



“Delta Corp Limited
Q3 FY2019-2020 Earnings Call”

January 15, 2020



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

Moderator: Ladies and gentlemen, good day and welcome to Delta Corp Limited Q3 FY2019-2020 Earnings Call. 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. Hardik Dhebar – Group CFO. Thank you and over to you Sir!

Hardik Dhebar: Good afternoon everyone. Thank you for being on the call for this quarter. Without wasting much time, we will come straight to the point. The results as all of us have seen are more or less flattish, and there is only good thing to note and observe is that there has been no degrowth like most of the other sectors or industries that have been talking about, pressure on sales and pressure on performance etc.

For the current quarter we have done a sale, on the gaming side we have done 195 Crores of revenue as against 200 Crores in the previous quarter. The only reason why there is a little bit dip in the absolute number is because one of the three vessels like we had one dry dock in the first quarter of this year, this has been a little bit of a difficult year in that sense, we have a second vessel also, which wended for a dry dock for about 25 days in this quarter, which is obviously Deltin Caravela the smallest of the three vessels, but if we normalize for those 25 days of operations it would have contributed at least 5.5, 6 Crores to the topline and about 60% or 70% thereof would be the profit element out of that. So if I add that 6 Crores to the topline we should be roughly at the same levels as what we did in the previous quarter.

Like I had said in the second quarter also, that the general economic scenario has been subdued, and Goa for this quarter has witnessed one of its worst holiday season so to say, there has been multiple things that have happened you have Cox & Kings, Thomas Cook, episode happening, while Thomas Cook obviously was more to do with international tourists, which fortunately we are not relying upon or depending upon for as far as our cliental is concerned. However Cox & Kings while was active internationally, but also sent in a lot of domestic tourists, they have gone into NCLT as we all know.

In addition to that the general economic scenario being subdued, the hospitality industry if one looks at the tourism barometer to be the hospitality industry the occupancies which normally in the third quarter in Goa tend to be at 80%, 90% or 100% plus, were no where near their historical occupancy rates and they were at 50% and 60% which meant that there has been definitely less visitors to Goa during this holiday season.

The air fares also are an indication and one would be surprised to see that in the last week of December where typically the economic class fares in on the Goa route tend to be 10000

plus were languishing at Rs.4000 and Rs.5000, obviously 31st being on a week day had its own impact, but on a larger scale we were not that severely impacted and I say severely impacted for the fact that we have been able to maintain the same run rate despite the adverse economic conditions.

These nine months like I have said in my previous call have been very, very tough from multiple situations. To begin with the first quarter we have a dry dock coupled with the elections and the dry days and stuff like that. The second quarter saw new competition coming in, in form of two new vessels one is the Big Daddy and second is the Prides New Boat which obviously added anywhere between 20% to 25% additional capacity plus the euphoria around a new product and it has always been observed that whenever there is a new product which is launched, people tend to want to try that out and want to experience it before they finally settle on their choices. The important aspect is that it has been 6 months, 7 months of operations of these two new boats, the euphoria is now settling and we have to see how long can they sustain this euphoria because ultimately boys and the men have to get separated and we are very, very of a strong belief that in the long run one can sustain is what will pay the results, so there are things that one does when you are launching a new product which you cannot sustain for a long period of time, so especially Big Daddy and so to say Pride to some extent have gone on a marketing spree, gone on an advertising spree, gone on our sales promotion spree, which I do not think is a feature that they will be able to sustain over a long period of time, let alone other business practices, which we may not be ever comfortable with, but having said that I think that has definitely resulted in some headwinds.

In addition to that, we had the taxi strike that happened in July almost of June, July one month and then you had torrential rains, untimely rains, so a lot of hardships during these nine months. Despite this we have been able to sustain and maintain the run rates and the overall revenues, which basically shows that we have now formed a very, very strong base, and once the downturn or the slowdown or the subdued nature of the economy embarks on its revival, which we believe that will take at least a couple of more quarters before we see any resurrection happening in that direction, but once that happens, we are very, very confident that now that with this new base we should be able to start growing from here on. This only enforces the fact that the industry is still potentially growth oriented given the fact that all the negatives that I just spelt out we have been able to maintain the same number. That only shows that the industry has in fact expanded because with the additional capacity new boats etc., it is the growth that otherwise the old boats or the existing boats would have witnessed has been captured by the new products and it is only heartening to see that and we believe that once the scenario changes, we will definitely see the growth coming back.

With regards to the online piece I would like to say we did some marketing sales promotion burst in the first quarter and hoped and expected that it will pay us in the long run, which I am very happy to say that it has definitely resulted in an uptake in the revenue numbers. With regards to the third quarter we have done a 41 Crores kind of a revenue which when you compare it to the second quarter, it was at about 36, 36.5 Crores. So again there is a sequential growth in the online space. Only thing is, yes, because this is typically holiday season whether it is online or offline the marketing and sales promotion spends are higher as compared to the other quarter and therefore for the third quarter while our revenue number per share has been higher, the margins are more or less similar to what it was in the second quarter because of the excess marketing and sales promotion thrust that we have done. But again, like I said, this is all going to pay in the long run like we did it in the first quarter and had sustained higher revenue for the balance two quarters. Whatever we do now is going to help us grow and sustain whatever we have achieved for the future quarters and the future years.

So like in the online and obviously in the offline space also this has been a month where on the gaming side with the spending on the sales promotion and marketing would be definitely higher than the other quarters which obviously does reflect in a little bit of compression of margin as far as the gaming business is concerned. So in the gaming side we have had a double, one your revenue is down by about 6, 7 Crores given that we were in the dry dock and that I do not think the market itself has degrown, but like I said it has been stabilized and flattish, that coupled with a little bit of an excess spend results into the compression in the margin, otherwise there is nothing untoward as far as the business or the margin is concerned and we are of a strong opinion like I said that once things start smoothening out and the uptake happens, both the revenue as well as the margins would be back in play.

The saving rate obviously was online and hospitality where in the first couple of quarters we had lost a lot of ground because of again the general economy scenario and the weather and stuff like that. In the third quarter the hospitality I think a lot of things that were either cancelled or rescheduled have happened in this quarter plus this is generally a good season for hospitality in terms of weddings and mice and other things. So the hotel in Daman did recover a lot of lost ground and therefore the hospitality as a segment has kind of cooped up and brought back a little bit of revenue. Other than that nothing major in terms of any other startling highlights.

Like I said, the visitation growth has not been very phenomenal given the overall subdued economic situation coupled with the fact that Goa had a very bad holiday season time. We grew barely about 3% or a little lesser in terms of visitation on an annual basis. We had about 118000 visitations in the quarter of 31st December 2018, which stands at about

121000 for 31st December 2019. The GGRs which obviously have been slightly lower than what it was in 2018, it is about 5%, 7% lower from about Rs.14000 in the quarter of December 2018 they stand at Rs.13500 in the quarter of December 2019, which basically means that there was a slight dip in the GGR but a slight uptake in the visitations which is why the numbers are remaining more or less where they are and you have not seen too much of a difference.

I think that is broadly the highlight of the numbers and the results for the current quarter, I would now like to invite any questions or clarifications if the participants have and then I will try to answer the questions to the best of my ability.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. First question is from the line of Pritesh Chheda from Lucky Investment Advisors. Please go ahead.

Pritesh Chheda: Just picking up from your comments, you mentioned that the industry had seen some capacity addition and growth would have got distributed there. So any color in the Q3, what would have been the industry visitation growth and the industry revenue growth, if possible any color based on your channel check?

Hardik Dhebar: See I do not think anybody has grown significantly from the general consciences and the general feel that I get from the market I do not think there has been a substantial visitation growth anywhere and I am looking at my numbers because we have been the largest player in the industry and in the Goa market we have not grown substantially like I said we have just about 2%, 2.5%, 3% kind of growth in visitations. So I do not see a substantial growth being witnessed by anybody and more or less people have been able to sustain and maintain the visitations.

Now when I say sustain and maintain the visitations one has to keep in mind that there has been a 25%, 30% addition in capacity that means there has been some growth like 3%, like we grew 3% somebody else would have grown 3%, 4%, 5%. In effect you would have seen a growth, but that growth has got distributed and been captured by the new vessel because of the novelty factor and like I said, it is sustenance which is more important not the initial burst and the euphoria. So I think over a period of time once the market settles and the products start becoming more older as time go by, I said the men will be separated out of the boys.

Pritesh Chheda: You mentioned that 25% is the industry capacity addition right by those two boats or it is the capacity addition. So that capacity largely remains underutilized only?

Hardik Dhebar: Yes, I think by and large nobody is 100% utilized at this point of time given that there has been no visitation growth also, but yes to a large extent there is an overall capacity increase. What happens is on the weekends and the long weekends when people were running 100%, more or less 100% capacity that is where this would get impacted and other than that I do not think there is like we do not operated a 100% capacity nobody operates at 100% capacity on an average.

Pritesh Chheda: Lastly, I just want to know in nine-month what would be our operating cash flow and the cash of the bank balance sheet?

Hardik Dhebar: As of today we would be sitting on close to about 480 Crores of cash as we speak which is completely out of operations only over the last couple of years and in the last nine months we would have generated close to about 200 plus Crores of cash out of operations.

Pritesh Chheda: Thank you very much and all the best Sir. Thank you.

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

Bhavesh Patel: Congratulations on a decent performance in a difficult year. I do want to look ahead and get a view from your side in terms of both Nepal as well as Jalesh, your view on that?

Hardik Dhebar: As far as Nepal is concerned we just made an announcement of the 7th of January that we have received our gaming license; we are hoping that we would be able to soft launch in the next couple of days and start the operations. With regards to Nepal I would only like to say that it is a market which has been opened up in the last couple of years, there have been a few casinos that have come up in the last couple of years, there are about 8, 10 of them. Fortunately for us most of the hotels in Nepal have been in existence for a very long time. Given the situation was not very stable and economic situations were not great, markets were not doing great as far as Nepal is concerned none of them have renovated and upped their ante. Fortunately for us we are in the Marriott which is the newest and best hotel in Nepal, which we believe could be the game changer from an attraction of visitors perspective is concerned and we are quite close to the center of Katmandu, the location of the hotel so that is going to be a good point from a footfall perspective and in terms of the casino also I have recently been to Nepal about a couple of months ago, have seen and obviously one can say that I may have a bias given that it is my baby vis-à-vis others babies, but I can fairly say that we are in terms of ambiance, in terms of grandeur, in terms of the interior etc., we are by far the best casino today in Nepal. So once we launch I do not think we should have a difficulty in attracting a good share of the footfalls in visitations coming into the casino coupled with the fact that we are in the best five star hotel currently that exist in Katmandu today, and the fact of the matter is that the investment that has gone

into Nepal is not very substantial. It is about 15, 17 Crores all in put together nothing much more than that, which is basically into the interiors and the gaming we have mentioned the surveillance equipments. Our estimate is that to begin with on a 15000 square feet casino space, one could start with the 2, 2.5 Crores, 3 Crores kind of revenue to begin with and then given that it is not a new market so to say, but obviously a developing market that 2.5, 3 Crores can go up to 5, 6 Crores a month over a period of time, given there are no other large cost associated. We definitely can look at a 45% plus kind of EBITDA margins from Nepal. So I think yes it is a good thing that it is coming into this quarter and we will have additional 2, 2.5 months of operations as far as Nepal is concerned.

As regards Jalesh is concerned, it is only in the last quarter that we have started seeing the occupancies in Jalesh improve because the SL Group or the Zee family had their own set of issues that they were tackling in the last one, one and a half years. So I think that once they have been able to clear their heads of the other issues, they have now started focusing on this and the results of that are being visible, the occupancies which were merely 25%, 30%, 35% in the beginning of the year and in the initial phase of the business is now picking up and are averaging about 55%, 60%, 65% and is growing and so is the popularity of the cruise per se. We are very hopeful and we believe that once these occupancies grow further, those numbers will translate into larger gaming revenues for us. The good sign is that in this quarter we have been able to do a revenue of 4, 4.5 Crores from Jalesh, which is a good sign because that reiterates and reconfirms our belief that we have always maintained that on a steady state of operations in the first year we should do about 2.5 Crores a month kind of a revenue which is what is being reflected once the occupancies are touching in their 60s and the 70s and going forward, we believe once these occupancies improve so will the revenues from the gaming or the casino at Jalesh will also improve.

Bhavesh Patel:

Thank you for that and I hope Jalesh is adding one more vessel so that should help. My next question is in terms of updates for Daman and land policy. We see that as a significant business multiplier so if we have any update on that, that will be great. Thank you.

Hardik Dhebar:

As regards to Daman the writ petition has been filed as everyone is aware, we are awaiting the hearing. The High Court is very, very busy and the writs have not been heard for a long time. We believe that we may get a chance of a hearing in February, but once the board has finalize and if we get a chance of hearing we will the case will move further. Like we have always maintained, we believe that we have a very, very strong case and we do not see a reason why we should not get a positive outcome from the matter, but ultimately it is a matter which is subdued up we will have to wait for the courts to tell us and we have never really factored in anything coming in from Daman at any point of time and so it is a big option value like we say to all our investors that it is an option value. The day that happens

one can imagine what the size of the operation could be and where it could take Delta w. So I think that is where I leave Daman at.

With regards to the land policy again there has been enough said in the media, there has been enough said by the Chief Minister himself and when I say the Chief Minister the departed late Mr. Manohar Parrikar and also the current CM, both. To reiterate the fact that it was not a mere announcement or a media bit that was given by the late CM, it was a statement that was made on the floor of the assembly which clearly laid out what the policy or the guiding principles of the land policy are going to be which clearly stated that it is only the existing offshore casinos which are going to be given the license on land and there is no question of any reissuance or rebid or anything that is going to happen. It is going to be in a designated area near the airport, unfortunately, like most infrastructure projects in India face the flack of writ petitions and public interest litigation, Goa airport has also faced the public interest litigation stalling the construction work for the last six, eight months, but we believe that the resolution has been found and the courts are going to give their verdict any time soon, if not already given. That means the airport work will restart and I think it has been a election point or a manifesto point for almost all the political parties in Goa whether it is the Bharatiya Janata Party or the Congress or the MGP and everybody has been wanting and voicing their need to free the Mandovi as they call it and therefore the writing is on the wall that it has to happen. There is no other place in Goa where this can be shifted is they have to free the Mandovi and therefore it is a matter of time before which the policy will be announced. We were hoping that the winter session we would see some direction, unfortunately the winter session has not been convened as yet in Goa, so we do not know when the winter session is likely to happen and once the winter session happens whether this matter will be taken up given that it will be close to the budget because we are having the National Budget on the 1st of February post which all the states also will be presenting their budgets. But given that we are very clear and confident that the land policy is definitely going to happen. I cannot as an individual or as Delta management cannot tell you whether it will happen today, tomorrow, in one month or six months, but it is definitely going to happen.

In any case, what we all know is that from the day it is going to be put in force or enacted, it is a four year timeframe that the government has already which has spelt out by the late Chief Minister Mr. Parrikar that it is going to give us four years time to complete the project and move onto land before we surrender our licenses, so it is going to be a seamless transition from offshore to onshore. That too has been communicated, so I do not think there has been anything that has been what matters to the operator and what matters to the investor have been not spelt out by the late Chief Minister and obviously supported by all the parties including the ones in the position and the current Chief Minister has also time

and again mentioned that he is for this transition. Now it is a matter of time before we see the transition happen.

Bhavesh Patel: Fantastic, thank you very much and very hopeful. Good luck and best wishes. Thank you.

Moderator: Thank you. Next question is from the line of Soniya Varnekar from Equentis Wealth. Please go ahead.

Soniya Varnekar: My first question is on operating margins from online business, in last two quarters it has improved quite well. So do you expect this to sustain that is my first question and secondly now since Nepal is going to come, Jalesh is going to come, so Jalesh has started doing well now, so do you still continue with the 15% to 20% growth expectation for casino segment in the medium-term?

Hardik Dhebar: Let me first answer the casino part and then I will go to the online part. So if you look at the pure casino part of it individually the product may grow so Jalesh may grow 20%, 30%, 40%, Nepal may do substantially high because it is a zero base. So to that extent individually each location may grow at a much higher rate, but given that they are going to be very small portions of the revenue contributors when it comes to the larger gaming business, the growth will obviously be the region of 15%, 20% and not more and the reason I am saying that is that when you look at the number the way they have panned out, and like I said in my opening remarks that I do not believe that for the next couple of quarters we are going to see any change in the overall economic scenario and therefore we do not believe that you can see a spurt or a growth in visitations, but we genuinely believe that we have formed a very, very strong base and therefore the moment the economic scenario changes, the moment the sentiment change, the moment the mood swing changes we are going to see a decent amount of growth, but that obviously cannot be a 40% and a 50% or a 30% growth that we have seen in the past because the basis were small, but we are very consistent in our approach and we are very consistent in our statement saying that we will do a 15% to 20% growth when you look at it from a three year perspective when you look at it we would have definitely grown a 15%, 20% year-on-year kind of a scenario. As regards online is concerned, I have always maintained in my previous calls also that there are spurts going to happen. So in the first quarter if you see the online business profitability margin they were in the single digit 9% to 10% then it jumped up again and so when you look at the year as a whole you will end up anywhere between 20%, 22% kind of margins and we personally believe that a range of 18% to 22% or 18% to 24% is where we will see the margin stabilizing. Of and on you may see a quarter where you will see a very high margin and a quarter very low margin. The only differentiation factor would be the marketing spends in that quarter would be very high and therefore the margins would have got subdued because you spend in one quarter for the benefits to be enjoyed over a longer period of time. But on the whole, anywhere between 18% to 25% is where I see the margins of this business

getting settled and like I said on the growth of the casino business I have already explained my situation.

Soniya Varnekar: Okay Sir, thank you so much.

Moderator: Thank you. The next question is from the line of Jignesh Kamani from GMO. Please go ahead.

Jignesh Kamani: When I was speaking to few gamblers, so they mentioned that in some of the area like West Bengal or UP or Bihar, there are some alternatives come in Nepal or Siliguri everything so their frequency of visit to Goa has come down so just want to see your observation of what kind of percentage of travels to visit from there and how is the opportunity in nearby region which can take away from Goa?

Hardik Dhebar: As far as we are concerned, we believe that the domestic tourist has been the tourist that we have always cater to and we continue to believe that, that is the tourist that is going to continue to fuel our revenues and fuel our growth. With regards to the visitation from these areas, well we do know how many people from the bordering areas of Bihar, and Gorakhpur would be coming into Goa because it is a very difficult question to answer and assess to pinpoint whether it is somebody is coming in from Gorakhpur or somebody is coming in from Siliguri or somebody is coming in from some other exact border location. But yes the fact is so there are places like Nepalgunj, Birgunj, near Bhairahawa there have been casinos that have come up which is basically Bhairahawa is bordering to Gorakhpur, Birgunj is bordering somewhere near Bihar, Nepalgunj is somewhere near the Bengal border, so there are casinos that have come up at the border areas. But I do not know whether those customers were actually coming to Goa or no, but yes one could take an inference that there were somebody require to take a flight from Gorakhpur to come to Mumbai and then come to Goa would have spent three hours or four hours coming from Lucknow or Gorakhpur, he has now an option to drive down from Gorakhpur in two hours to Bhairahawa where you have Tiger Palace who is operating a casino would probably go there, but that does not mean that you will stop coming to Goa. It is somebody like saying that Hyderabad is going to Colombo, is he coming to Goa or no, the answer is obviously the guy is going to Colombo from Hyderabad is obviously also coming to Goa. So we have always said that more locations is only going to increase the penetration and awareness about the business and the industry and we have 1.3 billion people so I do not think that is going to be ever a constraint, but yes if somebody was coming four times to Goa here, now he will come two times to Goa and he will go to two times to Nepalgunj or Birgunj or Bhairahawa, but that is okay.

Jignesh Kamani: And what kind of capacity this put together this new such kind of region has added?

- Hardik Dhebar:** I would not know about that.
- Jignesh Kamani:** Okay thanks a lot.
- Moderator:** Thank you. The next question is from the line of Sundar Nagarajan as a Retail Investor. Please go ahead.
- Sundar Nagarajan:** Thanks Hardik for the good set of numbers I would say. So are you pursuing any other opportunities for casino like Pondicherry in the recent news the Pondicherry Chief Minister has mentioned that they are going to open up for the casino so like this are you pursuing any other opportunity apart from Daman?
- Hardik Dhebar:** So this is an ongoing process, so here a lot of time that Pondicherry wants to do it sometimes you get somebody in the North East Mizoram and a Meghalaya wants to do it and some other state in south wants to do it, so it is an ongoing process and fortunately for us we have been the only so-called organized corporate player in this space, we are typically always the first point of call so whenever there is somebody who thinks of doing this, we obviously get a knock on the door and we are always very happy to be the first one to go and pitch in, so to say and our strategy is very clear that we always want to have a foot in the door and a dot on the map so whenever and wherever there is an opportunity we will try and evaluate and be there.
- Sundar Nagarajan:** Yes, thanks Hardik.
- Moderator:** Thank you. We have the follow-up question from the line of Soniya Varnekar from Equentis Wealth. Please go ahead.
- Soniya Varnekar:** I have a question regarding this dry dock. We had one vessel went for dry docking in first quarter and now other vessels went on third quarter so generally what is the trend after what kind of period we have to put our vessels for dry docking?
- Hardik Dhebar:** So typically each vessel has to do a dry dock twice in five years, so it is typically about two and a half to three years and sometime you are able to get some extensions as well. I should not say unfortunate, but it is just that it is a coincidence that we had two of our vessels falling due for dry dock in this financial year and in a span of nine months we have two dry docks, but otherwise now for the next two and half, three years there is no dry dock for any of the vessels so that is what it is.
- Soniya Varnekar:** My second question is on the operating margin of casino and gaming segment, if we look at last two years trend it has also come down so what kind of level you see this get to stabilize over medium-term?

Hardik Dhebar: So I do not think it has come down when you look at it in absolute terms on a consolidated basis it may get impacted because somewhere you have the online coloring it and somewhere you have the hospitality coloring it. they have been stable in the region of on the lower side at about 33%, 34% and on the higher side going up to 38%, 39%, we genuinely believe that once we have stabilized operations without any untoward incidences in terms of stoppages, natural calamities etc., etc., I think it should figure around the 40% consolidated number.

Soniya Varnekar: Thank you Sir.

Moderator: Thank you. The next question is from the line of Vikas Jain from Urban Securities. Please go ahead.

Vikas Jain: Is there any update on the Sri Lanka land?

Hardik Dhebar: No further update on Sri Lanka land, it is up for sale and the day it is sold we will make the necessary disclosure where it is required.

Vikas Jain: So what is the amount, which we are looking at, tentatively?

Hardik Dhebar: Well we are looking at a 35, 37 Crores kind of a number, our investment is in the region of 25, 26 Crores so we will make some money we will not loose money but yes after the holding cost and everything for the last whatever period it will be a small money that we will make and not too substantial.

Vikas Jain: Thanks a lot.

Moderator: Thank you. The next question is from the line of Pratik Jain from Goldman Sachs. Please go ahead.

Pratik Jain: Sir just one question, so what proportion of your customers are your regular customers and like what proportion are the first timers?

Hardik Dhebar: I think it will be a 60:40, 70:30 kind of a mix where you would have 30%. 40% who are the new customer, who are tourist, who are walk-ins or FITs in the hospitality language as you call it and the 50%, 60% of your customers would be your regular customers.

See it all depends, we have a very strong loyalty program now going and we have more than 5000 members on that loyalty program so it is a lot of these guys who we try to bring them back and we run a very efficient loyalty program, we have started a new program where initially we were looking at some certain thresholds, we have lowered the threshold

and gotten a lower tier kind of a person also to become a member with an aspiration to go on and promote himself, so we have called as something called as Deltin Select and we have the Club Deltin. So initially if you are not a very frequent visitor you become the Deltin Select member and you go to the Club Deltin, so we are very focused on trying to make this loyalty program more robust and work better. So like I said 60%, 70% would be repeat follow-up customers and 30%, 40% could be the walk-ins.

Pratik Jain: There were one news article in the month of November that you had asked permission from government to shift Caravela to a new location, can you explain more on that and what is the reason?

Hardik Dhebar: No, nothing of that sort, it was just that the government was looking at someone relocating and we were okay doing it but nothing turned out because like I said the government after due research and due analysis has come to a conclusion that the only river in Goa that can take the kind of load from an infrastructure perspective and from navigation perspective is the Mondovi and therefore that gives us more confidence that if all the political parties have it on their agenda to free the Mondovi then the only other place that they can move us is to land, which is what whether Mr. Vijay Sardesai of Goa Forward or Mr. Shravanth of the Bharatiya Janata Party or anybody for that matter has time and again reiterated and said that they want the casinos to exist cohesively and peacefully within the state and they have been in fact questioning the government as to when the policy with regards to the movement to the land is coming out.

Pratik Jain: Thank you Sir and all the best.

Moderator: Thank you. Next question is from the line of Kshitij Bhartiya from Mount Intra Finance. Please go ahead.

Kshitij Bhartiya: I just wanted to know about what is the revenue per gaming position or per gaming table and what is the expectation for the next coming quarters?

Hardik Dhebar: We do not track per gaming position and per gaming table because we are not that large at this point of time. Secondly a lot of people when they walk-in, they walk-in only with a view to have food, drinks, dinner and watch the entertainment and go back so we are still an evolving market so what we do is we do GGR per person and which is what I already shared in the opening remarks.

Kshitij Bhartiya: What is the utilization rate?

Hardik Dhebar: See again this is not an industry like a cement plant or a steel plant where you have capacity utilization so there is a theoretical capacity utilization and there is real capacity utilization

so effectively the peak hours are between 8 in the night or 9 in then night to 4 in the morning that is the time when we are 60%, 70%, 80% and sometimes 100% occupied. During the day from 6 in the morning to 8 in the evening the capacity utilization is hardly anything, so if you look at a theoretical average capacity utilization would be 45%, 50%, 60% at best.

Kshitij Bhartiya: Thank you so much.

Moderator: Thank you. Next question is from the line of Dhruv Shah from Ambika Fincorp. Please go ahead.

Dhruv Shah: Actually can you give a word on your online business because at the start of the year you had guided for a better growth, but right now in nine months you have only shown 4%, 4.5% kind of growth so what is the outlook for the whole year and the next year?

Hardik Dhebar: I do not know where you are reading 45, 4.5% from because...

Dhruv Shah: Nine months to nine months 116 to 110.

Hardik Dhebar: Yes, but 116 to 110 there is a fallacy in it, 110 is actually there is an intercompany transaction that needs to be knocked off, so if the net number as against 110 is only 102 and as against 116, 112 so we have actually grown a little more than 4% just to correct you Dhruv and that is reflected if you look at the three quarters also we have grown effectively quarter-on-quarter. So like I said in the first quarter we had done a lot of marketing and sales promotion activities which we believe will bump up our revenues to the next level, which we did in the second quarter and we have sustained that in the third quarter and now this becomes the base and then you grow from here. So you cannot grow every day at 30% and you cannot grow every month of 30% and 40% know Dhruv?

Dhruv Shah: Agreed, and what about your Rummy business how is it going?

Hardik Dhebar: Rummy, I do not know whether you remember in the first quarter of this year itself we have made it very clear that we are going to be completely focusing ourselves on poker, we will keep evaluating the Rummy business and if we believe that pumping in money and burning money on the Rummy platform is going to gain us that traction is only when we do it. So Rummy continues to contribute 70, 80, lakhs to 1 Crore a month, but otherwise everything is poker.

Dhruv Shah: On a steady state basis so you still feel that a 20% kind of growth in online business is achievable?

- Hardik Dhebar:** Of course.
- Dhruv Shah:** Okay great thank you that is it from my end.
- Moderator:** Thank you. The next question is from the line of Raunak Nagda from Value Quest. Please go ahead.
- Raunak Nagda:** There has been a new ship Big Daddy and the competition has also upgraded one of their ships, are we looking to have any upgrade or increase the capacity or anything like that, that we are looking at?
- Hardik Dhebar:** We have always said that we are evaluating and we will evaluate and once we believe the time is right, the product is right for us to bring it and we will consider all aspects and do it.
- Raunak Nagda:** But if the land policy is on the anvil then does it make sense to look out to at capacity in that case?
- Hardik Dhebar:** Of course because even if the policy technically was to be announced today it is going to be four years before I can start operating on land, the payback of these vessels is less than a year and you have four years to operate so it is a no-brainer.
- Raunak Nagda:** Sir last question with regards to GST have we filed any annual return or have we got any assessment order till date on it?
- Hardik Dhebar:** We have been filing whatever return we are required to file and there are no assessments, I do not think anyone's assessments are over so I do not think there is any assessment done for anybody as yet, but as regards to GST I think that matter also has been I think addressed well and acknowledged well by the GST Council and I think post budget when the council meets or the next meeting happens, which I think is going to be post budget now, we will have a conclusion on all the GST overhang that is there as far as Delta is concerned that we are very clear that the government and the officers who are involved have clearly understood as to how this business operates as against other gambling businesses and how the GST is practiced worldwide as far as casino gaming is concerned and they have acknowledged that and we are very clear and very hopeful that it is going to be resolved without any problem.
- Raunak Nagda:** Thank you very much.
- Moderator:** Thank you. The next question is from the line of Amar Kalkundrikar from HDFC Mutual Fund. Please go ahead.

- Amar Kalkundrikar:** I joined in late, so, I am not sure if you have addressed this already but can you share the absolute number of visitations for the quarter?
- Hardik Dhebar:** Yes, I did share that Amar in the beginning as a part of my opening remark itself. This quarter we have done about 121000 visitations as against 118000 for December 2018. So it is a small 2.5%, 3% kind of growth.
- Amar Kalkundrikar:** For nine months?
- Hardik Dhebar:** I do not have that number ready but I can share that with you separately Amar.
- Amar Kalkundrikar:** Okay thanks and lastly Sir what could be the capex in the current year?
- Hardik Dhebar:** It is substantially large planned capex other than like somebody just asked me a question on a new boat so if we ultimately decide on to doing that that could be one capex, but nothing planned, nothing substantial, normal capex and maintenance capex that keeps on happening, which is very, very miniscule nothing major planned as of now.
- Amar Kalkundrikar:** Alright. Thank you very much Sir and wish you a great 2020.
- Moderator:** Thank you. The next question is a followup question from the line of Sundar Nagarajan as a Retail Investor. Please go ahead.
- Sundar Nagarajan:** Sir from the HalaPlay what is the revenue percentage because we have 25% stake in the HalaPlay and second question is regarding the Daman you mentioned that in February there is a hearing, again as you mentioned that this could be the growth driver for the Delta so are you expecting in 2020 the license would be procured or it will be delayed Hardik?
- Hardik Dhebar:** So HalaPlay, one we do not have 25% we have a little over 19.5% close to 20% stake, it is doing better than what it was doing, but nothing substantial that it contributes as of now. With regards to Daman I hope I could give you an answer why 2020 I would want it to happen in January if it is possible, but unfortunately I have no control or say in that regards so like you I am also hoping that it happen sooner than later.
- Sundar Nagarajan:** Thanks Hardik.
- Moderator:** Thank you. The next question is from the line of Aman Batra from Goldman Sachs Asset Management. Please go ahead.
- Aman Batra:** One question on online what is the expectation of growth from this segment?

Hardik Dhebar: Aman I think reasonable 20%, 25% growth should not be too much of a constraint given that the market itself is growing and expanding and we have seen it ourselves from 11 Crores a month to 14.5 and now at 15.5 Crores kind of numbers that we are seeing so a reasonable 20%, 25% growth should not be too much of a loss.

Aman Batra: Margins you already mentioned in that band?

Hardik Dhebar: Yes, that band depending upon how much we end up spending on marketing in a particular quarter over the subsequent quarter or what we do I do not think too much variation on the margin is expected unless we go all out and do something which is dramatic in terms of marketing and sales promotion.

Aman Batra: And the mention of two new boats are one upgraded boat and another competition boat coming into play so what is the kind of positioning it is kind of competing with?

Hardik Dhebar: I think both of them compete more with Deltin Jaqk, Deltin Royale obviously remains the preferred market leader and the best boat in the business so to say, but there is obviously a spillover client between Deltin Royale and Deltin Jaqk itself so that client obviously gets attracted to both these new products as well and more so like I said the visitor crowd or the walk-in crowd or the FIT crowd there is no loyalty as such so once they know that there is new product so everybody wants to go and experience that and even some of the regular guys who are while regular but they also get invited and you obviously want to experience it once or twice before you, it is like going to a Mainland China to China Garden or going to a Royal China, if you like China Garden you will still try Royal China once and you will still go to Mainland China finally and we will say that China Garden is the okay types.

Aman Batra: Maybe I missed it, was there kind of, any boat was out for dry docking or something in this quarter as well?

Hardik Dhebar: Yes, so Deltin Caravela was out for 25 days in this quarter for dry dock, which is why I said that ideally I should add 5 Crores to 6 Crores of revenue that it would have generated in 25 days and therefore I said that we are more or less at the same run rate or by more or less we are at the same run rate as the previous quarter or the previous year.

Aman Batra: Thanks.

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

Bhavesh Patel: Got the update on HalaPlay Hardik so the question now is in terms of Sikkim and hopefully even summer where we have lesser visitation to Goa, Sikkim should pickup and the second

part of the question is in terms of almost 400 Crores cash that we have I see that the dividend is highest till now but any other plans that you have?

Hardik Dhebar: Dividend obviously we have a stated policy where we will try and do as much as we can by giving it back to the shareholders and create value for them in whatever way possible. With regards to the plan we are very clear that this money is there for us when we needed to use it for the transition to the land and to do anything with gaming and the casino business per se and when I say gaming larger online, offline, all the gaming so this money is available for business and the growth and its growth capital so to say. With regards to Sikkim, Sikkim has done slightly better than the last couple of years and we still maintain that unless and until the connectivity issue to Sikkim gets resolved completely we would not see that market growing at a faster pace than what it has been demonstrating. So I think what is important is to be able to have the connectivity sorted out, once that is sorted out I think we will be able to do better. So for nine months Sikkim has done roughly about 15 Crores of revenue, which is much better than what we did in the 12 months of last year. We have done about 15 Crores in nine months this current year and nine months in the previous year was at about 13 Crores so it is slightly better, but like I said it all basically hinges on the fact that we need to have the connectivity improved dramatically.

Bhavesh Patel: Airport or otherwise yes, so agreed and in fact I know if the plans in terms of cash and the internal accrual for whenever we go in terms of on land so agreed and thanks for the responses and good luck. Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now like to hand the floor over to Mr. Hardik Dhebar for closing comments, thank you and over to you Sir.

Hardik Dhebar: I think through my opening remarks and the Q&A I have addressed and touched upon all the areas of concern or areas of interest from an investor perspective. I can only share once again repeat and reiterate that we have formed a very strong base, with the uptake we will see the revival of growth that we have missed for the last couple of quarters and we still believe that the business is still nascent and infant and there is huge, huge potential to grow the business from here on. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Delta Corp limited, that concludes this call. Thank you all for joining us. You may now disconnect your lines.