarter. I think what is very-very important and relevant for everybody on this call to understand is the fact that we've always-- it was a known fact and it was always known that in the month of February, Royale is going to go for its statutory and regulatory required dry dock maintenance.
- The period for which Deltin Royale was not operational was almost about 30 days, which is almost like one full month.
- Now effectively, what happens is that on a monthly basis, all my vessels put together in a month to generate close to about INR90 crores of revenue, which basically translate to about 270-odd crores for the quarter. About 60% or thereabout 60% to 70% of the revenue is generated by Royale.
- So, of 90%, if I take 70%, it is about INR63 crores. And if I take 60%, it's about INR55 crores. Having said that, because it was not there for a month, it doesn't mean that the entire INR50 crores or INR60 crores would have gone otherwise, my revenue should have fallen below INR200 crores or was just about touching INR200 crores. The fact that we ended up with a INR214crores, 215 crores number, I think we would have lost about INR50 crores odd give and take, on account of the revenue, on account of the Deltin Royale, not being operational on account of the maintenance is what I genuinely believe.
- And that entire fit, while my costs haven't changed at all, so if that INR50 crores would have come in or INR60, INR50-INR60 crores would have come in, we would have clocked more or less, the same number as we did in the third quarter. And the EBITDA would have been probably slightly better because the costs between third quarter and fourth quarter are not dramatically different. And therefore, the EBITDA margins would have been identical to the third quarter or better than third quarter.
- Viraj Mehta:** And in terms of run rate, in terms of number of people, can you quantify the number of people for this quarter, number of entry?
- Hardik Dhebar:** So for the quarter, I don't know, but I think on a consolidated basis for the year ending 31st, March, we've had, so for the quarter also, that would be the number. Would be close to about 1,25,000 people would have come in.

- Viraj Mehta:** And last question, how much work has started now even Mopa is operational? And now...
- Hardik Dhebar:** So if the question is on the integrated resort, the work has not yet started, because while we have all the approvals from IBP and everything, the environmental clearance is still pending, which we should be getting it, I think, this month or so and by monsoon, we should be starting the breaking ground or excavation kind of exercise there.
- Viraj Mehta:** And any clarity on GST, please, Hardik?
- Hardik Dhebar:** Well, from an offline casino gaming perspective wise, I don't think there is any change as far as we are concerned, because the rate was always 28%, so it's not going to have an impact. The methodology was, probably, there was an ambiguity around the methodology. But like I mentioned yesterday on my televised interview, we have been making representations to the council and to the group of ministers. The group of ministers have visited all the casinos in Goa, have understood the business they see, what we have been saying.
- And also, coupled with the fact that we were already paying a tax in the prior to GST till 2017, which was calculated in a certain form and fashion, and what we are asking for is something that is also the rule worldwide. So, I don't think, we have any worry as far as that matter is concerned on the offline space. So I think there will be status quo, no change as far as we believe and we hope, I'm saying hope because the finally, we want to see it happening in reality, hopefully in the month of May or June, whenever the next GST council meeting happens.
- As far as online is concerned, I think the risk is even lesser given the fact that there is a new section of 194 BA, which has been introduced specifically for the online gaming business, which is saying how the tax reduction has to happen. Also, there is METI, which is clarifying and putting in place all definitions, rules, regulations. I think that is a lot of queue, how the regulator should be thinking? And how the revenue authority is thinking and should be thinking, so that also gives a direction in which the GST will work on. So I think all in all, I don't see too much worry, we shouldn't be too much worried around the GST issue because now it looks more like a non-issue.
- Viraj Mehta:** In terms of non-core asset sales...?
- Hardik Dhebar:** I think we should be fair to others, there will be others who would want to ask a question. I would request you to come back in the queue again and ask otherwise, it will become a monologue between you and me. Not fair on the other participants, please.
- Moderator:** Thank you. The next question is from the line of Karan Mehta from Nirzar Securities. Please go ahead.
- Karan Mehta:** I just have a couple of queries. So firstly, can you please provide breakup of revenue between the high-end that is the big-ticket size gamblers and the average ticket size gamblers?
- Hardik Dhebar:** We don't have any such breakup that we maintain or we have anything because, again, if you see the average GGR, that we generate per person is about anywhere between 14,000 to 16,000 or 14,000 to 17,000 ahead. So, and I don't know whether you have been on earlier calls as well

or no, but we are a company which is wanting to be more like a family destination and a retail-attracting customers. There are the high-rolling business is not something that we rely upon, and it's very, very miniscule as far as our larger picture is concerned. So that's my answer to you.

Karan Mehta: And just one more. So if you can provide what is the operational cost structure and the employee strength for all our ships?

Hardik Dhebar: When you say what is the cost structure, is it employee strength for the gaming business as a whole is close to about 3,000 people. And what do you mean by cost structure?

Karan Mehta: So the fuel cost and...

Hardik Dhebar: Yes, so 75. No, no, so you know, these details are very balance sheet-numbered details. I think it will be, well, I can give you a broad breakup. But I think it will be better if you can get in touch with my colleague, Pragnesh Shah. He will be able to decipher the balance sheet line by line, item by item, if you so desire. But broadly, 75% of the costs are fixed in nature, which basically includes the license fees that are payable, the employee cost which is incurred.

These are the two large-ticket, broadly fixed-cost items. Everything else is in relation to how the business attracts visitation and people, because food, beverage, alcohol, the transportation, everything is linked to the number of people and is linked to the visits that the boat has to do up and down to drop the people and all. So I think anywhere between 20% to 25% of the cost is a variable cost, and 75% to 80% is fixed cost.

It's a very high-operating leveraged business, which is why I said that the INR55 crores, INR60 crores, whatever number you attribute to the loss of revenue on account of Deltin Royale not being operational, one could easily add 60% of that revenue or thereabouts to the EBITDA and profit.

Karan Mehta: And just if I can squeeze in one more question. So do we have any membership scheme for our hotel business? And what's the average price for membership and the revenue generation from this theme in FY '23?

Hardik Dhebar: We are not a hospitality company in that sense of the term. Gaming is our mainstay and main focus. Hospitality is a complementary business. I think we were contemplating some sort of a membership or a membership program because and that also only for the Daman Hotel, if at all. I don't know exactly whether that scheme was launched or no. And even if it is, I don't think it is any significant in terms of making any impact on the revenue or contribution.

But yes, we have a membership program as far as our gaming business is concerned, which is called Club Deltin. And we have an entry-level membership program called Deltin Select, which we are focusing and which we believe is something that will help us get better revenue mix in terms of the quality and the type of people who we attract on a day-to-day basis. And there is no fee associated with it, because it is by invitation.

Karan Mehta: Thanks a lot for the clarity. This was very helpful.

Moderator: Thank you. The next question is from the line of Tarang from Old Bridge Capital. Please go ahead.

Tarang: Just a couple of questions. One, on the online piece side, INR23 crores. What growth is and how sustainable do you think, is there an element of seasonality or some added promotions?

Hardik Dhebar: No, I don't think there is a, Tarang, this is not a seasonal business at all. Honestly speaking, yes, there would be periods or weeks or maybe a month here and there, which may be a little slow. Like, say, for example, April is a little slow, given that a lot of focus is on IPL and a lot of focus is on fantasy leagues at this point of time. But I don't think otherwise this is a seasonal business. And I think, Tarang, you should, rather than saying, what, you should be happy that your company is working and you should congratulate the marketing team.

And you should congratulate the business team at Delta Tech, given that they have been putting in this effort of reactivation, retention for the last one year, which we have been talking about from October '22 onwards. I think the results are now showing that you have better quality players. The guys who had gone redundant or dormant have been reactivated. Retention is being looked upon. And I think poker is a game where you have to ensure that people, who are on your platform, stick to your platform for a longer period of time.

And that is the effort that we are working on. Obviously, we will have a much detailed and more aggressive marketing plan and a sales promotion plan once the IPO happens. But till then, in our little bit, kind of measured aggression, we are focusing on the growth. And we believe that this is definitely sustainable because we are already in April. And I think we are still witnessing similar amount of traction.

Tarang: Where I was coming from. I mean, barring the June 20 quarter, which is Q1 of FY '20, right during the wave, right? The business has not barred, maybe perhaps December '22 or the other quarter...?

Hardik Dhebar: No, Tarang, so then you...

Tarang: No, where I was coming from, is that a INR22 crores revenue in March, is quite an uptake. And I was just looking at how sustainable do you think, this is going to be...

Hardik Dhebar: It is definitely sustainable because we are not doing a one-off, a flash sale kind of a thing, which has attracted people. It's a continued effort, which has happened from last year, when we did the course correction in the first course correction was October '21, when we realized that, you know, the spurt of April, June is not a sustainable spurt. So that was one course correction. And then a second course correction happened from June '22 onwards, wherein we started to work on something, what is called a Poker 2.0.

Which I think we've spoken about earlier as well, which included, you know, application changes, a lot of minor changes, etc., and with a renewed focus on retention and reactivation. So I think it's an effort and it's a continuous process that we were working upon, which is now paying results, and we believe we'll continue to work on this and better it in the future.

- Tarang:** Just a bookkeeping question on cash flows. Other current assets have been increased for about 130, 140. Is it license fee paid in advance?
- Hardik Dhebar:** I think it is only the license fee, but I can ask Pragnesh, who's on the call. Alpesh, if you can unmute Pragnesh, he will reconfirm the numbers. But yes, it is license fee. Pragnesh will, but I think, its license fee. But if you want, I can ask Pragnesh to unmute himself and he can answer that question if there is anything else.
- Tarang:** No, that's about it.
- Moderator:** Thank you. We have the next question from the line of Gunit Singh from CCIPL. Please go ahead.
- Gunit Singh:** So I'm saying most of my questions have been answered, but I have a couple of questions. One is regarding the new vessel that is coming up. So currently our vessel business does about INR50 crores to INR60 crores of business on a monthly basis.
- Hardik Dhebar:** So I think you're wrong there. INR90 crores, when I mentioned as a gaming business, almost about 90% to 95% of that business comes from Goa. And within Goa, it is within Goa, 95% of the business will come from the vessel. So I don't know where you're getting that 50% to 60%.
- Gunit Singh:** So with the new vessel coming in, what kind of expansion in the monthly revenues can we expect?
- Hardik Dhebar:** Well, it's anybody's guess. You know, it's very difficult to put a number, but we genuinely believe that in terms of capacity, we will be going up at least two and a half times, three times our existing capacity. And this is a business, which obviously is a people's business. More the number of people you are able to bring in on the vessel, you definitely will end up earning much more. So I don't want to pre-empt anything and I don't want to give a number, but I think the fact that we are going to be going up two and a half times to three times in capacity, I think anybody can put a number fairly easily to that.
- Gunit Singh:** And will the old vessel go out of operation, when the new one comes in?
- Hardik Dhebar:** We have three licenses, so I can't operate more than three boats.
- Gunit Singh:** All right. And my last question would be on the Goa parcel. So what is the update on have we started?
- Hardik Dhebar:** I just answered that question, my friend. That we have got all our approvals except the environmental clearance, which is expected this month or next month. And we believe that during the monsoons, we'll be able to start work on that in terms of excavation and other areas.
- Gunit Singh:** All right. And on the Daman Casino front, what is the update, the current update?
- Hardik Dhebar:** 8th of June is the date for the next date of hearing. We had a hearing on 11th of April, where obviously while the matter was called out and mentioned, they did not take up the final hearing in full flow because the judge believed that the final hearing will require details and times and

they will not be able to do justice before the court went on vacation. And therefore they've given a new date for directions on 8th of June.

Gunit Singh: All right. That's all from my side thank you.

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

Pritesh: So I just wanted to understand what will be the net opex condition on the next fixed cost condition that you would see on the addition of ship? Annual or quarterly basis, whichever you're comfortable with.

Hardik Dhebar: I will give those details separately to you, Pritesh. We can talk about it.

Pritesh: And my second associate question is, whenever these new ships come on board, usually on the year one, what kind of utilizations have you experienced on these ships? Even let's say a competitor also had come up with a new ship some years back. So usually year one utilization is here...

Hardik Dhebar: For the competitor, I will not be able to comment, but I can take it from my own example. Deltin Royale, when we had introduced, I think we haven't seen a weak opening at all. We've always been lucky or since the demand is so high, because as I said, Goa attracts close to about 10 million people a year, which is one crore people a year in visitations, okay. And the total intake of all the vessels put together today will not be more than, I don't think more than 20 lakhs a year.

So you have 80 lakhs people who are un-serviced even today. So I think the demand is very high. And by virtue of that, you will not see underutilized assets in any case. Having said that, again this is not a business like the steel plant or the cement plant that you operate at 100% capacity or 110% capacity. It's a very, very subjective business in terms of the quality of people that you get on board. But to answer your question, I think we have been fairly utilized from day one.

Pritesh: And you are usually in your past experiences on bringing a ship on board, are you EBITDA positive in the year one of operation?

Hardik Dhebar: No, this business breaks even effectively almost from day one. But yes, you are right. For the first couple of months still, because the costs will come in earlier. So say, for example, if I have to launch a vessel in the month of January, I can't start recruiting in the month of January, right? So I'll have to start recruiting earlier. So to that extent, you will be EBITDA negative for a few months, when you start operating that business. But I think the payback period for Deltin Royale, where we had invested close to about INR170 crores odd was less than six months.

Pritesh: Sorry, I missed. Less than six months was what, EBITDA breaking up?

Hardik Dhebar: No, EBITDA, the payback period for the entire investment.

Pritesh: Okay, I had one more question, I simply forgot and I'll come back in the queue.

- Moderator:** Thank you. The next question is from the line of Chirag Lodaya from Valuequest. Please go ahead.
- Chirag Lodaya:** Hi, Hardik. I just wanted to understand what is the reason for delay in this new ship?
- Hardik Dhebar:** No, these are operational yard related issues. Sometimes, you know, the steel supply related issues, nothing else.
- Chirag Lodaya:** And what will be the capex? I think, we have...
- Hardik Dhebar:** And obviously, we started building the vessel just around the time when we thought the COVID wave has ended. But again, it resurfaced and there were constraints in labour availability and stuff like that. So it's all issues which are kind of uncontrollable to some extent. But otherwise, from no other angle, there is a delay. But yes, the fact of the matter is there is a slight delay.
- Chirag Lodaya:** And what percentage of capex or absolute capex is yet left and how much you would have spent on this?
- Hardik Dhebar:** I think in terms of the vessel, which is already built is about 70% so similar amount in capex also. So about 30%, 40% is yet to go.
- Chirag Lodaya:** What is the total capex?
- Hardik Dhebar:** So, I think we are looking at close to about INR250 crores in number we have spent roughly about INR140 crores, INR150 crores, INR160 crores and INR100 crores, [INR220 crores, 0:30:37] INR130 crores yet to go.
- Chirag Lodaya:** And just lastly, this entertainment city, what kind of capex we are looking in FY'24?
- Hardik Dhebar:** Not substantial.
- Chirag Lodaya:** Not substantial.
- Hardik Dhebar:** Because, like I said, we'll be breaking ground only in the month of June, July, August, somewhere there. So initially, it'll be all excavation and ground-breaking and the basic stuff. The largest stuff will probably come towards the end of FY'24 or early FY'25.
- Chirag Lodaya:** So, is it fair to assume this will only come on stream, if at all, in FY'27, FY'28 now?
- Hardik Dhebar:** Yes, we've always said FY'27.
- Chirag Lodaya:** Okay, thank you.
- Moderator:** Thank you. The next question is from the line of Sakshee from Svan Investment. Please go ahead.
- Sakshee:** Hello Sir. Sir, my first question is, I wanted to understand what are the EBITDA margins on the online gaming business?

- Hardik Dhebar:** Online gaming business, I think we are just about breaking even currently the reason is very simple. We are investing everything that we earn from the poker business back into the rummy as well as the fantasy or the multi gaming platform, as we call it, which is in the kind of build stage. And therefore, at this point of time, online gaming, we are just about breaking even.
- Sakshee:** Okay. And additionally, what...
- Hardik Dhebar:** If you look at poker as a vertical, I think our EBITDAs would be in the range of 30% or thereabouts. But everything that we generate on poker is ploughed back into the multi-gaming platform and that's on a consolidated basis, which is poker plus the multi gaming. It's breakeven.
- Sakshee:** And in FY'24, what is the kind of expenditure that we will be doing on marketing and other things, the expenses?
- Hardik Dhebar:** So as a rule of the thumb, I think about 50% goes on marketing and another 17%, 18% goes on sales promotion and business promotion plus rake back etcetera, all put together so at any given point of time, 50% to 60% of the revenue that we generate goes back into marketing, sales promotion activity.
- Sakshee:** I wanted to understand that once the Daman Casino is functional, what sort of revenue potential can we generate from there?
- Hardik Dhebar:** We have never factored in Daman Casino ever in our discussion. We believe that that is, for our investors who believe in us, that is an option value. What I can only tell you is that we genuinely believe based on the international demographics, which are very easily available. And it's an internationally accepted fact that a casino with a 10 million population in a four-hour driving distance is a gold mine destination and you have examples in Las Vegas itself, Foxwoods in Connecticut and whether you even look at Macau for that matter, it is the mainland China which feeds into Macau. And therefore, if you have a 10 million population in a four-hour driving distance, it's a gold mine.
- Daman, I will only give you the statistics and you can then imagine whether it can be as big as Goa or bigger than Goa. Daman has a 50 million population in a four-hour driving distance, which is five times the population that makes it a gold mine, standard casino destination, anywhere else in the world. So I think it's anybody's guess where it can be and like I said, we want our value investors to consider it as an option value as and when it happens, it is going to be the jackpot. So it's no, we have never in the past or we would not like to factor in any revenue from the casino business as from the casino in Daman at this point of time.
- Sakshee:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.
- Dixit Doshi:** Yes, just a couple of questions. Firstly, on the dry dock, so typically in how many months share vessel goes for a dry dock.

- Hardik Dhebar:** It has to go at least once in a period of three years and in some cases in five years. So I think we believe that for Deltin Royale, it will be now, the next will be in five years' time.
- Dixit Doshi:** Okay. And in Q4, was there any one-off cost of dry dock also other than the revenue loss?
- Hardik Dhebar:** No. The dry dock gets amortized over the period of the next dry dock. So there is no hit on account of the dry docking cost, which will get hit in the P&L in the month of the dry dock itself.
- Dixit Doshi:** And just one clarification. You mentioned that the next Daman case hearing is 8th June?
- Hardik Dhebar:** That's correct.
- Moderator:** Thank you. The next question is from the line of Nitin from MC Research. Please go ahead.
- Nitin:** Thanks for the opportunity. I would like to know, your views on the ban of online gaming in Tamil Nadu. And will that spread to other states? And how is it going to impact our business online gaming?
- Hardik Dhebar:** This was asked to me yesterday on ET Now as well. And like I said, unlike rummy, which is very focused and more concentrated in the southern states, poker is a game, which is more thinly spread and it's a pan-India game. Therefore, a particular state banning or otherwise is not something that impacts very heavily as far as we are concerned because like I said, we are more pan-India, more widely spread. But yes, there could be a knee-jerk reaction of sorts because immediately, what happens is that the users in that state kind of get impacted. But eventually, the business finds newer geographies, newer locations and newer ways to basically come back to its original state and grow from there on.
- Nitin:** Yes. But what if other states also start following this suit and start banning, is there any...
- Hardik Dhebar:** That is a business risk, which is there with every business. We are a country where coal licenses have been canceled. We are a country where 121 telecom licenses have been canceled. And a lot of things have happened. So that is something, it's not unique to one particular business. Mining in Goa has been banned for the last how many years and it was going on for how many years earlier. So that is a risk. I don't know how can, any business mitigate that risk.
- Nitin:** Okay. Thanks for answering my question.
- Moderator:** Thank you. The next question is from the line of Ashish Kacholia from LuckyInvest. Please go ahead.
- Ashish Kacholia:** Yes. Good afternoon Hardik. I want to ask you if foreign tourists are allowed to play in casinos and repatriate their winnings in foreign currency?
- Hardik Dhebar:** First of all, I'm very happy, Ashish, you are on the call and you are asking a question. So Ashish, yes, foreign tourists are definitely allowed. We have always been having foreign tourists to come in once in a while, but as I have always mentioned, we are basically a domestic market, catering to domestic market. More than 99% of my visitations and revenue comes from Indian tourists.

Ashish Kacholia: But the question is -- suppose a foreigner comes, he changes dollars into rupees?

Hardik Dhebar: I will accept dollars. We have a conversion license, Ashish. We accept money and these Weizmann Forex and the other basically help us convert dollars into rupees. But if he or she wins, we do not pay in the foreign currency. We will only pay him in rupees.

Ashish Kacholia: [Inaudible 0:38:55]

Hardik Dhebar: Your voice is cracking Ashish, I can't hear you.

Moderator: Mr. Ashish Kacholia, your line had a disturbance. We request you to pick the handset.

Ashish Kacholia: Yes. Can you hear me now?

Hardik Dhebar: Yes, yes. I can hear you, Ashish.

Ashish Kacholia: So basically, the question is, if the person wins in rupees, he can't convert it back into dollars, is it?

Hardik Dhebar: Not on my play -- not with me. He can go to an official conversion person and do whatever he has to.

Ashish Kacholia: But anyway it's a small number. Thank you very much Sir. Thank you.

Hardik Dhebar: Not even in consequential, Ashish.

Ashish Kacholia: Got it. Thank you very much.

Moderator: Thank you. We have the next question from the line of CA Kanwaljeet Singh, an individual investor. Please go ahead.

Kanwaljeet Singh: Good evening. My question is regarding the gaming IPO and regarding the real estate investment that the company has planned. I have listened to that on CNBC TV18. What is the update on that?

Hardik Dhebar: So what real estate investment are you talking of, Kanwaljeet?

Kanwaljeet Singh: There was an interview on CNBC TV18, where it was mentioned that you're going to make some investment in real estate.

Hardik Dhebar: I don't think you heard it right. It would have been an integrated casino resort that may be spoken of. Because there is no real estate investment that we have done, except for a small project that we are doing in Goa on a land, which historically we have held, which is now getting converted into some residential flats, and we are selling it off because we want to exit the land. That is the only -- yes, but that's a one-off -- it's not a real estate project in that sense of the term because we are not into real estate as Delta.

It's a land, which had been acquired originally to build a hotel, which we never build because we bought a ready-made hotel. That land was with us for a very long time. We didn't know what

to do with it. Therefore, we are just developing, and it will be sold in the next 18 months, 24 months. That project will be over. The money that we have logged in, in form of the land, which is close to about INR100 crores with some interest etcetera, will come, and we'll get our cash flow back. That's about it.

Kanwaljeet Singh: So what will be the sale value near about?

Hardik Dhebar: Anywhere between INR250 crores to INR300 crores max-to-max.

Kanwaljeet Singh: So, what about the gaming IPO? What is the update on that?

Hardik Dhebar: I already said that, it was on hold because of a lot of dis-clarity and ambiguity around a lot of things, which are now getting clarified. And the mood is buoyant. We will be launching the IPO soon. It is impossible for me to give a time as to we'll do it today or tomorrow. But yes, we are now ready and working with the new set of audited numbers that have come in. We need to update the DRHP because that is what is required under law. We have our approvals, which are valid till October '23. But I'm only saying that we are very, very hopeful that we'll be making announcements very soon.

Kanwaljeet Singh: So what amount of dilution that you will be doing?

Hardik Dhebar: The minimum required is 25%.

Kanwaljeet Singh: So that will be 25%?

Hardik Dhebar: No. I'm not saying, the minimum required is 25%. It all depends on what is the valuation that I will get, what I'm looking at. The issue size is known. It is an INR550 crores issuance. So I think anywhere between, 70% to 75% kind of dilution. So, it will be about 25% to 30% dilution, if I may just use that term. That is how it will be. But it all depends on pricing.

Kanwaljeet Singh: So, it will be a NFO or what kind of thing or will there be any further...

Hardik Dhebar: Kanwaljeet, all the details are out in the public domain. It's a mix of fresh issuance and offer for sale. The fresh issuance is for INR300 crores and INR250 crores is offered for sale. It is all there out in the public.

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

Viraj Mehta: Thank you Hardik for taking my question again. Just one last piece. I wanted to ask you about the non-core asset. The Goa one you are talking, you just alluded to. By what time do you think that will be completed?

Hardik Dhebar: I just said, 18 months to 24 months, we should be completely out of it.

Viraj Mehta: And what will be the cash on books as of year ending now?

Hardik Dhebar: Year ending as on 31, March, it was INR535 crores.

- Viraj Mehta:** Including investments?
- Hardik Dhebar:** When you say including investments, it's basically mutual funds and FDs. So that is what I consider as cash. Nobody keeps cash in their current account. Right.
- Viraj Mehta:** Right. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Chirag Lodaya from Valuequest. Please go ahead.
- Chirag Lodaya:** Sir, just one bookkeeping question. What is the tax rate for us in FY '24? Last two quarters, tax rate is quite low, just trying to understand.
- Hardik Dhebar:** No. So we, basically there was a merger of Daman Hospitality into Delta Corp, and we had some carry forward losses in Daman Hospitality, which we were able to offset against the taxable income in Delta. Therefore, there has been no tax. Otherwise, we've always been at the 25% tax rate.
- Chirag Lodaya:** So next year, we'll be at 25%, right?
- Hardik Dhebar:** Yes, that should be right.
- Chirag Lodaya:** Okay. Thanks.
- Moderator:** Thank you. We have the next question from the line of Ajit from Nirzar Securities. Please go ahead.
- Ajit Darda:** Hi, sir. Firstly, congratulations for the good set of numbers. Sir, I have two questions. The first one is regarding the recent High Court order dated 6th of April 2023. Regarding the annual recurring fees of around INR320 crores or INR321 crores.
- Hardik Dhebar:** The INR321 crores is all casinos put together.
- Ajit:** Yes, I understand that.
- Hardik Dhebar:** You should ask it more specifically because there are others on the call who may not know. And when you ask a question to me, it will be attributed as of the INR321 crores as mine.
- Ajit:** No, sir, I was about to complete the question. So, sir, my question is specifically that only. How much is our liability out of this? And have you provided enough for that?
- Hardik Dhebar:** Our liabilities have already been provided in the books of accounts in the years when they were payable and due. So, there is no additional liability that will come on account of this order one. We've already based on the Supreme Court direction to us when we had gone to the Supreme Court against this High Court order. We have already paid 50% of it. And again, this order is being challenged in the Supreme Court. We are filing in SLP, and we are very hopeful that justice will prevail.

- Ajit:** Okay. Understood. And the second question is on the hospitality business. Sir, what is our ARR and occupancy rate in Goa and Daman both?
- Hardik Dhebar:** So, Goa, my occupancy rate is close to about 75%, and the ARR will be in the region of INR5,700. In Daman, my occupancy rate will be about 52%, and the ARR will be about close to INR7,000.
- Ajit:** And sir, since last two years, like hospitality business has been doing good. And we are making operational losses. So, any view on that, sir, we're going...
- Hardik Dhebar:** We are not making operational losses because you have to understand, Daman is, in fact, making money even after depreciation. As far as Goa is concerned, please appreciate that is a hotel, which we do not sell. We do not market. We basically try and use them for most of our casino guests who are our Club Deltin members. So that revenue doesn't get generated in real sense of the term.
- Ajit:** Okay. Understood, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Tarang from Old Bridge Capital. Please go ahead.
- Tarang:** Hi, just a follow-up on the cash in books. If I look at March '22, you had about INR700 crores of cash between investments and cash and cash equivalents?
- Hardik Dhebar:** No, that is wrong, Tarang, 1st of April...
- Tarang:** 31st March, '22?
- Hardik Dhebar:** Yes. So, 1st April, I'm saying, we had INR535 crores, INR540 crores only. I don't know where you're getting the INR700 crores number from?
- Tarang:** It's actually from your balance sheet, but I'll take it off-line.
- Hardik Dhebar:** No. So Tarang, if you include investment, my investments will include Advani shares also.
- Tarang:** Yes. I'm including those.
- Hardik Dhebar:** I'm talking pure cash. When I say INR535 crores is pure cash, my friend. Mutual funds, fixed deposits and cash in the current account and the bank account. That's it. I'm not including my investments. If I include them, that number will be much higher even today.
- Tarang:** Perfect. Got. It. That's the clarification I was seeking. Thanks.
- Moderator:** Thank you. The next question is from the line of Mayur Gathani from Ohm Portfolio Equi Research Private Limited. Please go ahead.
- Mayur Gathani:** Hi, thank you for the opportunity, sir. Just update us on anything on Nepal and Sikkim, how they grown year-on-year basis? How is the business there?

- Hardik Dhebar:** So, Nepal is predominantly just one year, Mayur, because it started operations only post COVID after 18 months only in '22. So, it's first year. And we are doing about INR4 crores a month kind of a run rate. And I think there is potential to grow further from here because once the Kathmandu, as a destination and Nepal as a destination comes back full to its pre-COVID times, I think we can do better than this.
- As far as Sikkim is concerned, again, Sikkim is settled at around about INR2 crores, INR2.5 crores a month, which is, I think, double from what it was earlier and even pre-COVID. So, I think both the destinations have kind of matured now and are stabilizing.
- Mayur Gathani:** Sir, anything new in the pipeline that we are considering or something opened up somewhere for us on the license front where we can open...
- Hardik Dhebar:** No. Nothing significant that I need to mention.
- Mayur Gathani:** Okay. Great, sir. Thank you very much and all the very best, sir.
- Moderator:** Thank you. Ladies and gentlemen, we will take the last question from the line of Bhavesh Patel from Patel Investments. Please go ahead.
- Bhavesh Patel:** Thank you for the opportunity, and Hardik and the entire team, congratulations on great set of results as well as performance. My question is around the new ship that we expect in the quarter of Q4 or around October, let's say, Q3 of this year...
- Hardik Dhebar:** No, I said that we were talking about Q3, and there is a slight delay, so it can go to Q4. You're right. So, your initial Q4 was correct. You can tell that. Go on, please.
- Bhavesh Patel:** Okay. And associated with that, do we see a significant hike in the licensing because the capacity will be very high? And then will that impact our margins, Hardik?
- Hardik Dhebar:** So, license fee is a cost, which is like a fixed cost. Whatever that fee is, we'll have to pay. But we have always seen even when the license fee for our casinos was increased multi-fold from INR5 crores to INR10 crores and INR10 crores to INR30 crores. You may feel a depletion initially, but I think the revenue growth is much more, and it more than compensates any kind of fixed cost hike.
- Bhavesh Patel:** Fantastic to know. And I'm sure, of course, that also gives us headway for multiyear growth, especially because...
- Hardik Dhebar:** I'll be 3x my size what I am today. And therefore, for the next foreseeable four years, five years, six years, I don't see a constraint in terms of capacity or anything. Also, there is an option and opportunity for me to replace one of my other smaller vessels with a larger one. So that is not something that's a big worry or concern. But yes, you're absolutely right. With the new vessel, I think for the next four years, five years, six years, you don't need to worry about capacity or anything. And I think, yes, you're right, if the business or the country continues to grow the way it is growing, and if we become a 10 trillion economy by 2030, I think Delta will be a much -- sorry, guys, I had a technical snag. My EPABX system in the office turned off, so we got

disconnected. But I think I had answered the question of Bhavesh as well, and I think that was the last question. So, if there's anything more that I need to add or complete, do let me know. Otherwise, I think I can hand over to Alpesh for the closing remarks, please.

Moderator: Thank you. Mr. Alpesh, please go ahead with the closing comments.

Alpesh Thacker: Sure. So, thanks a lot, Hardik sir, and all the participants for being in this call with us. On behalf of Antique Stock Broking, that concludes this conference. Thank you once again, everyone, for joining this call. You may now disconnect.

Hardik Dhebar: Thank you, everybody. Thank you. And sorry for that little bit of a glitch. Thank you.

Moderator: Thank you, everyone. You may now disconnect your lines.