



“Delta Corp Limited
Q1 FY2019 Earnings Conference Call”

July 24, 2018



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Moderator: Ladies and gentlemen, good day and welcome to the Delta Corp Q1 FY2019 Earnings Conference Call, hosted by Motilal Oswal Securities. 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 telephone. Please note that this conference is being recorded. I now like to hand the conference over to Mr. Chintan Modi from Motilal Oswal Securities. Thank you and over to you Sir!

Chintan Modi: Thank you Janice. Welcome everyone. We at Motilal Oswal are extremely pleased to hold this call on behalf of Delta Corp to discuss Q1 FY2019 earnings. From the management, we have Mr. Hardik Dhebar, who is the Group CFO of the Company. I will hand it over to Hardik for his opening remarks post, which we can open, the floor for Q&A session. Over to you Hardik!

Hardik Dhebar: Thanks Chintan. At the outset, thank you everybody for joining the call today. As most of you would have seen and gone through the results, I am very happy to let everyone know that April-June normally being our softer quarter, I do not want to call it as weaker quarter but a softer quarter compared to the other quarters, we have been able to especially the gaming business register a revenue both in absolute terms and in growth terms something, which one can consider as the best quarter for Delta as yet and I am happy again to say that this is a statement that I have been thankfully and with the blessings and with all the hard work of my team been able to made for the last couple of quarters and we have beaten our own best quarters for the last three four quarters and we are very hopeful that we will be able to continue making this statement of this is our best quarter for the coming foreseeable few quarters if not for long time.

Having said that a few things that obviously have been in the news and Delta have been in the eye of the storm with regards to the license fee hike and you know immediately after that a lot of the investor community had a lot of concerns and I have had personal interactions with a few of my investors and at various forums, I have said that you know the business is thankfully and hopefully going to be robust and there could be a positive side of entire fall out by virtue of which lot not will be able to absorb the cost of the additional license fee but also continue our growth trajectory. That I think have been very well demonstrated in the first quarter numbers, despite the 15 Crore addition in the license fee for the quarter we have not only been able to kind of absorb it completely but have been able to maintain our EBITDA levels as well as profitability levels, at the EBITDA level on a consolidated basis we are short of about a Crore, if you compare it with the last quarter; however, if you compare it with the previous year same quarter, we had actually done a phenomenal job considering the fact the entire license fee has been absorbed, hike of license fee have been absorbed and yet we have kind of grown at a very robust rate. The same is the situation when you look at the net profit levels and therefore the operating leverage of the business has been in play and we hope that we will continue to show and demonstrate the robust performances for the coming quarters as well.

With regards to the online business, we had made it clear in the past that we are going to be increasing our marketing and sales promotion spends on our existing Poker vertical and also the

fact that we are going to be launching or rather repositioning or re-launching our Rummy vertical and in a small and measured way launching our daily fantasy sports vertical both of which have had happened and therefore if you look at the expense of marketing and sales promotion on the online bit is also slightly on higher side, which is in line with the strategy. I am happy to say that Rummy vertical has picked up a little bit of traction and we have now started clocking almost a Crore and Ten lakhs kind of a revenue on a monthly basis. June was the month where we did highest ever revenue of One Crore and Ten Lakhs for the first time and we are hopeful that by September-October the entire backend, the entire website and the entire user interface and user interactive part of the website would be completely at par with the best in the business and that is when we are going to pressing the pedal and trying to accelerate the growth as far as Rummy is concerned.

We have said in the past that we believe that Rummy should contribute anywhere between 15 and 20 Crores in this financial year in terms of the topline, obviously Rummy would not be contributing anything at the profitability level during the first year of full total operations but we believe that we will be able to fuel growth on the Rummy vertical much faster and we should start getting the profitability positiveness and contributions from the Rummy's vertical from next year onwards.

As regards Fantasy is concerned, I am again delighted to say that during around the IPL we did do a soft launch and the daily fantasy sports is now on stream. We have close to about 48000 registered users who are active when I say registered active users is 48000 whereas my total registered users is in excess of 100,000 already and we have been in operation for just two months. Just to give you a perspective on the Rummy side as well we have about 300,000 registered users and about 15,000 active users already on the Rummy vertical as well.

All in all the online business is being driven as per our thought process and the strategy and the vision that we had for the online business. Poker obviously has been the leader and we continue to maintain our leadership position. We have basically tried bringing in certain entry barrier risk if I may use that word to say by increasing the price points for the tournament that we conduct. Today we have introduced tournaments with cash price monies in excess of eight and ten Crores and we will continue to bring the higher price money into play to aid as the entry barriers and restrictive to competition to that extent and we hope that we will continue the robust display of revenue and profitability on the Poker vertical as well.

Other than that there is a question of about the land policy which I am sure a few of you obviously have so currently the Goa Assembly Session is underway and we are hopeful that the Chief Minister will during the session if not any time today tomorrow but during the session we are very hopeful of the policy announcement being made which will kind of formalize the transition from the offshore to onshore and I guess will also give more clarity and ambiguity around the proposed land policy.

This is broadly my overall bird's eye view of what the company is poised and in light of the performance of the first quarter. I now be happy to take any questions from any of you and I try and answer to the best of my ability.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question-and-answer session. We take the first question from the line of Mangesh Bhadang from Param Capital. Please go ahead.

Mangesh Bhadang: Thanks for taking my question and congratulations on good results. Sir last quarter you had mentioned that to counter the increased license fees you will take various measures like increase the entry fees or probably reduce the free chips and then the freebies that you have give to the members probably would be rationalized so my question is have these steps been implemented and what kind of price rise have you taken and how has it impacted volumes in anywhere or the footfall?

Hardik Dhebar: I am very happy to say that we have not incurred with the price points as such and neither have we done a dramatic reduction in terms of the freebies to the players of the free chips, the growth that we have witnessed is on account of two things; one obviously the overall tourist inflow into Goa has been good because of which obviously we also get a trickle down effect of that. Secondly I had also mentioned categorically that we had genuinely believing in a fact that once these land base casinos, some of which have shut down and some of which have dramatically reduced their sizes the intake capacity of these land base casinos is going to get impacted and the spillover effect or the spillover has to get accommodated somewhere, so I guess it is a combination of couple of things. In any case we have already introduced dynamic pricing model when it comes to our entry fees so you know on a daily basis and especially on the weekends the price points are monitored and altered depending upon the footfalls and the visitations. So there is no dramatic change that has happened if I may say in terms of the pricing strategy and neither has too much would been cut down, yes of course it is ongoing process to monitor cost, which we will continue to do but nothing has happened as a fall out of these particular increase in license fee and we have been able to demonstrate and measure the growth. So as an investor from your perspective you should be happy that those cases are still up our sleeves and we can still bring those into play, if we start facing the resistance of any kind in the near future.

Mangesh Bhadang: Sir the timelines on Nepal casino is it basically coming on stream by this calendar year?

Hardik Dhebar: We had already said that we should be able to get a couple of months or about a quarter in this financial year of operations from Nepal so as of now we do not see any reason for delay in that and we still maintain that we will get a couple of months of operations from Nepal in this financial year.

Mangesh Bhadang: Sir lastly if you can share the numbers for Caravela and DELTIN JAQK, revenue numbers?

Hardik Dhebar: Caravela for the quarter has done about 24 Crores and DELTIN JAQK has done about 40 Crores.

- Mangesh Bhadang:** Thanks a lot.
- Moderator:** Thank you. We take the next question from the line of Varshit Shah from Emkay Global. Please go ahead.
- Varshit Shah:** Thanks for the opportunity. Sir can you give some colour on the online business and you have already given a strategy out there so the questions is pertaining this quarter I think there is a topline bound is due to the tournament revenue and our EBITDA margins have actually slightly been on the negative side quarter-on-quarter so is it because of the price money, which was involved in the tournament am I reading it correct?
- Hardik Dhebar:** To answer your question, yes, there is a component of the sports league that is contributing to the increased revenue but there is nothing substantial on account of the marketing trend because the sports league per se is a profitability neutral kind of a business so the margin reduction that you are seeing in terms of our EBITDA margin is not on account of the price money or anything it is purely on account of our marketing and sales promotion activity on the Poker vertical as I also mentioned in the beginning that having repositioned and re-launched Rummy and also kick-started the daily fantasy sports vertical the marketing and sales promotion expense to that extent have gone up slightly more in this quarter and therefore you are seeing that impact on the EBITDA margins, which got nothing to do with the Pokers sports league.
- Varshit Shah:** Understood. Sir one more thing the Casino brothers have done very well despite softer quarter so any particular the ship, which can point it out like Caravela, JAQK or anything else which have done ahead of management expectations and or any colour on that?
- Hardik Dhebar:** Both have performed in line with our expectations. The lion's share of contribution always keeps coming from DELTIN Royale being the largest vessel. It is still the same and has performed in line with what it did last quarter so it is not that there is any adverse impact or great positive impact. Yes you obviously have some revenue jump in Caravela being seen because we had a lot of tournaments and lot of activities that was undertaken during the quarter or DELTIN Royal so when that boat is not allowed for the walk-in visitations because it is already full with the tournament participants or already when the customer gets pushed to Caravela and because of which there is a revenue bump you could see but I would not say that any of this is unforeseen or untrue, unimagined or unexpected.
- Varshit Shah:** Sir the last if I could squeeze one as you mentioned earlier also that the smaller land base casinos are actually loosing out some market share due to hike in license fees so where are these the demand, which you are pulling so is that in the lower end of the segment or some colour there?
- Hardik Dhebar:** It is across because you know you have casinos like Casino in Marriott in Panjim, which was a major player and was doing the decent revenue size has been out of business for a while and the fact that it was doing the decent size of about four five six Crores a month means it was an attracting players of all the strata and I think the fall out of that is that is you have players in all the strata coming in and spinning over into the your boats, which is what was expected when we

have said last fall out of this could be that there will be an unserved demand and there will be a kind of crunch of space for the land base players and automatically the choice then they have is to come to the offshore casinos.

Varshit Shah: I understood. Thank you so much Sir.

Moderator: Thank you. We will take the next question from the line of Grant Govertsen from Union Gaming. Please go ahead.

Grant Govertsen: Thank you. Congratulations on the great results, Hardik. I had just had a couple of questions as far as on the license fees. Could you give us a sense of how much supply has lurched the market as a result of the increase fees? Also are you seeing any competitive changes in the market? For example, any of your peers increasing their entry fees which is something that you had contemplated on perhaps that is just place in customers to you as well, a little bit of colour on that would be great? Thank you.

Hardik Dhebar: Yes Grant, thanks for the question. You know on the first part in terms of absolute number, I think there are two or three land based casino which are actively shut down and are out of operations out of the nine or ten, which were operator; however, there has been an indirect reduction that has happened because most of these land based casinos have ended up reducing their sizes and the area of operations in which they were operating so to give you an example we had a casino called Strike, in Grand Hyatt, which operated almost 25,000 to 30000 square feet of gaming space, they brought down their casino size to some near 3000 square feet so it has become one-tenth of its original size and most of the casinos who were operating five seven ten thousand square feet of space have brought down themselves to 3000 and lower because on the land based side because the license fee was mean to be the area of operations and therefore while one may see optically that all out of the ten casinos that were operating seven are still operating but it is not actually seven that are operating because the total square footage under operation were much larger with the older regime of license fees and that square footages come down dramatically, which would mean that indirectly there would be another three four casinos which have shutdown so effectively there are instead of ten only five casino is effectively operating if I may say so or it may be lesser and that is the reality. With regards to the competition increasing the entry fee, I am not very sure if anyone else also have increased any entry fee as such at this point of time and I think the market and the growth has been decent without having to incur with any of those at this point of time so I do not believe even the competition has changed any of their dynamics as far as the entry fees are concerned.

Grant Govertsen: That is very helpful. Suffice to say you are seeing a lot of new customer faces in the wake of this lightened fee increase?

Hardik Dhebar: Yes.

Grant Govertsen: Thank you, Hardik.

- Moderator:** Thank you. We will take the next question from the line of Yash Agarwal from Crest Capital. Please go ahead.
- Yash Agarwal:** Congrats on a decent set of numbers. Sir I had a question on the EBIT margins of the gaming vertical so in Q1 is 32.5% so where do you see this going for the full year, do you see it materially upwards or at this level only for the gaming vertical?
- Hardik Dhebar:** I think if I am able to continue to grow quarter-on-quarter on the revenue bit we would obviously see an improvement in the EBIT margins because whatever the costs are all taken care off so on a quarterly basis, I do not see any new surprises on the cost front coming unless there is something which we had not foreseen and is brought in on the cost side, I would fairly believe and assume that we could see a little bit of improvement in the EBIT margins. I do not think it can get bad or worse than this.
- Yash Agarwal:** Sir the license fee impact for the full year will be 60 Crores right so this quarter was 15 Crores so full year will be about 60 Crores?
- Hardik Dhebar:** Not really because it is only two out of the four licenses we had paid part fees, for the others we have already paid the entire license fee so earlier I was spending close to about 40 Crores in licenses fee for the four casinos which has now gone up to 95 so it is about 55 Crores of total impact and not 60 Crores.
- Yash Agarwal:** Sir could you give us a sense, last year on a quarterly basis in the online business what is the ad spend and was it currently?
- Hardik Dhebar:** So the ad spend, year as a whole if you see on the online business, the total I would not call it ad spend I would say marketing and sales promotion for the whole year was close to about 23 Crores, as against that if you look at the first quarter alone and if I ignore the Poker sport league related expenses the first quarter itself is about 13-odd Crores so that is the kind of spend that we are looking at.
- Yash Agarwal:** So Sir when will this taper off or is it going to stay at this?
- Hardik Dhebar:** I do not think it is going to taper off anytime soon, unless we decide to change our strategy completely and go slow on marketing and be contended with what number of players we have and let the competition come through, we do not think neither I like to hear that nor would you like to hear that.
- Yash Agarwal:** Sir what level of EBIT margins for the full year basis will be sustainable for the online gaming business?
- Hardik Dhebar:** I think this is the bare minimum. I do not think it can drop below this. We believe that it could settle around 20%-21% but for the time being till Rummy and Fantasy are going to continue to lose money you could see a 15%-17% sort of a range.

Yash Agarwal: Sir final question from my side, basically on the hospitality business currently how is it doing, how the occupancy levels etc?

Hardik Dhebar: Goa we are operating close to about 70% to 80% depending upon weekend and the weekday but that is an average 70% throughout the year is what we operate in Goa. In Daman we are operating at about 50%-55% kind of occupancy and Daman this quarter has operationally at EBITDA levels contributed to EBITDA. Goa has been breaking even and contributing in a small way for a long time, which continues to do.

Yash Agarwal: Thank you so much.

Moderator: Thank you. We take the next question from the line of Vinay Kumar from India Nivesh. Please go ahead.

Vinay Kumar: Hardik congratulations on good quarter number. I would like to have a couple of questions. One regarding how soon we want to implement once the land proceeds are announced and what will be cost of that one? Second thing is the announcement of the new Managing Director I mean the old one who was already been with Ashish Kapadia so how is that going to impact? What value he is going to bring us?

Hardik Dhebar: I do not know where you are getting this from that there is going to be a new Managing Director. Ashish Kapadia is the Managing Director and he continues to be the Managing Director so I am little surprise why this question and where this is coming from, but having said that the other part of the question is the land policy obviously as I said we hope that during the monsoon session we will have the announcement of the policy being made and subject to what is the direction in the policy. As far as we are concerned, the land is already bought, we have already done our schematics and layout diagrams and the designing part and we are getting into the specifics of the designing and stuff like that so subject to government allowing us to break ground, we will be ready to break ground very soon. If I assume that we get the announcement now and we are allowed to break ground in after the monsoons we would be technically ready to break ground in October-November, but as I said we do not know as to are there any requirements pre-post that are going to be brought in into the policy and therefore we will have to wait for the policy announcement to happen during this session and then subject to governments directive we will be able to break ground immediately.

Vinay Kumar: Fine. Hardik is there any debt on books as of now?

Hardik Dhebar: No. Zero.

Vinay Kumar: Thank you. Congratulations again on the wonderful numbers.

Moderator: Thank you. We will take the next question from the line of Mayur Gathani from OHM Group. Please go ahead.

- Mayur Gathani:** Thank you for the opportunity. Sorry I lost out a bit so it could be a repetition. Have you had any price hikes on the entry fee for the customers coming in?
- Hardik Dhebar:** No Mayur.
- Mayur Gathani:** Anything on the 50-acre adjacent plot that you did mention in the last quarter that you intent to buy along with the 100-acre that you have already bought for the land based casinos?
- Hardik Dhebar:** We are in the process of due diligence because as you I do not know how many of you are aware but the land regulations in Goa are little different from anywhere else in the country. They have a lot of bearing of the Portuguese law and Portuguese Inheritance Law that is why it is much longer to get a title clearance in Goa than anywhere else so we are in that process and we do not want to unnecessarily land up in a situation where we end up with a wrong or a bad title.
- Mayur Gathani:** Right. On the online business, I mean you said you would intend to have 20%-21% margin but considering that you have these Rummy and Fantasy League so should we look at a 12%-15% margin only?
- Hardik Dhebar:** Mayur, that is what I mentioned that for the time being I think the 15%-17% kind of margin should be what one should look at on a conservative and a safe side, once things stabilize I think we could go up to 20%-21%.
- Mayur Gathani:** Okay. And anything on the Daman?
- Hardik Dhebar:** No, work-in-progress.
- Mayur Gathani:** All the very best Sir. Great results.
- Moderator:** Thank you. We will take the next question from the line of Anuj Gupta from Perfect Research. Please go ahead. We will take the next question from the line of Chintan Modi. Please go ahead.
- Chintan Modi:** Hardik, so few questions from my end and there are few questions from some of the investors who have not been able to attend the call. One is wanted to understand on how do you manage the utilization because the kind of last time when on the call you had mentioned that we are at optimum levels on weekends at least in terms of utilization so if you could throw some light on whether you have kind of activated day time casinos or on weekdays or what promotions have you done and how has been the response for that?
- Hardik Dhebar:** As far as managing the utilizations are concerned Chintan, one needs to understand that while the weekends are busy and sometimes very busy the weekdays are not as occupied or as busy so if you look at internationally, most of the markets there is no hardly any differentiation between weekday and a weekend and therefore there is enough scope and capacity available as far as we are concerned, in terms of promoting the activities during the week. As regards daytime gaming is concerned, yes, you are right there is an effort and there is a kind of strategy, which we are

trying to put in place where we can attract visitations during the day because while we are a 24/7 operation for some strange reasons a lot of people are unaware about it and therefore we have to educate them and try and get them into the casinos during the day. Yes we have been working on it for a while and we have seen some traction on it but I do not think we are anywhere near the any levels that we would think that you know the efforts are being reflected truly and correctly.

Chintan Modi: Sure. Second question is you know kind of if you can assign some number to this 53% growth that we have seen casinos in terms of you know how much we should allocate to the footfalls and how much to the spending related growth?

Hardik Dhebar: Sorry I did not get that question properly, if you could repeat?

Chintan Modi: Yes so what I am asking is 53% growth that we have seen in Casino, could you assign a number in terms of what would be driven by the footfalls increase and how much could be driven by the spending?

Hardik Dhebar: Each boat or each company if I may say has got a mix slightly varied. In some places we have seen visitations increase like in DELTIN Royale we have a larger visitations with slight reduction in the GGR because that is normally the case that when footfalls increase GGRs has dropped and in Caravela you have seen both increase both the GGRs as well as the visitations both has increased. In Sikkim we had seen a jump in visitations over the last quarter, in JAQK again we have seen the GGR is improving dramatically so it is a mixture and you know for a market like us and a company like us which is quite nascent and in a very infancy stage we will be always fortunate to have growth coming from both the activities that is volume and value and it is only when you reach a stage where you become a couple of billion dollar kind of revenue market is when you will start seeing tapering off the GGRs or stagnation of the GGRs and only the volumes will rise. But I think we are nowhere near that and we have a long-long way to go in terms of the potential both in terms of value and volume.

Chintan Modi: Sir particularly for this quarter, can you relate it to some specific thing happening?

Hardik Dhebar: No, I think you know couple of things; one as I said the tourism per se has been robust, two obviously the fall out of these casinos either having to shutdown completely or shrink their sizes and third I do not think I should takeaway the credit from my marketing and business development team that they have put in decent efforts and done a decent job in trying to attract more and more visitations.

Chintan Modi: And for online business what is the total marketing budget for the year?

Hardik Dhebar: Total marketing budget for the year would be close to about 70-80 Crores.

Chintan Modi: And out of which in first quarter we would have spent close to?

- Hardik Dhebar:** So if I ignore the Poker Sports League expense, which is one-off and one-time I would have spend about 14-15 Crores. So which is in line with my budget spend and the marketing spend increase is during the festive time so the third quarter sees a little more jump in the marketing and sales promotion activity because you have a lot of holidays coming in that time and you would also see a proportionate revenue jump during that quarter.
- Chintan Modi:** Right. And how much was this one off expense that you mentioned?
- Hardik Dhebar:** About 4.5-5 Crores. So my total expense if you see for marketing and sales promotion for online is about 17.5 Crores of which 4 Crores is attributable to the Poker Sports League and 13-odd Crores is on account of my regular spend.
- Chintan Modi:** If you could just tell me what was a revenue for Royale and DELTIN Suites?
- Hardik Dhebar:** Royale and DELTIN Suites together was about 112 Crores.
- Chintan Modi:** I am sure was there any kind of one off that you see in the revenue I mean?
- Hardik Dhebar:** Nothing is one off in the revenue, Chintan.
- Chintan Modi:** Okay. And just one last thing, what should be the capex number that we should assume for FY2019 and FY2020?
- Hardik Dhebar:** Nothing significant.
- Chintan Modi:** Okay but we were planning to spend another 50 Crores for the land acquisition for Goa?
- Hardik Dhebar:** No that is not mine. I am talking of normal capex that is project related capex. Project related capex is separate from my normal capex.
- Chintan Modi:** So I am asking about yes project related also if you can specify?
- Hardik Dhebar:** Project related if only the land acquisition comes through subject to a title certification and everything it would be another 50-60-70 Crores whatever the land value will be and other than that there will be no substantial capex.
- Chintan Modi:** Thanks a lot.
- Moderator:** Thank you. We will take the next question from the line of Anuj Gupta from Perfect Research. Please go ahead.
- Anuj Gupta:** Sir what is the current capacity utilization levels of our casinos in Goa and Sikkim and how many footfalls per day we can accommodate?

Hardik Dhebar: So my capacity in Goa is roughly about 2000 to 2200 people a day all the casinos put together, as against that we should be at about 1200-1300 averages so if I put it in a percentage terms we are at about close to 50%-60% capacity, which is the average capacity of the average capacity. As regards Sikkim is concerned, it is a very small operation it is a ten-fifteen table operation so it is not a large casino 5000 square feet casino and I think being a land base casino there the churn is very different from the offshore casino so I do not think we have calculated a capacity utilization as such on the Sikkim casino.

Anuj Gupta: Sir please forgive me if I am repeating any questions because I missed the middle part, so if it is being repeated please tell me I will listen to the recording, so who are the other casino operators in Goa and how are they different from us?

Hardik Dhebar: How are we?

Anuj Gupta: Sir like what is the differentiating factor?

Hardik Dhebar: The other casino players there is another group called the Pride Group, which is basically a group of people based out of Delhi. They run two casinos and the sixth casino is owned by Mr. Gopal Kanda who ran the MDLR airlines and he is the part of the MDLR Group. As regards differentiating it is asking the question is very rare that I get this question on an investor call but it is like asking the Taj Mahal Hotel. How is Taj Mahal is different from an Upidi restaurant on the street, so if that answers your question.

Anuj Gupta: Sir what are our plans to grow internationally given we are not able to grow more licenses in India?

Hardik Dhebar: Well I do not know why you are saying we are unable to grow more licenses in India. We are quite hopeful that there are a few states who are contemplating opening up the casino markets and their states but it is a process, which takes time. As regards international yes we are looking at Nepal and Sri Lanka we already have our land there, which obviously currently up for sale but we also believe that if there is a regime change in Sri Lanka, which is likely to happen with the elections round the corner, there could be some sense of some casino happen in Sri Lanka as well, so we have said categorically always that we are more focused on the region before going any further away and we believe there is enough opportunity in India and in the region itself. So yes we will look at more opportunity available in India and in the region to begin with and then God willing you there is some opportunity somewhere else going down in years we may consider them as well.

Moderator: Thank you. The next question is from the line of Anuj Mohmaya from ValueQuest Research. Please go ahead.

Anuj Mohmaya: Sir congratulations on good set of numbers. Currently how many active players in the Poker front?

Hardik Dhebar: We have currently 1.6 million registered players and we will have close to about a 100,000 active players.

Anuj Mohmaya: And how is the growth trajectory there you have been doing very well?

Hardik Dhebar: It has been steady. As you would aware there are lot of new players that are in the Poker arena. The latest being Poker Star, so obviously we are hoping that the markets going to expand and the market is going to explode and we are readying ourselves with all these marketing sales and promotion activity to be able to grab the lion's share of that so currently it is all steady but we are hoping this can happen anytime.

Anuj Mohmaya: So how is our Sikkim operation doing? What will be the revenue for the quarter on Sikkim?

Hardik Dhebar: The revenue from Sikkim is about 5 Crores if I am not mistaken and I think we believe that once the flight schedule commences post monsoon, we should see a better traction in the visitations, which will obviously result into better numbers for the casino size of ours.

Anuj Mohmaya: We will be breaking even in Sikkim in this?

Hardik Dhebar: Yes, we are not losing money.

Anuj Mohmaya: And what is your cash on books as of date?

Hardik Dhebar: As of yesterday was 447 Crores.

Anuj Mohmaya: Thank you.

Moderator: Thank you. We will take the next question from the line of Rajeev Bharti from India Nivesh. Please go ahead.

Rajeev Bharti: Good afternoon Sir. Thanks for the opportunity. Sir this is regarding the capital employed. There is a 40 Crore jump in the capital employed largely coming from the unallocated assets. Can you give some clarity on what this is?

Hardik Dhebar: Unallocated assets mostly is my mutual fund investment so whatever jump has happened in the cash flows that have been generated out of operations and got added on to the mutual fund investment that would be unallocated.

Rajeev Bharti: Sir the JAQK number you mentioned was 40 Crore was gross of GST right?

Hardik Dhebar: Yes.

Rajeev Bharti: So the number for last year net on GST would be same number?

Hardik Dhebar: I do not have the number in front of me. Last year there was no GST unfortunately.

- Rajeev Bharti:** No, excluding GST what was the number so let us say if we knock of 15% from the gross number to get a net number for this year so what was the net number last year just to get a sense of what is the growth on JAQK?
- Hardik Dhebar:** I have the other way round as the gross number for last year was 32 Crores as against the 40 Crores this year if that helps you.
- Rajeev Bharti:** Great. Sir lastly in terms of spending on Poker Star do we have any number what is the kind of user base for they have currently or what is the kind of spending they have?
- Hardik Dhebar:** We do not have the data on the user base but from whatever the information we have they have a kitty that they have earmarked about 20-30 Crores of spend for the first year so that is where we have based almost double of what we are doing.
- Rajeev Bharti:** Great Sir. Thanks a lot.
- Moderator:** Thank you. Well ladies and gentlemen that seems to be the last question for the day I would now like to hand the conference over to the management for their closing comments.
- Hardik Dhebar:** Thank you Janice. We have had a good amount of discussion around all the key areas that one would want to clarity on. I will be happy to individually answer your questions if there is something that is got left out. You could reach us through either Motilal or directly on our emails and we will be happy. As a closing remark, I think we are very happy with the way the first quarter is gone and we believe this is a good quarter always for us and we will believe that the strong growth and the trajectory will continue and we continue to have a support of our investors. Thank you.
- Moderator:** Thank you very much. Ladies and gentlemen on behalf of Motilal Oswal Securities we conclude today's conference. Thank you all for joining us you may now disconnect your lines.