



# “Delta Corp Limited Q2 FY-19 Earnings Conference Call”

**October 16, 2018**



**MANAGEMENT: MR. HARDIK DHEBAR – CFO, DELTA CORP LIMITED**  
**MODERATOR: MR. ANUBHAV GUPTA – RESEARCH ANALYST, EMKAY GLOBAL SERVICES**

**Moderator:** Ladies and gentlemen good day and welcome to the Q2 FY19 Earnings Conference Call of Delta Corp hosted by Emkay Global Financial Services. 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. Anubhav Gupta, Research Analyst from Emkay Global. Thank you and over to you sir.

**Anubhav Gupta:** Thanks Stanford. Thanks to all the participants for joining this call. I now welcome Mr. Hardik Dhebar, the CFO of Delta Corp to talk about second quarter FY 19 results. Over to you Hardik.

**Hardik Dhebar:** Good afternoon everybody. Good morning to people in America, good evening to the people in Hong Kong, Singapore. Thanks Anubhav.

Another good quarter least that I can say, historical in terms of the achievement and a milestone that we have achieved, 200 crores on the Gaming side is a fabulous number to be reporting and we are very happy to once again say that this is our best quarter. This only reinforces our belief in the business and we continue to believe that the growth story that we have always been saying that is intact and will remain intact for a few years to come if not more is getting reiterated by the fact that we have been growing quarter-on-quarter and year-on-year. Having said that this growth being backed up by both visitations as well as the growth in GGR is something which is heartening and therefore it only goes on to show that the potential for the business going forward is very-very robust and this gives us a great comfort and great satisfaction that we have been doing the right thing. So I would also be congratulating and thanking my team on the marketing and the business and the operations sides who have done a wonderful job both promoting the business and promoting this as a destination for family entertainment. And as far as the Gaming operations are concerned they have been doing a wonderful job in making it run smoothly and seamlessly.

With regards to the online piece while on the face of the P&L it appears as if there has been a drop in the revenue on the online but I would like to clarify that if you recollect the last quarter call I had said that there is a one-time kind of revenue of about approximately 5 crores which is on account of the Poker Sports League that happens once a year and the revenue gets booked in the first quarter because it is the month of May where the Poker League is conducted and therefore one has to for stability sake ignore that one-time revenue and if you then compare the revenue we are more or less similar in terms of the revenue in fact we have slightly grown as against 34 crores odd we are at 35.5 crores or so on the online piece.

With regards to the EBITDA margin, yes there is a considerable drop in the EBITDA margins from where we started off last year but I think that was a conscious call and a conscious

decision we as Delta management had taken considering multiple fact that you had much more number of players now in the online space and some large global names like Poker Stars have also entered. So as they say to remain on the top and to remain where we are we have to run doubly faster and keeping that process and that philosophy in mind is where we had upped our ante as far as the spending on the rake backs and the bonuses on the marketing spends were concerned which has obviously resulted into the shrinking of margin but not only we have been able to maintain and sustain our leadership position. But we are very hopeful and we are sure that this will result into growth in the coming quarters in the coming years. Like every other online business this is no different and ultimately the value creation will happen through the large number of traffic and the large number of visitations that we are going to get as a result of our continued and sustained marketing and sales promotion activity.

Predominantly I would like to speak about Rummy and Fantasy the fact being that this is the quarter where maximum number of activity has taken place especially in the field of Fantasy sports given the fact that we have only launched in April. And I am happy to say that our traction is building up slowly but shortly. The deposits which were at 25-30 lakhs a month we are hoping that number will starting this month be in the range of 50 lakh to 75 lakhs and we will keep on growing that number. Therefore I could say that the efforts that are being put in by the operations team of adding onto those sports activity that are being conducted so we have started off with Cricket, we have added Football and now Kabaddi is going to be added. In fact if I'm not mistaken we have gone live on Kabaddi today itself and therefore I think the platform is now getting built and getting more and more robust, same thing goes for Rummy. We had said that we would be spending a lot of backend time till about September-October and then we would be ready to go full hog as far as the Rummy platform is concerned. Therefore you have seen the precursor of the marketing and sales promotion activity during this quarter gearing up for the mega breakout as we call it. We are hopeful that both the verticals of Rummy as well as Fantasy are going to continue to develop themselves and continue to build on. As I said we all know for a fact that Fantasy you have the Leader Dream 11 where they have been able to create the value, obviously the value has got created over the period of time and after having spent a lot of time efforts and money and resources on building that platform. And we are taking lessons and we are taking cue off not doing similar mistakes or not doing mistakes that would have happened during their journey. However, it's a learning process and we will continue to invest and will continue to grow both the verticals. So on the whole I think online as far as we are concerned is on track and will continue to—we as Delta we continue to—invest and grow that line of activity.

As regards Hospitality is concerned obviously has always been a complimentary segment as far as Delta is concerned. The quarter of July to September typically is a weak quarter from hospitality perspective especially for our Daman property where the traffic and the traction during this period is the least. To add to that we have had some repairs and maintenance were going on to our swimming pool which is resulted into non-fructification of a few bookings

which has obviously led to a weaker quarter compared to our own estimates of the revenue. However, we believe that saving pool and other repair works would be completed by the end of this month. So we should be able to recover a bit in the busy quarter of November onwards and we are fairly hopeful that the next quarter and the quarters after that we should be able to come back to the breakeven at the operating level **sorts** and start making money at operations liquidity in the first quarter of this year.

With regards the Casino policy I know there are lot of people who would have had that question in their mind. Let me address it up front by saying that yes, we were expecting it to happen by end of August, it didn't happen. But as we all know that the chief minister has post the announcement that he made on the 3<sup>rd</sup> of August in the assembly which was the last of the assembly session then hasn't been in the state for more than 24 hours and as we will all know that currently he is really unwell and we are all praying for his recovery and good health. But it's not certain as to what's going to be happening and therefore we have nothing more to add there. But we are all waiting for things to stabilize on the political front in Goa. And once those stability has been achieved we are very sure that we should have the policy formally being adopted and announced which in our mind is only a formality. But there are a lot of things that will not be able to kick started unless the formal announcement is made and which is where we believe that we will have to wait for the stability and normalcy to return to the political scenario in Goa. And once that's done we will have the announcements on the policy front and as far as we're concerned I had mentioned earlier also we are completely ready. We have not slowdown our pace, our entire schematic drawings and layouts and other things are completely ready. And from our perspective today the policy is announced we should be able to put in our application to the start work and stuff like that subject to approvals from the competent authority. So this is on the policy front.

I think I have kind of touched upon the broad areas and I would now leave the platform open for the question answers to be able to address the concerns or issues if any on the numbers in particular and in overall any other matters if there are.

**Moderator:** Thank you very much sir. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Mukund Agarwal from Sanjay Agarwal Securities. Please go ahead.

**Mukund Agarwal:** What's the update on the license of the Daman Casino?

**Hardik Dhebar:** So Daman Casino obviously we are still pursuing it and we're waiting. The moment we have something which needs to be acted upon we will act upon it. As I said we have been in constant touch with the government. We haven't informally been responded to any of the letters of communication that we have had so far. But having said that we are very hopeful that sooner rather than later the license will be issued because we are basing this on the fact that we

have a letter of inprinciple approval issued by the administration of the Union territory of Daman and basis which we have gone ahead and invested and constructed the hotel. There is no further update from what we have spoken maybe last time.

**Mukund Agarwal:** Can you again clarify on the progress of your resort plan?

**Hardik Dhebar:** In the sense as I said we have our schematic diagrams and the layouts and everything completely planned and ready. Our contractors are also appointed, the PC contract guys that's going to be Larsen & Tubro in all probabilities. And as and when the formal announcement of the policy happens we would be ready to put in our application for the permissions and start working.

**Moderator:** The next question is from the line of Shaleen Kumar UBS from Securities. Please go ahead.

**Shaleen Kumar:** I have this more often popular question like considering we are seeing a very good visitation growth, do you see that there could be a possibility of our occupancy reaching a limit over here

**Hardik Dhebar:** First of all let me give you some basic facts on what the numbers look like. So if you look at Q2, the current quarter we have had about 100,000 visitations across all our properties as against 81,000 visitations same quarter last year which means we have grown at about 22%. Now when you translate that into a per day visitation it is still only 1100 people per day which is roughly about 55% of our total capacity that is available. I'm only talking of Goa. So I think from that perspective we have enough and much space left in terms of reaching the saturation. Yes, the odd weekends and the odd long weekend and the busy festive season is always going to be a challenge and where we have days or weekends where we definitely are 100% and more occupied. Having said that we have said in the past and I would like to reiterate and repeat myself that there are processes of filtration of crowd that can be put into play and which we have been doing from time to time to ensure that on days like that the real gamers or the people with more inclination towards gaming are allowed onboard and the riff raff and the regular walk-ins do not hamper the business in that sense of the term. So I think on a bear fact of capacity we are still a long way to go according to me and there are processes of filtration. In all these when we say 1100 people per day or 100,000 people in a quarter we are merely talking about the traffic that builds up between 9 in the nights to 4 in the morning or it would be more rather 10.30 in the night to 4 in the morning. So the entire daytime gaming and the weekday gaming is still not entirely utilized to its full optimal capacity and it's nowhere near any optimal utilization. So on an overall basis the capacity is not a constraint but on a given weekend or on certain festive long weekends we have challenges. But we have ways to overcome those challenges and I think we have been successfully doing that.

**Shaleen Kumar:** Can you give some color on your gross gaming revenue like how it's been doing and did you see the kind of growth you can....?

**Hardik Dhebar:** We have always said Shaleen that in and growth scenario like we have been witnessing for the past few years and we believe that this will continue for the next few years as well unless both the GGR as well as the visitation will both grow in tandem you can't experience exponential growths. Like I gave you the numbers and the data on the visitations we have witnessed of 20% odd growth rates in our GGRs as well. So if you look at the average GGR across all our properties in Q2 of 2018 it was at about Rs. 14,000 a head which is now in the Q2 of 19 is about Rs. 17,000 a head. that only goes to the process of filtration or on the weekends or the busy days coupled with our loyalty programs doing well and we are trying to get more and more of those with the larger inclination to gain rather than just coming as tourist and having eating food and having a couple of drinks and going that mix is changing. That is obviously resulting into better spends with the fact that we have grown about 22% odd in visitations as well.

**Shaleen Kumar:** I have 1-2 bookkeeping questions if you can allow from the balance sheet.

**Hardik Dhebar:** I will try my best to answer those Shaleen.

**Shaleen Kumar:** Inventories have gone up from March to September, from 70 crores to 95 crores, any particular reason behind that.

**Hardik Dhebar:** There was a parcel of land in the heart of Goa which we have been owning for quite some time. We had entered into some sort of an arrangement with the developer to develop that property and there was a right title of approximately 25 crores odd which was in favor of the developer. However, the developer like most real estate players underwent stressful times and that agreement and arrangement has been since rescinded. And therefore that right title interest which was worth 25 crores has gotten back into the value of the land which is a 100% subsidiary of delta and that's where the inventory has gone up because in that subsidiary it was not a fixed asset or not an investment. It was the inventor because its work in progress as far as that subsidy is concerned and as a part of that it reflects into the consolidation. But if you see it's a netting off effect in the P&L because you see an increase of 25-26 crores on one hand and then the decrease immediately. So let impact on the P&L is zero.

**Shaleen Kumar:** But then it's a kind of gain for the company, is that like 25 crores....

**Hardik Dhebar:** There is no gain; it's just that by value of the land has gone up by 25 crores in the books that's it.

**Shaleen Kumar:** Just one more thing like your other current assets have also gone up, so if you can throw some light? Is it some transfer of the internal transfer of assets?

**Hardik Dhebar:** I will have to get back on the details of the other current assets.

- Moderator:** The next question is from the line of Sameer Shah from ValueQuest. Please go ahead.
- Sameer Shah:** This traffic increase that you are saying if you can give some color on the competitive scenario, how many casinos have now in the new license regime are continuing? And whether any offshore casinos have shut down or it's only...
- Hardik Dhebar:** No offshore casino has shut down. All the offshore casinos are in operations like they were before. Like I have mentioned in my earlier calls, it is only the land based casinos which have either shut down or shrunk in their size and obviously a rub-off effect of that does happen on the offshore casinos because when a person wants to game the options are now limited and if somebody is a gamer who was going to a 25,000 square feet casino doesn't like to obviously game in a 1000 square feet casino situation.
- Sameer Shah:** Any changes in our either entry fee or package to customer?
- Hardik Dhebar:** No, we haven't actually done any major tinkering. We only do the changes as I said when we need to filter it on the weekends and we want to control the quality and the quantity of the crowd that needs to get in.
- Sameer Shah:** And second question is on the online side in the new competitive scenario that we are seeing, how is now the growth trajectory looking like?
- Hardik Dhebar:** As I said because the competition has increased, people are more aware, there are multiple options and choices that they have to be at the same place one has to run faster as they say. So the market potential is there, the growth is definitely going to come. But it's a little bit more work that we will have to be put in to be able to achieve that growth which earlier was coming much more easier. But we are very confident and we are very hopeful that the scenario and the online space is going to only grow from wherever it is. So I think growth trajectory will continue so if you see year-on-year or so from online perspective, there is a 35%-40% growth that we are seeing. And I don't see things changing anytime sooner on that front.
- Sameer Shah:** Our investments for achieving that growth will go up but this 30% kind of a growth rate we will be able to maintain.
- Hardik Dhebar:** That's what we strongly believe and that is why we are investing.
- Moderator:** The next question is from the line of Sudhir Jain from ASK Investment Managers. Please go ahead.

**Sudhir Jain:** You spoke about the growth in the online gaming business but it is coming at the cost of capital employed which is increase from about 90-100 crores to about 260 crores in this quarter.

**Hardik Dhebar:** No, I don't think that's the way to look at it because that capital employed is not a function of our investments in the business or operations. The capital employed is basically I don't know whether how closely have you followed the movement but there was an 82 crores of preference redemption that we did for the erstwhile promoters of Adda and there have been issuance of shares against their convertible paper that they were holding as a part of the merger. So nearly about 180 crores has gone on account of that so it's not that we had invested into the operations of the company that much. The capital employed is a function of money that is allotted and capital that is allotted to a particular business and this entire 170 crores obviously is predominantly and only for the online space because that was a part of the merger arrangement and the payout has happened only in the month of August and therefore it is getting reflected in the second quarter.

**Sudhir Jain:** In terms of margins they have come off in this segment so for some time till the time competitive intensity is there, margins would be under pressure is that the understanding right?

**Hardik Dhebar:** I don't think the margins are under pressure because of the competitive intensity. It is because of our spend and as I said the spend is necessary for two reasons. One, obviously to continue to grow at the 30%-40% year-on-year growth that we are doing and also to give the competition at bay and yes, I believe that the margins will be in the range of 10%-12% or 12%-13% on a stabilized basis for a decent pair of time. They won't be anywhere near the high 20s and the high 30s that this business was used to prior to the merger and acquisition by Delta.

**Bhaskar:** This is Bhaskar, one question from my side in terms of the competitive intensity like you mentioned Poker Stars have come. But as I understand there are also lots of small and midsize Poker online gaming sites that have mushroomed.

**Hardik Dhebar:** Right.

**Bhaskar:** Lot of startups have come so what would be your reaction to that in terms of I mean do you think that they would be able to survive and how would it all play out?

**Hardik Dhebar:** Ultimately it is a survival of the fittest in any form of life whether it is human life poor corporate life or anything. So obviously whoever is got the deep pockets whoever is able to sustain the kind of challenges in competitive scenario is only going to survive. Only thing that I can see which is going to be very good is more the number of such sites more the number of unawareness am a larger amount of people getting hooked on to this and once one of these sites shuts shop or goes belly-up or whatever you may call they are going to find alternate a



means to satisfy their desire and urge to play and obviously like we have the advantage as I said when the onshore casinos shrunk their sizes and were shut down, we did have a spillover effect on to the off-line space. So similarly in this case when a site shuts down there has to be a spillover effect because the user on that site will definitely want to go on to somewhere else and start gaming.

In case Shaleen is still on the call to answer your question on the other current assets, the bulk of the other current assets which have increased is on account of the prepaid license fees that we have. That's the major portion of it.

**Moderator:** The next question is from the line of Dipan Mehta from Elixir Equity. Please go ahead.

**Dipan Mehta:** I just want to understand that in your segmental reporting we have seen the online skill gaming segment profits reduced from 9.33 crores to 81 lakhs so what is the main reason for it? Is it the extraordinary marketing expenditure which you have undertaken or the payouts or what is the main reason for this thing?

**Hardik Dhebar:** No, first of all I think you are comparing last year number of online with the current quarter online is not right because in the last quarter the same period you had only three months data because it got consolidated only from end of July onwards. Whereas in this. You will have the entire six months period. And that's where when you look at 9.33 that's only roughly about 35 days or 40 days of expense coming whereas here it's a full 3 months of expense coming so it's not identical and it's not comparable to that extent. Secondly, there were certain accounting adjustments which were required to be done as a part of IndAS because the erstwhile company Gauss Networks did not fall under the IndAS requirement and once the things change to IndAS once they merger with Delta the treatment of bonus and the treatment of marketing expense and sales promotion and things also were reinstated and realigned. Having said that it will be more apt to compare Q1 of this financial year with Q2 and if you see I think if the numbers are correct, we had EBITDA of 4.5 crores for Q1 which is gone down to about a crore in Q2 and that's predominantly because of the more marketing spend and the sales promotion activity undertaken on the online business per se.

**Dipan Mehta:** Second question is when it comes to the online gaming typically what is the main differentiating factor or the USP of our online gaming proposal versus what the startups are offering or some of the global players are offering, is it the experience, is it the technology or is it the pay-out or what exactly...?

**Hardik Dhebar:** I don't think any website worldwide and I am being very candid and honest will have a customer loyalty to the fullest. Everyone's going to go to every website and gamble; everyone's going to go to website and check it out and test it out. Ultimately it is what drives a particular website obviously is the liquidity and the availability of a table to be gaming at any hour of the

day or the night. So these startups typically what happens is that they will have extraordinary benefits favoring the players trying to act like them to come on to their platforms and gamble. But beyond a point they will not be able to provide liquidity and when I say liquidity it doesn't mean cash liquidity. It is the liquidity of the availability of the gaming table at any given point of time. So if you go on to Adda website or Adda Poker you will have multiple tables operational at 5 in the morning, at 5 in the evening, at midnight, at 2 in the morning, at any point of time. So whoever logs on to an Adda will definitely have a table to sit on and game. That may not be possible and that would not be true for the other startups. So I think what is one key driving factor as far as the online platforms are concerned is the liquidity and availability and the ease of able to game at any point of time. So I think that is one big driving factor and obviously when you are the market leader with about 60%-70% of the market share you are the early mover and the market leader you will always have that advantage of liquidity over others.

**Dipan Mehta:** One last question is in the present policy is there anyway an international player can set up a casino in Goa or elsewhere whenever it is...

**Hardik Dhebar:** The policy cannot determine a foreigner coming in. It is something to do with the Foreign Direct Investment policy of the country and the state doesn't control the Foreign Direct Investment policy as you will be aware.

**Dipan Mehta:** So presently does the FDI permit?

**Hardik Dhebar:** It's a FDI negative sector my friend.

**Moderator:** The next question is from the line of Sanjay Laddha from Perfect Research. Please go ahead.

**Sanjay Laddha:** What is the current capacity of people we can service as utilization level of our offshore casino in Goa and how much headroom do we see for future growth in terms of footfalls and revenue?

**Hardik Dhebar:** I think I just touched upon that a couple of minutes ago when Sameer ask me a similar question for someone else asked me that question. Our total installed capacity if I may use the terms since everyone is more familiar with that is about 2200 gaming positions across all our properties in Goa. Against that we are doing about 1000-1100 people a day which means we are at about 50%-55% capacity if you understand it in that fashion. Having said that the occupancy levels are obviously more skewed towards the weekends and are lesser towards the weekdays and its only between the period of 10 o'clock in the night to 4 in the morning when the occupancies are at peak unlike internationally when a Monday or a Tuesday or a Thursday or a Friday doesn't matter and 11 o'clock in the morning vis-à-vis 11 o'clock in the night also doesn't matter. So that kind of saturation or that kind of maturity of the market as far as India is concerned is not yet been reached and even today we have a lot of people who call us and ask

are we 24 hours operational or when we tell you even people who are known to us that you could go and game in the morning, so they say 'oh we didn't know that is for 24-hour operation'. So I think there is enough and more capacity and enough and more headroom available as far as the mathematical capacity of the vessels are concerned. Having said that I had also mentioned that ultimately it's a process of filtration and process of picking and choosing what type of customers and how many people that I want and therefore we have a dynamic pricing system which we fall on weekends to make sure that the real gamer is not compromised at the cost of a tourist.

**Sanjay Laddha:** Could you share some potential used for Sikkim Casino given the Sikkim airport has opened a now and the prospect for Nepal Casino also?

**Hardik Dhebar:** So Nepal is a while away and we don't want to give any forward-looking statements of that nature unnecessarily. As regards Sikkim we have always been saying that we are currently doing about 1 crore and 1,10,0000 a month and the potential is definitely there to we doing a revenue of at least 3x to 4x what we are doing today if not more. But I don't think one can put an estimate because the flight connectivity has just started as of 4<sup>th</sup> of October was the first flight that took off or landed whichever way you look at it. And therefore one has to let the tourist cycle set in properly. Let everybody get used to the availability of flights and everything. I think we will have to give it some time before we start seeing real traction there.

**Sanjay Laddha:** What's the management vision for the growth for the next 5-10 years we have both organic and inorganic growth in casino and online gaming?

**Hardik Dhebar:** Why don't you tell me that my friend, it is as good as your guess is my guess, sky is the limit?

**Moderator:** The next question is from the line of Anubhav Gupta from Emkay Global. Please go ahead.

**Anubhav Gupta:** There are two questions from few of the FI investors who couldn't login due to time zone issue so shall I go ahead?

**Hardik Dhebar:** Please.

**Anubhav Gupta:** The first question is of course on capacity utilization you have already addressed it two times. But just to kind of hear from you what are the efforts which you would put in to promote the gambling and in non-peak hours?

**Hardik Dhebar:** There are promotional activities; there are packages that are designed specifically to attract people during the daytime wherein the entry fee is substantially lower than what we charge during the evenings and the busy artists. So I think whatever best in maximum efforts from our marketing and sales promotion angle we can do to attract and increase awareness are being

carried out. But I think it's only over a period of time and a little bit of more awareness is when this is going to be getting it more traction. And I think we will have to put in efforts like earlier if somebody would have asked me that 3-4 years ago or maybe 5 years ago I would never have said that I will have 600-700 people on a Monday-Tuesday-Wednesday. But today that's a reality and that's been possible because of the efforts that the business development team, the marketing team and the operations team on site have put in over number of years to ultimately reach this stage. So I think those guys are aware of their jobs and duties and they are already geared up and working towards promoting the daytime gaming and non-weekend gaming and non-peak hours gaming and I'm sure their persistence effort has paid in the past and will pay going forward as well.

**Anubhav Gupta:** Second question is on Adda acquisition, so this is fully completed, right? Is there any outstanding payment to be made to them?

**Hardik Dhebar:** No, nothing.

**Anubhav Gupta:** And the third question is on online gaming, what will be the total market size of online gaming in India currently and how do you see your market size panning out?

**Hardik Dhebar:** Line Gaming Comprises of Poker, Fantasy and Rummy each of them has a different market size. Rummy as I had told earlier that among the top 3-4 players itself they are in excess of 1000-1200 crores of rake that they earn. Now this is Rummy. Fantasy the largest player is doing close to about \$30-\$40 billion of revenue and in Poker the market would be close to about 250 crores. So if you add all of this it will be a 1500-2000 crores market and growing. But I think there is enough and more room given the fact that all these businesses there is no capacity constraint as such. There are no other entry barriers, there are no other restrictions. I think the potential is very large.

**Anubhav Gupta:** Out of 1500 crores today Adda does around 150 crores....

**Hardik Dhebar:** No, I don't think you should look at it that way. Adda has his own forte which is Poker of the 250 crores, 170 crores or 250 crores or 300 crores that the market will be for Poker in this current year Adda will be doing 160-170 crores, Rummy which is a 1500 crores market, my Rummy portal nowhere on the scene will be doing 10 crores, 15 crores of revenue. So I think each of them has to be seen as a different market and a different business opportunity. So you can't club because in India there is nobody other than us who has all the three platforms under the same thing and the reason for that is each of them is so focused on that particular activity and therefore even for Delta we have three different teams looking at the three different verticals and it's not one common theme looking at all of them. So there are three businesses, there are three markets and all of them need to be seen in addressed separately.

- Anubhav Gupta:** And last question is on the maintenance CAPEX what you see for FY19 on existing assets?
- Hardik Dhebar:** Not substantial, you will have the dry dock of couple of vessels here and there but those are not substantial. So I think 5-7-10 crores give-and-take.
- Moderator:** The next question is from the line of Pritesh Chedda from Lucky Investment Managers. Please go ahead.
- Pritesh Chedda:** I just want to know in H1 what is the cash flow generated and applications of the cash flow.
- Hardik Dhebar:** As of 15<sup>th</sup> of October we are sitting on cash of about 417 crores, of the 417 crores roughly about 83 crores odd is the spillover of the QIP money, balance everything is generated through internal accruals over the last 1-1.5 years of time and in H1 per se I don't have the number for H1 per se but in terms of the payouts, the major payouts that have happened in the first half year obviously are the license fee for the casinos which would be close to about 50 crores and the balance would be table now because two of four licenses were only given for six months because they were up for renewal which have happened and then obviously the payout for the merger of Adda which was the 82 crores which was paid In August. Then we had the dividend payout that happened in September which was roughly about 32 crores and the little bit of advance tax that would have paid in the first half of about 30 crores odd.
- Pritesh Chedda:** So the first item which you said which is the license fee that would any case be in OPEX line, right, that would be a part of your P&L or this is one time other than the OPEX line which you're trying to capitalize.
- Hardik Dhebar:** No it doesn't get capitalized but it obviously amortized over the whole year so it is not that I pay and everything gets debited in that month or the day itself. Therefore I will have to spread it out over H1 so it remains in the prepaid expense that's where I said the other current assets have gone up because there are prepaid items in that for the balance part of the year and then the others as I explained.
- Pritesh Chedda:** So you said 50 crores plus for the license fee 82 crores paid for the acquisition and...
- Hardik Dhebar:** Plus 32 crores of dividend and roughly about 30 crores of advance tax.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.