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Q1 FY 2018 Investor's Conference Call July 27, 2017

SPEAKERS: François-Charles Sirois, Executive Chairman and Chief Executive Officer
Sanjay Bhambri, President and Chief Operating Officer, India, Asia, Middle East and Africa;
Ignacio Martin Velasco, President & Chief Operating Officer (Europe, NAM & LATAM);
Praveen Kumar, Group Chief Financial Officer.

Moderator:

Good evening everyone. I'm Harpreet Kapoor, the moderator of this call. Thank you for standing by and welcome to Quarter 1 Financial Year 2018 Investors Conference Call for OnMobile Global Limited. For the duration of the presentation all participant's lines will be in listen-only mode. There will be an introduction to the results followed by a Q&A session. Joining us today on the call are Mr. FC, Executive Chairman and Chief Executive Officer; Mr. Sanjay Bhambri, Mr. Ignacio Martin Velasco and Mr. Praveen Kumar from the management team.

Before we begin, I would like to mention that some of the statements made in today's call maybe forward looking in nature and may involve risks and uncertainties. For list of such considerations, please refer to the earning's presentation. OnMobile Global undertakes no obligation to publically revise any forward-looking statement to reflect future likely events or circumstances. Please be advised that this conference is being recorded today. I would like now to hand over the proceedings to Mr. FC, Thank you and over to you, sir.

François-Charles:

Thank you very much. First of all, let me comment on the results. As you can see, they are very similar to last quarter. As discussed last time it is very important that we push on new sales. The new sales take time to get and the positive thing is that they are starting to show results. So, more and more we should see more new sales coming in so that's a good thing. I just want to highlight also that this quarter we did launch the Express App in the US with Sprint. The app works, which is a good news. We have paying subscribers and I want to remind you that although we are live, we are really testing the app to make sure that we have all the components right before we really push on the marketing front. But I must say we have interesting KPIs so far. So, as promised by next quarter we will be sharing clear KPIs and clear result that we can track on the quarter to quarter basis. So, I can't say much more at this point, but so far I must say I'm satisfied with the early results that we have with the app. I will now pass it on to Praveen to go down to the results.

Praveen Kumar:

Thank you, FC. Good evening everyone. Welcome to the Earnings call for the first quarter of Financial Year 2017-18. On the financial performance, as FC said it is almost similar like our last quarter numbers. So, no eventful matters to talk about, just the regular updates. We did a revenue of Rs. 163.7 crores as compared to a similar number of 164 crores in the last quarter. We are flat on revenues. Our content cost is marginally lower and hence, our gross margin is better by around Rs. 1.2 crores. Coming to operating expenses, our manpower cost is marginally up by a percent as compared to the last quarter. As this is the beginning of the new

financial year and we have given increments, but just matching to the inflation rates, for employees only below a certain level, which is the main reason for this increase. Our headcount number has come down from around 1,050 at the end of last quarter to 1,027 at the end of June. On the other operating expenses, it is marginally higher by around 3% and with this we have managed to maintain our EBITDA at 12% as in the last quarter. With depreciation remaining constant, our operating profit and the operating profit margin is maintained at Rs. 6.7 crores and 4% respectively. On the Forex front, the one item, the major currency to be talked about is the Venezuelan Bolivar, which was devalued by around 64% in May. This has resulted in a nominal loss of around Rs. 60 lakhs, which is disclosed separately as an exceptional item. With this, we have a profit before tax of Rs. 6.3 crores as compared to 4.2 crores in the last quarter and net margin or profit after tax of Rs. 2.5 crores as compared to 1.6 crores in the last quarter. Our cash balance is slightly lower than the last quarter at Rs. 286.6 crores and on the capex front, we incurred a capex of around 5 crores in Quarter 1. So, that's a short update of the financials. And now, we are happy to address your questions.

Moderator:

With this, we will open the floor for Q&A interactive session. Participants, if you wish to ask a question, you may please press "0" and then "1" on your telephone keypad and wait for your name to be announced. I'll repeat. Participants, to ask a question, you may please press "0" and then "1".

The first question of the day we have from Gitish from TCS. Your line is unmuted.

Gitish:

Hello. Good afternoon, everyone. So, my question to the management team is that as you have just mentioned, pay hikes have only been given to a certain category of employees, is that right? So, how do you see this impacting your business, because the rest of the employees looks like they have not received any performance bonus or hikes for this particular year, right? So, how do you expect this to impact your attrition rates and consequently the business? That would be my first question.

And I would like just to add on to this. And the second question to this would be I mean rather than cost-cutting through the appraisals for the employees, why can't the company look towards other avenues such as I see, from management notice from the website that this current conference is being held in Gurgaon, rather than not having at your corporate head office, right? So, why can't other avenues of expenditure such as this be targeted for cost-cutting rather than the actual performance paid to the employees?

- François-Charles:** Any other question?
- Gitish:** Go ahead, Sir.
- François-Charles:** I think it's very important that when things go well, we share the wealth and when things are tougher, everybody takes a hit. Honestly, as we know, this is a big year, we have a lot of deliverables but as I have said, the results are tougher. And for me, it is just natural that we adjusted the salaries this way so that we covered a large base. We are talking about over 660 people that got their increase in salary. So, it is the top management or managers and above that did not have that salary adjustments for the year. For me its just like we are all like in the same boat. And once we achieve the results, they should be able to get the increments as well. Its just proper management. And for the other expenses, we are managing costs everywhere we can. And from my point of view, specific to Board meeting, it is not unreasonable, the cost that we have here right now.
- Gitish:** So, just to add on to this, just one more question, sir. I mean who exactly owns the IPR for the new Express app and ONMO brand?
- Sanjay Bhambri:** It's owned by OnMobile.
- Gitish:** OnMobile India or OnMobile US?
- Praveen Kumar:** OnMobile India.
- Gitish:** Okay. On both fronts, on the app as well as the brand?
- Praveen Kumar:** Yes.
- Gitish:** Okay. Thank you. I think that is all from my side.
- Praveen Kumar:** Okay. Thank you.
- Moderator:** Thanks for your question. Next question we have from Naishad from Dron Capital. Your line is unmuted.
- Naishad:** Hi, I would just like to touch upon the base business because we have seen some, let's say, Bangladesh revenue being hit, but now we've also seen one account being added. So, just like to understand as to while, obviously, we are working on the new product and that you say it will take a quarter before you can share. So, first is on the base business; if you can give some idea of how for our traction you are seeing across the world on that.

And second is, is there any traction on this new product with any other customers?

Sanjay Bhambri:

Hi Naishad, Evening, Sanjay this side. I will take the first question on the base business. As you mentioned about the Banglalink deal, if you remember in the last quarter update, FC had talked about we refocusing on the sales globally and maybe a little earlier than that. So, in the last four - five months, there has been focus on new business. And that's starting to show. So, Banglalink is one of the first manifestations of the efforts which the teams are making globally across the world. So, hopefully we should start to see some more sales coming from different parts of the world.

On the base business, I would say that we remain stable, as I always say, depending on the condition in the market, a few percentiles up and down happen quarter on quarter. But otherwise our base business kind of remains stable with the swing of a few percentages up and down. So, that would be the answer to the first one.

Naishad:

On the new product.

Ignacio Martin Velasco:

Hello, this is Ignacio Martin. I understand you're referring to the launch of Express app. As FC said before, we actually are in a position we wanted to be. The app was launched in May. We are now fine-tuning, testing the service. First KPIs are good. We are satisfied, but we still need to work further on this and we will inform you in the next quarter about the KPIs. That's basically the situation.

Naishad:

I understand that, I'm saying that when are you discussing the same relationship that you have with Sprint... with a lot many operators. I mean initially there was this plan that you are focusing on the Indian market and US market. So, the idea is, is there any discussion happening? How is the situation there?

Sanjay Bhambri:

So, fundamentally as you yourself said that we are focusing on the North America and Indian markets, and as we discussed the situation in Indian market, if we are making our efforts in Indian market, and as soon as we have something concrete to share with you, obviously you will know it.

And similarly the case with the US market, the US team working with Ignacio are working on that and trying to knock the doors. As something concrete happens, you will have the idea.

Naishad:

Okay. Just one separate question. European revenues had taken a hit because the promotional activity there last time sorry, not in this

quarter, it was Nigeria where promotional activity was less, and previous quarter I think it was Europe. And then it was expected that after, whatever, a few months, the activity should happen again in terms of promotional activity. So, can we expect anything to happen in Europe as well as in Nigeria going forward?

Ignacio Martin Velasco: Well, in that case, we are better than other quarters that depends how efficient our promotional investments are. So, basically we see the results in the following months after we are launching that promotional channels. So, that's basically, the intention is to keep on doing that investment and I don't see any reason why the trend should change or not. In fact, we are trying to improve quarter-on-quarter as we are doing as of today. That's basically it.

Naishad: Okay, thanks.

Praveen Kumar: Thank you.

Moderator: Thanks for your question. Next we have Prakash, individual investor. Your line is unmuted.

Prakash: Good afternoon, gentlemen. Thank you for taking my question. I just got one question, the legacy business to Praveen. If you could just confirm, you have a 90 to 100 million dollars of stable sales, with about 14-15% EBITDA and a ten-million cash generation, free cash addition almost every year, is that right?

Praveen Kumar: Yes, that's right, Prakash, broadly.

Prakash: Fair enough. So, if we going from this, just a second on to your new business which is in the US, what is your expectation of the marketing spend to get to the one-million customers that you proposed to with Sprint? We understand that these numbers can change, but we are just getting a guestimate right now; is it five million dollars, six million dollars, ten million dollars, if you could just have an idea?

Praveen Kumar: Prakash, it is not that we are going to be spending the marketing dollars overnight. As FC said, we are in a test phase. We have launched the product, we will study the results and then we will study what is the mechanism to invest over a period of time, right? And we do have an upper cap on the number. It all depends on how each promotional channel results go. Maybe we'll have an upper cap, the initial upper cap of five million dollars, and if we need to raise it to ten, maybe depending on the results, we will do that. But right now this is just a comment on the number.

Prakash: But is it appropriate to say it will be somewhere in the five to ten million range to be spent over three or four quarters?

Praveen Kumar: Yeah, that will be reasonable, yeah.

Prakash: Fair enough. The reason I was driving those questions is that if you are generating ten million dollars of cash every year, and the cash spend for marketing the new product is approximately five to ten million dollars over a whole year, and the 40 million dollars of cash that you have, again, this is a request I am making as a shareholder, we would see a lot of encouragement as shareholders if the management themselves chose to buy back some stock. It gives us an indication that you believe in the company. So, I'm saying this particularly because in the last call there were some indication of acquisitions, etc. My request is that first the capital should please be used to buy back stock rather than look at opportunity outside the company. This is just a comment.

Praveen Kumar: We understand, Prakash. Thank you.

Prakash: Thank you.

Moderator: Thanks for your question. Before taking the next question, I'll announce again to ask a question. You may please press "0" and then "1". Next question we have from Dinesh Gandhi from Discovery Capital. Your line is unmuted.

Dinesh Gandhi: Hi. We are slightly new to looking at the company, apologies if the questions are slightly raw, but I just wanted to understand, in terms of traditional business, do you expect that to potentially deteriorate over time, slow down or do you expect it to be reasonably consistent?

Praveen Kumar: Sorry, Dinesh. I think your voice was very muffled. Can you repeat the question, please?

Dinesh Gandhi: Sure. The question was on your traditional businesses; do you expect it to be reasonably steady or is there a risk of deterioration or pricing pressure or slowdown?

Sanjay Bhambri: All right. Dinesh, as I was just saying a little earlier, I think we are going to be kind of steady with the swing factor of a few percentages up and down on quarter-to-quarter basis. No major swings.

Dinesh Gandhi: The question was from a longer-term kind of two to three year perspective as opposed to from a quarterly perspective, actually.

François-Charles: On a two-three-year perspective, and that's my view, I see the business, and we're really playing in the Mobile Entertainment space, and this space is growing. So, there's no reason we would not be growing, especially with the sales force that we have and the global footprint. As I said before, for me the very important priority is that we push on sales, we have a base business and that base business should grow year after year. So, that's the plan.

Dinesh Gandhi: Got it. And actually all of that is in terms of ring-back tones effectively.

François-Charles: No, when I say Mobile Entertainment, it's everything that we do on CVAS front also in Europe. And everything on Sound which obviously leverages on ring back tones. But when we talk about the base business, it's really both selling ring back tones and Mobile Entertainment across the globe to operators.

Dinesh Gandhi: Okay. And actually could you highlight little bit in terms of your strategy for growth going forward as in how do you expect to achieve it given it's been reasonably flat over the last few years?

François-Charles: It has been flat in the last year because we didn't focus on sales, we focused on the ONMO strategy and we had a lot to deliver. As I joined CEO back in April, I put this focus back as number one. It's very important that we do deliver on the strategy but it is very important that we deliver on sales too. And that was also the reason for having Ignacio as President of the West and Sanjay as President of the East to make sure that they push on sales and that they need to be in each market with the different perspectives in their respective markets.

So, my view is that this should grow, I don't want to say numbers, but this market is really growing. If we look at the next five years in Mobile Entertainment, any study will show you that this market is growing by a major percentage. So, we have to capture our share in that.

Dinesh Gandhi: Sure. But I mean strategically as in terms of actually if you know Mobile Entertainment is a pretty broad space. Which specific areas are you looking to, specific means in target and how well-positioned you are and the risks you see achieving your aspirations?

François-Charles: Today if you look at our business in Mobile Entertainment only, excluding Sound and our ring back tones, we have a business where we pretty much have 21 million paying subscribers. They were paying for games, they were paying for lifestyle content, they were

paying for music. So, we are addressing many categories within the Mobile Entertainment. We're not limited to one segment.

To be honest with you, I view many segments as promising and I cannot focus on just one area here. But we have teams specialized in selling packs in many domains and that's the key to be able to monetize there.

I mean the key for us is, today, we are not in mobile advertising, we are really on mobile subscriptions. And everything that we do on Mobile Entertainment is selling subscriptions. And we are very good at selling subscriptions and that's where I see we are going to be growing in the next few years.

Dinesh Gandhi:

Good. And just a last question from me is that effectively with the overall penetrations of smart phones significantly increasing and the apps available for specific entertainment in terms of games or music, whatever it may be, do you see that potentially becoming a threat to your business?

François-Charles:

Actually no. Just to be clear, that's a very big opportunity for our business. The first thing that somebody does when they actually get a smart phone is Mobile Entertainment. If you look at the stats in India for 2016, that would just finish a year, 45% of all the mobile usage is Mobile Entertainment so bigger than social media and communication. So, I think we're really in the right space. And for us, it is key to be able to leverage carrier billing and carrier traffic to monetize on Mobile Entertainment content. That's going to be growing majorly in the next year. And that's where we are.

Dinesh Gandhi:

But because traditionally you had a strong comparative advantage, the relationships you had with numerous carriers, now with the app stores, is there going to be democratization or the entire Entertainment space which then makes it much harder to compete given lower entry barrier?

François-Charles:

Again, I really believe that the operators are in a very good position to capture this mobile traffic, and because of carrier billing, which makes it very easy and and let's keep in mind that all the developing economies, people don't have credit cards. So, I like the app stores but you still need carrier billing, which is key. So, I think we're in very good position. We are one of the best players to be able to address mobile carriers. We have been doing this for 17 years. And because of that, we are in best position to help the carriers monetize on Mobile Entertainment and that's what we do. So, I really see that the next years will be good for us.

Dinesh Gandhi: All right. Thank you. Thanks. Really appreciate that.

Moderator: Thanks for your question. Next we have Sridhar from Versatile. Your line is unmuted.

Sridhar: Yeah, I have a question, rather two questions. One is we are a RBT company to begin with. And then we went to go on and do something in the same space with ONMO Express. And in the last quarter, because a lot of stress, and you actually said that we are looking to see how that whole thing will play out in Sprint in the US. Now, this quarter call I am hearing more about Mobile Entertainment. We understand that the telecom market has been a bit tough, but are we clear where we are heading. Number one.

Number two, as far as the ONMO Express is concerned, it's been about a month-and-a-half if I'm right, and more than a month-and-a-half since that has been launched. So, what's the number of downloads? It was supposed to be on a subscription-basis after a month's time. So, have you seen people subscribing to it? What has been the experience there? That's another thing, which I would like to understand.

And third is recently we saw the strengthening of board by key professionals. What's the idea behind that? Thank you.

François-Charles: Well, let me address your first point first. Just so we are very clear on what this company is about. This company is about Mobile Entertainment and Sound. And why I say Mobile Entertainment and Sound, because we did more revenues on Mobile Entertainment than Sound. If I take the revenues from 2016, we pretty much have 59 million USD around Mobile Entertainment and 49 million USD around Sound, which is specifically RBT. So, it's not a change of direction or strategy. I mean the whole initiative about the Madrid team and European team has been around Mobile Entertainment for the last five years. So, it's really something that's an expertise within OnMobile. And, maybe it was presented otherwise, but it is very clear to me that we are a clear player in Mobile Entertainment for many years and we will be for many years to come.

As of Sound, for me it's important to leverage RBT and do something bigger, and that was the ONMO strategy to go from RBT to Sound. And again, when we say to go from RBT to Sound, it does not mean that we forget about RBT because we have 73 million paid subscribers on ring back tones, we have over 50 deployments across the world. And when we did launch the Express app last month with Sprint, we are talking about at first an RBT 2.0 app, which will be

eventually having many other features around Sound. But at the base, we're selling RBT subscriptions.

And, yes we did launch within a month and as I said last quarter, for me it's important that we do launch, we do the test and we do adjust and then we agree on what kind of KPIs are meaningful and which ones we should track. So, that's why last quarter, I already set the expectation that we would not discuss any results of this launch in this call, and that we would do so in October because we only have a month of customer data now. And in some cases, I'll be honest with you, the data is very surprising, but it's not sustainable because, it's the first month. So, people are using the app very differently on the first month than they would on multiple months.

And on the other front, the actual numbers of download and paying subscribers is meaningless because we did not push on any marketing initiative right now; we're just doing test. So, whatever number I give you doesn't mean anything to our target. I have been very clear about getting to a million subscribers and I really believe that we can get to that number. But today's number is really about adjusting, making sure that we do the proper market test and that we really know in what we are putting money. I have been having other companies in the past where we invested millions of dollars thinking we were investing in the right way and we wasted money in marketing because we didn't have all the proper parameters set up.

So, this time we are very careful in making sure that we exactly understand what is going to make it to big numbers and then we're going to put the appropriate marketing dollars to capture that. So, that's why we're not discussing any metrics on this call, but we for sure we will be, in October.

Sridhar:

But are you happy with the way things are progressing on ONMO Express personally on your side?

François-Charles:

Well, personally, first I'm very happy that we respected the deadline. And that seems like a small thing to say, but unfortunately the company in the past had some bad habit of never respecting deadlines. In this case, we actually did respect the deadline. I'm happy because the app works. And the customer, when I say the customer, I mean Sprint, seem happy with what we have delivered, which is carrier grade. And people actually paid for the app and people who paid for the app seem to like it.

So, from my point of view, I'm satisfied on that front. And that was the minimum to be able to actually have a viable product. And I think we really hit that mark.

Sridhar: That's really reinforcing to hear from you.

François-Charles: The last point, I think your last question was about the board. We have some good board members have joined us. Two of them actually, Chris Arsenault who's a top venture capitalist in Canada and the US. He has some great connections. I think it's very important since we play in the digital space that we have people that have really the connections and understand the metrics in the space. So, I'm very happy he joined. And also Sanjay Kapoor, I'm very happy that he accepted to join our board. And obviously with his background he has a lot of connections in the mobile world, which will help us also grow. And he has got very good insights on what the to-dos and not-to-dos are.

And I think it's very important that we have new board members that bring different perspectives. So, that's something we'll be continuing doing in the future.

Sridhar: Thank you so much.

François-Charles: Thank you.

Moderator: Thanks for your question. Next we have Kamal, individual investor. Your line is unmuted.

Kamal: Yeah, hi. Good evening, all. I noticed a trend with the launch of the Jio phone and the conference call that Airtel had yesterday. And the trend that I observed is that operators are now talking about bundling handsets with their offerings. And these handsets would primarily be locked into, not entertain other apps seemingly to come on these or it's a limited universe of apps that they would allow. So, what are the plans that you have in the pipeline; to bundle the ONMO app on these kind of offerings, or even the manufacturer's offerings available off the retail shelves, because I've seen some competition in that space effectively, not directly to OnMobile, but it's just the little effective way of spreading the app and the usage. So, if you could please advise on this and the trend that you see emerging. Thank you.

Sanjay Bhambri: All right. As you refer to the bundling of handsets happening, specific to India, that was, one thing you need to remember that the ONMO Express app is effectively a collaboration with the operators only, which means that to run this app, we need to have a back-end integration with the operators, and it is in partnership with the operators that this app is going to be flowing. Standalone, we cannot run the app. So, effectively even if they restrict, it is kind of

partly a co-partnered app with them so that it will be on the handset. If that was the concern.

Kamal:

No, that is not really the concern, because if you have inter-operator dependencies already tied up through your long-term relationships at ONMO, a retail customer who picks up a handset from say a retail shop, would already have the power to activate a RBT or a content-delivery mechanism. So, that's just gives you an added advantage rather than customer going and then trying to understand or educate or be informed or emerge out of the ignorance of the service that exist. So, it does give you a heads-up, it does give you an advantage.

And people do toil with their handsets especially the new ones to figure out what are the applications, etc. Chances are pretty high that they do activate the services. So, that does give you an enhanced option to increase the revenue. So, I think it's important also because what if the operator though tied up with you, but tomorrow decides not to offer such an offering? So, that again is a disadvantage.

So, is there a clear thought process mechanism? Basically something happening on that front?

Sanjay Bhambri:

Okay. So, fundamentally on the handset bundling are we going to be one of the basic apps, which will get bundled from the OpCo on the handset? At the moment, we have not started because this is a new phenomenon, which is going to happen over the few quarters, and obviously we will be on top of it and as we evolve, we will update you.

On the second part is if they stop giving services, I think that was what you're trying to hint at, obviously that's the situation when it arises we need to manage that. I can't comment on situation which may come.

Kamal:

The concern I have, I have been shareholder for the past three years. I have not seen a single quarter with the revenues kind of gone up in double digits. Either gone up a percent here or there, mostly keeps sliding down with the negative updates. So, yes, I do agree that your Sprint launch has happened and others are in the pipeline, etc., hopefully. But give me something which should be of topmost priority, because revenues either on a standalone or a consolidated basis have really not moved? And with due respect, it might be a small statement like FC said that given this time we did make it in time, but that was in my opinion, given all the conference calls that I've attended a more than five quarters' delay.

This is my understanding of the situation. And I may be a little off the mark, but this is something that I think most shareholders would like to listen or to hear from you in terms of an assurance as to when are the revenues going to really spike up and look at the potential of the product?

François-Charles:

Well, my expectations, again, is that we are putting a lot of efforts on the sales process. I always say that the sales process is a six-to-nine-month process. After six to nine months I'm expecting to see quarter-on-quarter increase of sales. And I'm talking about big business. As for the Express app in the US...

Kamal:

I'm sorry to interrupt you but what percentage do you think going up in six to nine months?

François-Charles:

The issue I have is I don't want to start giving forward speculations. But I'm seeing that it should start raising up, let's put it this way, interesting numbers. And by the way, I agree with your past comment that the sales were really not showing increase. And that was part of my frustration also. And it has been three quarters, four quarters, or five quarters, as you said, I agree it didn't raise, and that was my point and my comment when I joined as CEO. So, on the base business, I think it has to grow real numbers. And that base business again is a big part of Mobile Entertainment, which will grow more than double-digits in the next three - five years, according to any study. So, I don't see why we could not have our share of the market. So, that's my view.

As for the plan with Express, I mean we're not talking within the next five years, we're talking within the next year - 18 months, we should be able to drastically increase sales from where it is today with Express. So, I'm expecting to show the results.

Kamal:

My interpretation on the words could be totally drastic from your interpretation of the word 'drastic', pun intended. So, is there some level of confidence that you can give shareholders who have been along with the company a while as to what could be the figure?

François-Charles:

Well, I wish I could tell you what I have in mind, but honestly I cannot tell you my view on this and you know why. All I can tell you is that I really believe in the market we are in. And I believe that we have the global footprint and I believe we have the right sales force to the market. So, from that point of view, my expectations are probably higher than anybody else. But that's again, we have to hit the mark. So, I'm doing my best to push the team to make sure that they deliver.

Kamal: I'm not trying to question you on your loyalty to the group. Obviously loyalty of the shareholders cannot be more than the king, to the whole company. Somehow there is a sense that, are we doing enough, you know, are we only catering to the operators? Is that the only segment? Is there a new possible segment that can be brought in where the products and the offerings can be offered? Has something emerged on those lines?

François-Charles: The challenge I have for this year, and I'm not talking for next year but in terms of product deliveries right now I think we've pretty much hit what can be done in one year. On both fronts, Sound and Mobile Entertainment, we have a lot of R&D going on and a lot of deliverables.

So, it's a big year, and I know when we look at the results we're not satisfied. But like I say, we have big year for the team to deliver on products and we have a big year for the team to deliver on sales. And two types of sales; sales that are done through signing operators and getting more market grounds and sales that are done through actual marketing in B2C to be able to actually sign up subscriptions.

So, to be fair with the team also, very objectively, could we add another product line to what we have today? Not this year, but trust me, I'm looking at everything that's going on in the market, But maybe not everything, you know, there may be things I'm missing but I'm looking at a lot of stuff in the market, and if there's anything I see that we should add to the company for the year to come, I'll make sure that we add this to the road map for next year. But this year is very big year for us.

Kamal: Even this data flow that's happening to Jio and I believe that would become the standard in the industry in India. This is my view again; I believe Airtel would also give something similar. They already give 17GB to most postpaid users. What prevents a Vodafone, Idea, Aircel, RCom to increase that to 30GB, they do give that in pre-paid, etc. So, this disruption is happening within the telecom industry. I believe that if the organization has to grow, the kind of plans you see, you have which are more aggressive than shareholders. We would really be happy to see you grow but somehow we don't get that confidence at times. And that's all that I'm expressing here.

So, with this I would like to end this question and the second question is more to do with the financial question. There is a lot of surplus that's lying. Would there be a special dividend that is under

consideration or can be considered for shareholders or is there a buyback that can now be brought in? There have been three buybacks, one at 40, one at 86, one at 150 and I'm aware of those in the past three plus years. But is there a fourth buyback that you are planning now?

François-Charles:

Unfortunately, as you know we can't answer that question. I'm looking at all the alternatives. I've always said, this question comes for the last three years and we've done buybacks in the three years. Now, this year is special because this year we are actually live in markets and we have to invest money in different ways than we have been doing in the past. And for me, I never want to have money that's lying around not doing anything. Not good for shareholders returns. So, I prefer to share it with the shareholders. But if I believe that money can be used elsewhere or just as a security because not knowing all the opportunities in the market, that's something that I want to make sure that we're covering that ground. But yes, I'm right now looking at all the alternatives on that front.

Kamal:

So, by when can we expect the announcement on this on from the group?

Praveen Kumar:

Kamal, it's not that we are not evaluating. Even in this quarter, we had a discussion around the topic. So, I think as and when we have a decision, we will definitely communicate.

Kamal:

This presents to me a corollary because on one hand you are very confident and you just said that your operations will ramp up, there's no new product development happening this year and the next year for 18 months. So, there's no capex, there is depreciation advantage that you are getting, there is hardly any marketing because you folks have now taken a magnifying glass and gone to the ground and said, "You know what, I'm going to make sure that my money counts as far as the marketing dollar is concerned." So, this confidence that you exuberated in the first part of the conversation is completely negated because then this money would just be lying there, right. The principle is to redistribute it among the shareholders and if you are confident that you are generating revenues many fold, then this would continue to lie so. So, it makes sense to me, given what I heard we distribute it among the shareholders.

François-Charles:

So, I understand your point. I'm not agreeing with everything that you're saying obviously. But let's postpone the discussion to the AGM which I'm sure this question will come back and I'll try to be more clear at the AGM, let's put it this way.

- Kamal:** Well, thank you for taking the question then.
- François-Charles:** Thank you.
- Moderator:** At this time there are no further questions in the Queue. So, I would like to hand it over the floor back to the management team. Thank you, over to you.
- François-Charles:** Well, I just want to thank all the shareholders and and I know we are not giving you all the information you would like. And again, I just want to bring back the point that next quarter is a very important quarter and we will have clear KPIs for you in October on the next call. So, hopefully you'll be satisfied on our next call. So, thank you very much and have a good day.
- Moderator:** Thank you so much speakers for addressing the session, thank you participants for participating. That does conclude our conference call for today. You may all disconnect now. Thank you and have a pleasant evening.