



# “Delta Corp Limited Q3 FY2018 Earnings Conference Call”

January 16, 2018



**ANALYST: MR. NIKET SHAH – MOTILAL OSWAL SECURITIES**

**MANAGEMENT: MR. HARDIK DHEBAR – GROUP CHIEF FINANCIAL  
OFFICER – DELTA CORP  
MR. PRAGNESH SHAH - DELTA CORP**

**Moderator:** Ladies and gentlemen, good day and welcome to the Delta Corp Q3 FY2018 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 phone. Please note that this conference is being recorded. I now like to hand the conference over to Mr. Niket Shah from Motilal Oswal Securities. Thank you and over to you Sir!

**Niket Shah:** Thanks so much. Welcome everyone. We at Motilal Oswal are extremely pleased to hold this call on behalf of Delta Corp to discuss Q3 FY2018 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 Niket. Thank you everyone for taking the timeout and being on the call. We have always said that Q2 and Q3 are always an exciting time of the year as far as Delta is concerned. Q2 being the best period that Delta ever witnesses and the momentum of Q2 carried on into the third quarter, which obviously coincides with the festive season as well and given that we are in Goa, December means a lot when it comes to the amount of activity in terms of traffic, in terms of visitations and in terms of everything.

Fortunately for us the momentum and the trajectory that we gained in the second quarter, we have continued that and as you would have all seen the results we have done, I am happy to yet again say that this quarter is our best quarter ever and I hope to continue to say this for a couple of more quarters till we reach a stage where we will have to say that okay we are now achieving some adolescence the word which I like and I do not want to call it maturity because we are still a very, very nascent market, but having said that yes we have done well for ourselves.

We have done about 155 Crores, 156 Crores of revenue from the Goa gaming space, which was about 145 Crores previous quarter and of course if you look at year-on-year given the fact that last year this quarter was probably the worst quarter that one may have witnessed in the last couple of years given the demonetization and everything, the growth is phenomenal. We were 90 Crores in Q3 of 2016 as against 156 Crores.

This only goes to basically reiterate our belief in the fact that the resilience of the Indian market, the need for a great gaming destination, the need and the perturbed demand for casinos and the appetite of gambling as far as India is concerned and given these all dynamics and the demographics of the country we once again have our beliefs and our conviction reinforced that we are nowhere near the peak and this is just a beginning and we could see us as Delta grow from strength-to-strength in the future to come.

Having said that an obviously observation would be that there are a few expenses that have gone up because of which one sees a little bit of compression in the margin. Now you know, these are expenses, which are more to do with an event related expense if I may say and these are one time

kind of things in nature, which happened once during the year if at all. We in the current quarter had two major events that we undertook. One was the first time ever in India the World Poker Tour was organized and a Deltin Royale was proud to be the hosting member and the hosting partner for the World Poker Tour in India. We also followed it up and kind of relaunched what we called our own gaming property, which is called the World Gaming Festival. We had held the first World Gaming Festival in financial year 2010-2011 in the month of September, after which for various reasons, we did not continue with that, but we realized that now the time is right with we having multiple vessels the business going strength-to-strength, it is time that we relaunched something of that nature again and hence in 2017 November is when we conducted our second version or I would say the rehashed and the relaunched version of our World Gaming Festival, which went through from November 30 to December 4 and then you obviously had the Christmas period to running into all the way to the New Year.

The reason why I am elaborating these is because these three events basically required us to have that additional push in marketing, sales and promotion, advertising, entertainment and other things, which are ancillary and required to ensure the success of these events. So about 7.5 to 8.5 Crores worth of spend, which happened in the current quarter can be directly attributed to these marketing activities, which is a one-half in this particular quarter, but as we have seen in the past we are very, very hopeful that these activities basically not only sends out the message loud and clear to a lot more people than usually our marketing campaigns do, it also attracts new and fresh people coming into the board given that it is a more kind of a competition and a more entertainment oriented event, which ultimately results into a higher revenue number that we are able to achieve month-on-month and quarter-on-quarter.

The reason why we are so confident about this is that if I take you back to 2010 before the World Gaming Festival that was hosted, the first season we were doing a revenue of about 7 Crores, 7.5 Crores, 8 Crores a month. Post the World Gaming Festival in the subsequent financial years we were able to push that revenue up to about 10 Crores, 11 Crores to 12 Crores a month and we sustained that revenue and have only grown from there as we all know. So we are very, very confident that this exercise while may hit the P&L in the quarter and have some crunching effect on the margin but it is a very, very positive and a very, very beneficial long-term effect on the overall business.

I can also say that the momentum that has been gathered in the second quarter and the third quarter thanks to the World Gaming Festival and the World Poker Tour and everything the fourth quarter that we are already into is looking equally robust. Things are on track and the fruits of the investment, I would say not the expenditure in terms of the sales promotion, marketing and the efforts that the team has put in is going to pay much sooner than what we expect.

Having said that from the next quarter the 7 Crores, 8 Crores, 9 Crores of expenses that we incurred on account of these events that were held in the second quarter are not going to be recurring again. So the fourth quarter one may easily be able to and it will be safe to assume that this entire 7 Crores, 8 Crores, which was spent or invested is not going to come in again and the EBITDA obviously would be better by at least 7.5 to 8.5 may be 9 Crores plus whatever revenue

growth that happens or we are able to sustain the better margin is going to be a resultant factor of this. So given that we believe that the quarter has been extremely strong. The margins are in line with our expectations and are expected to not only grow from here and go back to the normal levels but we could see expansion of margin also given the fact that the revenue growth can be sustained for a longer period of time.

Coming to online again in the previous quarter, we have done about 30 Crores of revenue. We have grown quarter-on-quarter on the online space for about 15% to 20%. We have done about 36 Crores of revenue. Again what is reported is slightly different given the fact that the accounting standards as explained in the last quarter require us to knock off a certain amount of sales promotion activity in form of bonuses and roll back commissions and stuff like that or cash backs that we do to the players and the GST out of the revenue and hence the reported revenue would be in the region of 28 Crores, 29 Crores whereas the actual revenue is about 35 Crores. Hospitality again we have done about 23 Crores of revenue, which is better than the previous quarter, which is very expected given the holiday season and the larger festivities, which this quarter brings with it.

Spending a little bit time on online the business is continuing to do well. It is showing the same trajectory of growth month-on-month and quarter-on-quarter and our annual target of about 120 Crores, 130 Crores annualized number for the online space basically 95%, 97% of it coming out of Poker continues to be intact.

As regards our foray into Rummy is concerned, I am happy that we have the entire team of Rummy, which we were planning to recruit and we were in the process of recruiting, which I mentioned over the last quarter's call we have now more or less have the entire team in place and a lot of work has gone into the backend of Rummy website wherein we have tried not only improving the software per se but also the user experience and the user friendliness and the interactive element between the website and the users thereby trying to bring it at par with most or I would say every other site, which exists in the country today. Of course there will be still some more work, which will be require to be done over the next couple of months, but I think towards the end of this financial year, we would start seeing a lot more activity in terms of marketing promotions etc., happening on the Rummy business side as well given that we believe that Rummy should start giving a decent amount of contribution to the revenue from next financial year onwards.

As regards Fantasy again, we said that it was a very early days and premature stage and we were not very sure what sort of a model and when would we be launching. We have done some work on that front. We are on a beta stage if I may say so but again we are going to be playing it very cautiously and we will take a very, very informed and cautious decision because we do not want to enter into any business, which is nearly burning money and not getting the desired numbers in the results.

Hospitality again has always been a complimentary business to our main business on gaming which continues to support the gaming business to its best ability and given the holiday season as

I said we have done slightly better than the previous quarter thereby the losses have slightly narrowed as far as the hospitality division is concerned but I think our mainstay obviously is the gaming business which is extremely, extremely robust and is on a very, very strong footing which we believe is going to continue to be going from here on.

I think this is as far as the quarter is concerned and the broad highlight of the overall scenario. I would now request Niket to let us take the questions and I am sure there will be a few things which everybody wants to know but would rather answer it through questions so that it gets addressed. Niket!

**Moderator:** Thank you very much. We will now begin with the question-and-answer session. The first question is from the line of Puru Kavatra from Deon Global. Please go ahead. There seems to be no response from the line of Puru Kavatra from Eon Global. We move to the next question. Next question is from the line of Vinay Kumar from IBM. Please go ahead.

**Vinay Kumar:** Just wanted to know about the status of the licensing of gaming for Daman and Sri Lanka?

**Hardik Dhebar:** Thanks Vinay thanks for the question. As far as Sri Lanka is concerned I think we have clearly said that the government in Sri Lanka changed over the last couple of years and they have gone very clearly and said that they are not going to be issuing any further new licenses and they are not looking at adding any more casinos in Sri Lanka at this point of time and that is precisely the reason why we as Delta took a conscious decision of exiting out of the land that we own in Colombo or other in Katunayake so as far as Sri Lanka is concerned there is nothing happening there not likely to happen in the very near future. Yes if there is a regime change that happens later on in the future and there is a change of law that happens we may consider doing something there but as of today Sri Lanka is not on the radar at all. As far as Daman is concerned, we have said time and again that Daman we believe is the auction value as far as Delta is concerned and the auction value is getting more and more riper and creamier by the day given the fact that the Goa business is growing so well and doing so well and as we have always said that if not bigger than Goa, Daman could be as big as Goa so the optionality and the option value of Daman continues to be very, very robust. As regards the status of license from a company perspective we have done everything that is required to be done. We have completed all the necessary formalities and the regulatory requirements. Now we are waiting and we are in talks with the authorities in the government and we are waiting for them to give the license for and we believe it will come sooner rather than later but if you ask me when what time it is going to be difficult for us to give you a date and a time but it will definitely happen and as I said the auction value of Daman grows by the day with the overall business growing and performing better.

**Vinay Kumar:** Thank you.

**Moderator:** Thank you. The next question is from the line of Puru Kavatra from Deon Global. Please go ahead.

**Puru Kavatra:** Sir I would like to seek some clarity for the commencement of operations in Kathmandu, Nepal and what could be our unique selling proposition against Casino Star, which is operating in Hyatt, Kathmandu and the Soaltee Oberio Casino and what kind of capacity utilization could we expect in first few years?

**Hardik Dhebar:** As far as the commencement of operation of Katmandu is concerned, we believe that the hotel Marriott, which is under construction are nearing completion so to say is expected to be ready and we are supposed to be getting the handover from them for the casino space sometime in the May, June of this year we will require at least a couple of months before we are able to do up and ready the casino in so that we can commence operation so we believe that the best case scenario assuming that they are able to handover the sites to us in time as promised then we could have a six months kind of an operation there, five to six months and the worst case scenario we believe that we should have at least one quarter of operations in Nepal in this coming financial year. As regards unique selling proposition, I do not think there are casinos, which have unique selling propositions it is not a commodity or a service that defers one from the other. The market worldwide is such that you have multiple casinos, which operate along the same strip whether you go to Macau, whether you go to Vegas, whether you go to Katmandu or whether you come to Goa. It is the segmentation and it is the market that you keep on attracting, which will basically make the entire business scenario. As far as we are concerned, it makes a lot of sense from our perspective as Delta because we will then be able to offer to all our existing customers a package somebody who is a regular who is by club dealt in member will have the option to use our casino in Sikkim, he will have the option to use our casino in Katmandu, he will have the option to use all our casino's in Goa and God willing as and when the casino in Daman open sooner rather than later he will be able to use his club dealt in membership at the Daman Casino as well. So for us it is like a circuit and I could cross market each of the property vis-à-vis the other. If there is a customer fatigue which sets in while he coming to Goa he or she coming to Goa many times a year, I can give him a different property, different location, different environment. So I think those are the unique propositions, which I do not think many casinos would be able to offer. As regards market share, I think it will be early days. Katmandu as a destination and Katmandu as a casino market is reselecting itself. It was in shambles as we all know the casino industry had completely gone dead and it is resurfacing again and it is being relaunched as we speak so I think we will be able to gauge the market once we start operating so we are not expecting any large numbers or large contributions coming from the Katmandu business in the first year of operations but it is a very, very good dot to have given its location being closer to India and a few other countries. I think it makes lot of sense to have the presence there and since it is going to be a very low investment model if I may say so not too much of capitalist risk and the upside is unlimited, I think it is a great business and a great proposition to be in. Have I answered everything Vinay or if anything pending?

**Puru Kavatra:** Thank you so much for answer Sir.

**Moderator:** Thank you. Next question is from the line of Paresh Raja from Catalyst Global. Please go ahead.

- Paresh Raja:** Sir I just wanted to know what is the liability of Rs.195 Crores in the online gaming division has shown in the segmental liabilities?
- Hardik Dhebar:** Liability there is no liability.
- Paresh Raja:** So if you say the segmental liabilities online gaming division shows the liability of 195 Crores for the year ended December 31, 2017.
- Hardik Dhebar:** That could only if I think is Pragnesh on the call moderator can you just check there is a colleague of mine Pragnesh Shah is he on the call.
- Moderator:** Sure. Let me just check that. Pragnesh Shah is now on the call.
- Hardik Dhebar:** Can you just connect him please?
- Moderator:** Yes you can talk now.
- Hardik Dhebar:** Pragnesh I think if I am not mistaken this is the amount that is payable and on the convertible debenture is that the liability that they are referring to?
- Pragnesh Shah:** Yes will be right, correct.
- Hardik Dhebar:** Okay. So the liability is basically I do not know, if you know the dynamics of the deal when we did the merger with Goss Networks something was paid in cash, which has been paid about 48 Crores last year and a portion of the amount was to be paid in one year from the date of the merger becoming effective which is effectively August 5, 2018 there is an amount of about 94 Crores equivalent in shares, which is a convertible instrument and about 84 Crores, 85 Crores of redeemable preference shares so you add the two it becomes a liability from a Delta perspective to be discharged for the merger consideration.
- Paresh Raja:** We paid by August 2018?
- Hardik Dhebar:** To be paid by August 2018 but the instruments are very different. One is a redeemable preference shares which is about 82 Crores, 83 Crores, which is definitely going to be a paid out, whereas the other instrument is an optionally convertible preference share where the option to convert or to payout the cash lies with Delta Corp so if I decide I could just convert them into shares of Delta Corp at the prevailing price on the day as per the SEBI formula on the August 5, 2018. So if I the price is Rs.500 say for example the conversion for that 90 Crores will be come at Rs.500.
- Paresh Raja:** Sir if you can show some light on the online gaming division going forward I think that will give a better perspective of the division?
- Hardik Dhebar:** Online as a business has been growing at about 35%, 40% year-on-year and given the very infancy of the business, we believe that that kind of growth can be continued for the next few

years to come. We ourselves have seen that from the time we started negotiating in August 2016 till today the business is already from 50 Crores discount to 120 Crores, 130 Crores and we believe that with the current year also we can demonstrate similar 35%, 40% growth rates so I think this is purely when we took look at Poker to that we are going to be adding another game Rummy which is very, very except which is older than Poker in terms of the online space, we are of course a very, very small player to begin with as far as Rummy is concerned but given that the market is so big we and we are starting at a very small base the growth in Rummy is going to be also multifold and I think while as I said in the call last time as well that it is the offline business or the life gaming casino business, which is always going to be a way, way bigger and the way they lion's share kind of a business always given the fact that when we move from offshore to onshore as far as Goa is concerned and then Daman happens and then Katmandu happens and then Sikkim happens so you will have a hopefully a few thousand Crores of revenue coming whereas this business will grow and achieve a size but it will always remain a smaller business. So from an overall perspective I think the mainstay will always remain the offline business but the growth and the stability of revenue and everything will obviously continue to happen as far as the online space is concerned.

**Paresh Raja:** Sir how does it actually work if one wants to get into the online gaming this thing so how does it work, does it happen through mobiles?

**Hardik Dhebar:** It can happen through anything. It can happen through mobile, it can happen through your laptop, your desktop, your mobile phones, every – your iPads or your tablets everything.

**Paresh Raja:** I am done.

**Moderator:** Thank you. Next question is from the line of Anuj Mongia from Value Quest Research. Please go ahead.

**Anuj Mongia:** What is the marketing spend we are going to do in the Rummy division the budgeted figure is there next year?

**Hardik Dhebar:** When we had launched our QIP in May 2017 as a part of our user proceeds we had said that we would end up spending anywhere between 50 Crores and 75 Crores on the Rummy vertical. So that is our long-term plan and that is the kind of money that we would want to pump in over a period of time. Now whether it will happen in one year whether it will happen in two years or whether it happens in six months it will depend on how the business is received and how the growth momentum picks up but we have internally kind of earmarked 50 to 75 Crores, which would include everything your bonuses, your sales, your advertising, your promotion, your events etc., etc., etc.

**Anuj Mongia:** And Sir how much money you have earmarked for the Fantasy business?



**Hardik Dhebar:** Again Fantasy is too early days if I may say. As I said we need to freeze upon the business model correctly, we want to freeze upon everything but again 50 to 75 Crores kind of spend on Fantasy also could not be ruled out.

**Anuj Mongia:** When is the policy the hand policy due?

**Hardik Dhebar:** It is already declared in a way. The CM has already made a statement in the monsoon session. He followed it up with rejoined our statement of sorts during the current winter session which just got over and he has already said that he is going to come out with the three plus one kind of a policy and the fine print of this we will take it is a little bit of time but I think by the budget session or before the end of this financial year, we should have much more clarity and I think they should be rolling in terms of the process. As far as Delta is concerned I have already mentioned to you earlier in the call and it is a well-known fact that we have tried staying ahead of the curve in terms of this policy. We have appointed our architects, we have appointed consultants and we had identify the land parcel as well, we are in the near final stages of completing the acquisition of the land, which should happen by the end of this month so we are ahead of the curve so as and when by the end of the budget session or before the end of the financial year well we get the go ahead and we are told that okay the policy final when we all be know about it we would be the first one to break ground as far as the project is concerned.

**Anuj Mongia:** Sir how the Sikkim doing for us?

**Hardik Dhebar:** Well Sikkim I think the kicker always we had said that the Airport in Sikkim. For want of some DGCA and security clearance the airport, which is otherwise ready and supposed to be inaugurated on November 30, is yet not inaugurated but we believe that in the next couple of months the airport should start operating and once the airport operations pickup and the flight connectivity and everything improves we believe the visitations to Sikkim overall will improve which will result into a better visitation and a better revenue and a better growth as far as the business in Sikkim is concerned. To answer your question now is it doing currently it is self-sustaining. It is not losing money but it is not a great contributor to the business at this point of time.

**Anuj Mongia:** Sir we made these two events additional the gaming tournament and all, how much incrementally revenue we would have come from them, just a ballpark?

**Hardik Dhebar:** Very difficult to identify that what is the revenue that would have come from the World Gaming Festival or the World Poker Tour activity that we did because what happens is that people come and participate in the tournament and then whether they may play the live games, not play the live games is very difficult to ascertain, one. Two is that it is like any other long weekend where you will have lot of people coming in. So to attribute that to only World Gaming Festival would be difficult but what we have normally seen is because we have attracted too many new people because who would have come and just want to see the vessel during the time or they have come and participated in the tournament become our customers and then you see the effect of the revenue growth subsequent to the events. I can obviously say that 5 Crores to 6 Crores of revenue

definitely could be attributed to the World Gaming Festival week where we could be or the after effect of that World Gaming Festival week because of which we did 156 Crores of revenue I can say that if you would not have done no World Gaming Festival we would have probably done 150 Crores of revenue but that is a very rough guesstimate if I may say so.

- Anuj Mongia:** I will come back in the queue later. Thank you.
- Moderator:** Thank you. The next question is from the line of Mayur Gathani from OHM Portfolio. Please go ahead.
- Mayur Gathani:** Thank you for the opportunity. Sir two questions when you said annual targets for Adda52 are around 120 Crores this is the reported numbers or the one that you would total talk about?
- Hardik Dhebar:** No Sir this is obviously the gross number because when we started talking about it we did not know the Ind-AS regulations how they are going to pan out and how is it going to effect the revenues so we are always talking on the gross number. Effectively we are talking of a 125 Crores, 130 Crores gross revenue net after GST and all whatever the impact has been.
- Mayur Gathani:** Sir can you throw some light on the hotel business we continue to of course the losses have reduced to some extent but we continue to lose money there on the EBITDA?
- Hardik Dhebar:** Except Daman we are not losing money anywhere. Goa is making money.
- Mayur Gathani:** It is only Daman that is continues to lose?
- Hardik Dhebar:** Daman also on an operational level it is just about breaking even. It is only after depreciation it is losing money otherwise at the operational level Daman is just about self-sufficient.
- Mayur Gathani:** Thank you very much and all the best.
- Moderator:** Thank you. The next question is from the line of Niket Shah from Motilal Oswal Securities. Please go ahead.
- Niket Shah:** Just two questions from my end Hardik one is just wanted to understand the capex for the next two years given the fact that with the policy kind of coming closer will have to kind of look at buying the land as well as the equipment so what would be the capex for this overall thing if you look at from next two to three year perspective?
- Hardik Dhebar:** Niket, I do not know whether you were there in the last call but I think we said that based on the inputs that the architect that we have hired and given his experience of building casinos in the first world as well as in the developing casino economies, we believe that the total investment would be anywhere between \$250 and \$350 million, which includes everything, purchase of land, construction of the casinos, 1000 to 1500 rooms in terms of three or four hotels, water park, retail arena, theaters, convention center etc., etc., etc., and I had also explained that from Delta perspective it is absolutely fitting in well because despite of this entire investment Delta will

continue to remain debt free company. If you recollect we had said that we would have about 500 Crores of cash on the balance sheet as of March 31, and then we would end up so at \$250 to \$350 million we are looking at about 1800 Crores 2000 Crores kind of an investment. So we have 500 Crores and we have about \$40 million of EBITDA, which we believe we will be able to do based on our current run rate, it is going to be much higher but on the safe side we can say \$40 to \$50 million of EBITDA, we can safely achieve for the next two to three years, if you add that 150 million which is roughly about 750 Crores, 800 Crores plus 500 is 1300 Crores we have noncore assets in terms of Advani shares which will get liquidated in the next two to three years for sure plus the land parcels in Sri Lanka and in Goa, which are there which would be sold all that will give us about 1500, 1600, 1700 Crores kind of a range and our expected investment is say about 1800 to 2000 Crores. Again when I said 1800 to 2000 Crores the investment, we are entailing is in the hotel rooms, retails, convention center, water park, everything, everything, cinema. Delta as a company is not going to invest everything or put its all capital in all these areas so we believe the Delta's requirement would be 1200, 1300 may be 1500 Crores, which will be easy for us to cover it from the internal accruals. So despite us going ahead and investing \$300 million or \$350 million over the next four years, we will still continue to remain a debt free company and we would have invested this kind of capital and created a entertainment city or entertainment zone as you may call it.

**Niket Shah:** On the Goa policy part of it assuming when we move obviously from offshore to onshore what kind of cost benefit would it entail to you?

**Hardik Dhebar:** I think the biggest cost benefit obviously is on two accounts. One is obviously the power and fuel the entire diesel cost and the fuel cost of running the generators and taking the people up and down from the jetty to the boat and back that entire cost goes away secondly because today I am in the middle of the river, I have a full-fledged marine team and a marine staff, which I employ which obviously will become redundant once you move onshore. So in term of cost, I think 15% to 20% kind of cost reduction on an absolutely basis or on a comparable basis it is possible.

**Niket Shah:** Thank you so much and I will come back in queue.

**Moderator:** Thank you. The next question is from the line of Vinod Kumar from Comtech. Please go ahead.

**Vinod Kumar:** First of all very congratulations for your results. After acquiring Adda52 are there any plans for inorganic growth and as well as any expectations from other state governments to expand domestically?

**Hardik Dhebar:** As far as inorganic growth is concerned, we are always on look out for good opportunity in our related businesses whenever and wherever it comes we will obviously be there so we have always said that an inorganic acquisition either in Rummy or in some other business, which fits into our scheme of things could be a possibility and which is the fact for every other business house who looks to expand and who looks to grow so there will be a no different. As regards expansion into other states is concerned well it all depends there have been states, which have been talking to us for last few years nothing has happened there have been states who have

started talking to us so states like Pondicherry or jurisdiction like Pondicherry then you have Vizag, then you have at one point of time Punjab was very keen so you know there are very many places that have been toying with the idea opening up the space, but I think this is a process which takes very long we have see it in Goa, we are seeing it in Daman so it is not going to be something that can happen overnight but fortunately we being one of the only organized player in this space, we are always the first point of call whenever it comes to any government that is looking to open up the space domestically so we will always be there and will have a foot in the door for sure.

**Vinod Kumar:** Thanks. Wish you all the very best for that.

**Moderator:** Thank you. The next question is from the line of Lalit Kumar from MCA Management. Please go ahead.

**Lalit Kumar:** Congrats for the good results. Do we have any data on the footfalls for the offline gaming division?

**Hardik Dhebar:** Yes of course. We have grown nearly about 30% in visitations year-on-year. We have been doing well and as I have always said that the exponential growth in the gaming business that we have been witnessing of about 30% compounded annually for the last eight nine years is a mixture of both the footfall growth as well as the growth in spending per person.

**Lalit Kumar:** The finance cost has come down significantly from 8 Crores to 34 lakhs.

**Hardik Dhebar:** We are a debt free company. There is no debt we have paid all the debt as of August 1, last year last calendar year so we are a debt free company so there is no question of any interest cost coming going forward our EBITDA.

**Lalit Kumar:** I think I do not know if someone ask this question so there is some policy which is coming upon relocation of under construction so moving to under construction plus MOPA International Airport, which are planning to open a special entertainment zone has been developed so any status on this same how are we placed?

**Hardik Dhebar:** Yes in fact I just answered that question about two minutes ago where we said that we have we are nearly completing the acquisition of the land so by end of this month, we should be completing nearly 100 acres of acquisition of land, which is about 5 kilometers away from the new airport, which is in MOPA. The policy is expected to be out by the end of this financial year hopefully, which basically will give us a 36 to 48 months kind of a period to build the entertainment zone and move from boats or offshore onto onshore and we are way ahead in the game in terms of timing. We will be completing the acquisition of the land as I said which is the most important and the most difficult part in any construction transaction and we will have it start.

**Lalit Kumar:** Any acquisition we are looking out for in the online gaming division?

- Hardik Dhebar:** I have just answered that that these are opportunities, which we keep looking out for all the time but it has to be at the right value, right price and has to have a right fit with the business.
- Lalit Kumar:** Thanks. Congrats once again.
- Moderator:** Thank you. Next question is from the line of Gaurav Parekh from Shavex. Please go ahead.
- Gaurav Parekh:** Congratulations to you on the stellar number and probably the first Q3 that has surpassed Q2 impact. I have a question on it Advani stake just like last time, I had asked that you have mandated a bank for the stake sale but there has been some open market sales that has been done on your Advani stake so can you justify on that? Should we believe that the trend will continue like this only and you are not looking forward to selling the entire stake at once?
- Hardik Dhebar:** We are obviously looking to sell but if I am getting the right if I am getting a decent price on the market, I might as well sell it on the market as well. There is nothing stopping me from doing that. I own 35% of the company so it is not that I am owning a few hundred or a few thousand or a few lakh shares. I own 35% of the company. I have enough number of shares so even after selling and doing the market operation, I will have enough number of shares if there was a deal available and we are sellers, we definitely want to sell and we will exit at the right time, right price if the deal comes through.
- Gaurav Parekh:** I remember that that at a point of time I think it for 2011 or 2012 ITC was in talks with the Caravela Beach Resort for takeover of the property and that kind of created huge value unlocking so are you looking at it from that angle as well?
- Hardik Dhebar:** I do not understand your question. What is the angle for us there I do not know. The ITC Group of Companies, ITC Hotels? I understand ITC but what value unlocking are we talking of I do not know.
- Gaurav Parekh:** So the valuation would be much higher if ITC takes over there would be some unlocking?
- Hardik Dhebar:** Anybody who takes over is going to be a negotiated deal between the promoters and the acquirer and we will obviously benefit if the deal is higher and priced at a value higher than what it is prevailing the market we will benefit if because of that the market moves towards the deal price we will benefit so we are in a win-win situation.
- Gaurav Parekh:** Brilliant, thanks a lot. Thank you.
- Moderator:** Thank you. Next we have a follow-up question from the line of Anuj Mongia from Value Quest Research. Please go ahead.
- Anuj Mongia:** So the capex we have to mention for online will be about \$250 to \$300 million?
- Hardik Dhebar:** Not online. This is the movement of the Casino's from offshore to onshore so we will be spending around 1200 to 1500 Crores from the Delta.

- Anuj Mongia:** Yes, so but this is much higher and what we had early communicated one?
- Hardik Dhebar:** No. I do not know where you are getting the data from, Anuj. We have always maintained that this is a setting up of an entire entertainment zone, which includes 1500 hotel rooms, which includes a water park, which includes retail, which includes convention center, which includes theater, which includes hotels, bars, pubs, that does not mean that entire \$300 million is what Delta will invest. Delta's core investment will always remain the casino and its ancillary stuff.
- Anuj Mongia:** And that would be how much?
- Hardik Dhebar:** No but that could be and out of the 1500 rooms we may believe that we should control and own 300 rooms so one hotel we may own and that is why we believe that we could end up spending anywhere between 1200 and 1500 Crores this is what we have said always so I do not know why you are under the impression that it is different from what we had said earlier?
- Anuj Mongia:** Because I was on the impression only the land and the casinos are what we are going to take on our books and we will have some take?
- Hardik Dhebar:** Which is what we are still saying my friend that we are not going to be investing any capital in the water park, we will not be investing any capital in the entire 1500 rooms so out of the 1500 rooms 1200 rooms will be owned and operated by somebody else. I will still be the landowner. I will still be a stakeholder in the company but if I will do 300 rooms, if I do the casino, if I have bought the land, if I may want to own the retail space and just lease it out and have some annuity income.
- Anuj Mongia:** But if you suppose want to own 300 rooms, the amount you are spending is much larger it is very high so if you just rent out the 1200 rooms and only 300 rooms?
- Hardik Dhebar:** I am not saying rent out the entire 1200 rooms I may want to control rooms in a different way where I may not invest 50% but I may invest 20%, I may own 25% of the final product so these are things, which are business decisions, which will evolve over a period of time when we discuss with experts when we discuss with people who have been in the business for decades together and we want to do the business in the right way.
- Anuj Mongia:** Thank you.
- Moderator:** Thank you very much. We will take that as the last question I would now like to hand the conference back to Mr. Hardik Dhebar for closing comments.
- Hardik Dhebar:** I hope I have been able to answer all your questions to your satisfaction to begin with one and I also believe and would like to reiterate that we are just about beginning our growth story. Now it may sound cliché, but yes that is the fact given the fact that we are at a stage where the transition is about to be announced from being onshore, from being offshore and with Sikkim Airport and with Katmandu and hopefully Daman coming through soon, I think we are just about beginning

our growth story. Given the fact that on the nitty-gritty side an 8, 9, 10 Crores of addition to the EBITDA is given I think even there the robustness is going to continue. So I think we as management are very, very confident that it is a great time for us in Delta here and we believe that the growth that we have witnessed in the past can continue for a few years in the future. Thank you.

**Moderator:** Thank you very much. On behalf of Motilal Oswal Securities that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.