Affle (India) Limited

Q2 & H1 FY2020 Earnings Conference Call

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Management: 1) Mr. Anuj Khanna Sohum – Chairman, Managing Director & Chief Executive Officer of Affle (India) Limited

2) Mr. Kapil Bhutani – Chief Financial & Operations Officer of Affle (India) Limited

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This transcript has been edited to improve the readability

Moderator: Ladies and gentlemen, good day and welcome to the Affle (India) Limited Q2 and H1 FY2020 Earnings Conference Call hosted by Dolat Capital. 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 the operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Rahul Jain from Dolat Capital. Thank you and over to you Mr. Jain!

Rahul Jain: Thank you Karuna. Good morning everyone. On behalf of Dolat Capital, we welcome you all to the Q2 and H1 FY2020 Earnings Conference Call of Affle (India) Limited. I take this opportunity to welcome the management of Affle (India) Limited, represented by Mr. Anuj Khanna Sohum, who is Chairman, Managing Director and Chief Executive Officer of the Company and Mr. Kapil Bhutani who is Chief Financial and Operations Officer of the Company.

Also, before we begin with the discussion, I would like to remind you that some of the statement made in today's conference call maybe forward-looking in nature and may involve risks and uncertainties. Kindly refer to the second last slide of the Affle Earnings Presentation uploaded on the stock exchanges for a detailed disclaimer on the same. I will now handover the call to Mr. Anuj Khanna Sohum for his opening remarks. Thank you and over to you Sir!

Anuj Khanna Sohum: Thank you Rahul. Very good morning ladies and gentlemen. I welcome you all to our first earnings call post the IPO. Hope you all had a chance to review our earnings presentation and financial results which were announced on Saturday, November 9, 2019. I will first begin with a brief overview of our business moats followed by the performance discussion for the second quarter and half year period.

Affle unifies and simplifies the fragmented Ad Tech ecosystem by providing an end-to-end integrated platform for mobile advertising powered by deep learning algorithms. While the industry is largely dominated by companies operating on clicks, views and impressions, Affle is very well differentiated as it drives 'Cost per Converted User' (CPCU) based conversions for advertisers across emerging markets and across industry verticals. Most of these conversions are deeply linked to what we call the deep funnel matrix which are always post click and post install events done by the consumers on their smartphones.

The Company has grown in terms of scale as well as in terms of connected device intelligence by leveraging its big data and machine learning capabilities powered by our mDMP platform and our mFaaS platform. We are able to consistently deliver recommendations to connected devices leading to deeper and higher conversions in the funnel, leading to ROI for our advertisers.

Moving to the performance of Q2 and H1 FY2020, I am extremely pleased to announce that Affle reported a robust performance with a year-on-year increase in Q2 FY2020 revenue by 40.4% and an increase in revenue by 38.8% for H1 FY2020. The CPCU business which is the dominant business segment for our Company continued a strong growth momentum by a delivering a total of 35.1 million converted users in H1 FY2020 itself, and this is an increase of 39.4% year-on-year across India and international markets combined, as compared to only 25.2 million converted users that we delivered in the same period of last financial year.

The growth in Affle Consumer Platform business is well supported by the overall consumer trends of greater time spent by all of us who are using smartphones on connected devices. We are also seeing an increase in the adoption of online payments as well as an increase in average transaction value that people are doing through these connected devices.

So there are three trends here from the consumer point of view that I would like to highlight. a) The consumers are spending more time on smart devices, b) the consumers are increasing the volume of transactions and conversions on smart devices and c) the average value of these transactions on smart devices is also increasing. Now these are the mega trends which are essentially ensuring that the digital marketing spends for all these advertisers across key industry verticals are increasing particularly on mobile. So they are spending on, let us say that overall advertising is growing but the traditional advertising is not growing as fast or the PC based digital advertising is not growing as fast as mobile advertising in particular, across all key industry verticals which are important to Affle such as e-commerce, food, travel/transport, entertainment/OTT, gaming, healthcare, BSFI/Fintech, telecom as well as others.

Our performance therefore is a testament to the increasing trust that advertisers are placing on us as they shift more of their advertising budgets to data led consumer focused mobile and programmatic advertising platform. Another upcoming trend which we are seeing in our industry is a natural shift across certain industry verticals where the advertisers are going more direct to the tech platform than to the adverting agency. This has both the strengths, a) in terms of consumers or the advertisers spending more on consumer led platforms and connected devices, and b) the advertisers spending more directly than through the agency networks. We have seen that the Company has strengthened its efforts to decrease its Top 10 customer concentration, which in H1 FY2020 has declined to 49.7% of our consolidated revenue versus 68.8% which was in H1 last year.

In terms of Affle's overall growth strategy, we are anchored in India - our dominant and largest market, and in international markets particularly emerging markets including South East Asia, Middle East and Africa where we have a strong on-ground presence. Given the context of our business and highlighting the seasonality in our business, historically the contribution from the second half of the fiscal year has always been higher than the first half by a few percentage points on account of major Indian festivals such as Dussehra, Diwali coming during the third quarter for which advertisers generally would have higher budget allocations. Further, Q4 which is the January, February and March quarter also witnesses a marginal ramp up due to the Christmas and New Year effect which carries forward. We look forward to maintaining a similar contribution trend for H1 and H2 in FY2020 as well.

Moving on, year-on-year growth in our EBITDA for Q2 FY2020 was 41.1% while in H1 FY2020 our EBITDA has grown by 47.1% versus the last year. EBITDA margins also expanded by 1.4% for H1 FY2020. This is even though we strategically invested higher in the Inventory and Data Cost with a long-term view to expand the reach across connected devices to drive conversions. We have made conscious efforts towards deepening our data, adopting new technologies and enhancing our human resource capabilities to augment the next level of growth in the long run.

Our mDMP platform, which is our big data, machine learning powered platform now has over 2.1 billon connected devices profiled globally and we continue to invest in the 4V strategy. The 4V strategy is voice, video, vernacular and verticalization as this 4V strategy will power our ability to reach the next billion shoppers on connected devices. To support and to strengthen this moat, we have also filed 14 patents across jurisdictions recently. We have also launched a new R&D center in Bangalore, and this will strengthen our competitive advantage in big data, machine learning and advanced deep learning models. Our vision is to change and be the change leaders for the way advertising is accepted on connected devices enabled by consumer led data driven decisions on programmatic platform that we provide.

Not only have we strengthened our capabilities, we have also seen a market leadership and recognition as a thought leader as we have won 13 industry awards in this recent times including three which I would to name, the Best Technology Company and Platform in India, the Best in Show in India and very notably the Best Conversion Led Campaign Globally, at the Mobile Marketing Association Smarties global event recently.

Additionally, we will continue to invest in attractive inorganic opportunities, because as you would have noticed we are not just a profitable growth business but we are also increasingly generating positive cash flows in our business and therefore that creates opportunities for us to invest in inorganic opportunities that will further enhance value for all our stakeholders. With this, I would like to hand over the call to our CFO, Kapil Bhutani for a discussion on this year's financial performance. Thank you and over to you Kapil!

Kapil Bhutani: Thank you Anuj and good day everyone. In H1 FY2020, the Company reported revenue of Rs. 1,593 million, a year-on-year increase of 38.8%. Both Q1 and Q2 FY2020 have reported almost similar revenue growth in percentage terms, for Q1 FY2020 revenue has grown by 37.1% and for Q2 FY2020 revenue has grown by 40.4%. In absolute terms, the Q1 FY2020 revenue was Rs. 746 million and for Q2 FY2020 revenue was Rs. 847 million.

Our EBITDA for Q1 FY2020 increased by 54.8%, with a margin expansion of 2.9% to reach 25.0% from 22.2% in Q1 last year. EBITDA for Q2 FY2020 increased by 41.1% and EBITDA for H1 FY2020 increased by 47.1%, with a margin expansion of 1.4% to reach 25.4% from 24.0% in H1 last year. Speaking of Profit After Tax, our PAT for H1 FY2020 was Rs. 288 million, an increase of 59.7% year-on-year, with a margin expansion of 2.3% to reach 18.0% from 15.7% in H1 last year; where this growth is contributed by the higher growth in our revenue as compared to the increase in total expenses.

With a long-term view to expand the reach across connected devices to drive conversions, we have been strategically spending in the Inventory & Data Cost, leading to an increase in the Inventory & Data Cost for H1 FY2020 by 1.4% as a percentage of revenue.

Further, we enhanced the human resource capabilities to deepen our access towards emerging markets, leading to an increase in H1 FY2020 Employee Expenses by 39.5% y-o-y in line to our revenue growth. However, overall EBITDA margin for H1 FY2020 expanded by 1.4% year-on-year on account of decrease in Other Expenses by (2.9%) as a % of revenue.

Also, the Company generated operating cash flow of Rs. 167 mn in H1 FY2020; a significant growth from Rs. 1.2 mn in H1 last year. To provide a better perspective to our shareholders, for all the return ratios and capital structure ratios given in our earnings presentation, Rs. 857.6 million of our Net IPO proceeds plus a marginal amount of the FD interest earned on Net IPO proceeds and Rs. 10.6 mn of IPO payables under Current Liabilities were duly adjusted.

Our Return on Equity as of September 30, 2019 (on an LTM basis) and adjusted for IPO Proceeds was 58.6%; while our Return on Capital Employed was at 61.7%.

As of September 30, 2019, our gross debt was Rs. 337 million, and our Cash & Cash Equivalent (including Other Bank Balance) – without counting the IPO proceeds was approximately Rs. 204.5 million. Our Net Debt without the IPO proceeds stood at a very marginal level at Rs. 132 million, making us almost a debt-free Company.

The management team is committed towards operational excellence to drive sustainable cash flows, which coupled with attractive industry dynamics, places us strongly for the future growth. With this Karuna we are now open for Q&A.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Debanjana Chatterjee from HDFC Securities. Please go ahead.

Debanjana Chatterjee: Good morning Anuj. Good morning everybody. Second quarter results were very good. I have a couple of questions. First, your other expenses fell from 7.1% to 6.5% as a percentage of revenue in Q2. Why is it so?

Kapil Bhutani: Our business promotion expenses for the events where we participate for the promotional activities are usually not of the same nature on a quarter-on-quarter basis for every year. We pick and choose where we want to strategically present ourselves and do the business promotion just on that side.

Debanjana Chatterjee: So this quarter, the promotional activates were less you are saying?

Anuj Khanna Sohum: Yes, if I may give some context here. The biggest promotional activity that happened for our Company in H1 FY2020 was that we achieved our IPO and not only did we get a huge amount of visibility in India but we also got a massive visibility globally because we are one of the very strong performing, profitably growing and sensibly growing differentiated proposition in the Ad Tech space. So, there was a lot of pull factor that got created; and the halo effect of the IPO particularly in India and emerging markets was exceptionally strong for us. Also, the management team was a lot more focused on driving and dealing with the incoming interest that was very strong and therefore activities to go out and do the various other events or promotional activities consequently did not have enough focus in H1 FY2020.

Debanjana Chatterjee: I mean in the second quarter this year, okay?

Anuj Khanna Sohum: Yes, in the second quarter as well as overall in H1.

Debanjana Chatterjee: Okay and your long-term borrowings went up from 6.9 Crores to 11.3 Crores and even your short-term borrowings. So, what are the main components of the borrowings and how you are willing to pay those? And how are you going to pay your dues and when is it going to happen?

Kapil Bhutani: The short-term borrowings are basically a result of the borrowings which the Company did from our Parent Company to match the cash flows for the acquisition which was done in the first quarter of the financial year and the previous acquisitions also had some payouts; however we have profits of the previous financial year and the current financial year. As we collect cash flows for the current year, we will be able to repay them.

Debanjana Chatterjee: Okay, and long-term borrowing components?

Kapil Bhutani: The long-term borrowing is part of the above as discussed. Some part of the borrowings has been classified in short-term and some part in the long-term. Within the next 12 months to 13 months, this shall be proportionately repaid on a month-on-month basis from the cash accruals of the Company going forward.

Debanjana Chatterjee: And your intangible assets have also gone up from 24 Crores to 38 Crores, so have you bought few assets from these borrowings or how is it?

Kapil Bhutani: The intangible assets are representing the in-house development of the tech platforms which are adding to the new modules on the platform.

Debanjana Chatterjee: In-house?

Kapil Bhutani: It has an impact of two items, one the purchase price allocation of the acquisition which was done, so the platform that was acquired as an asset as part of the acquisition has added the intangible assets; plus the increase is on the internal development of the platforms, various new tech modules, which is a regular process for us to enhance our capabilities and provide better modules to our clients. This is basically a strategic investment which we internally do. Plus it is coupled with the intangible platforms which were acquired along with inorganic acquisition.

Moderator: This is the operator. Madam, may I request you to rejoin the queue for follow-up questions. We have several participants in the queue. Thank you. The next question is from the line of Dheeresh Pathak from Goldman Sachs. Please go ahead.

Dheeresh Pathak: Thank you and congratulations on your very good listing and good results. My question is on the organic revenue growth, if you can just strip out the impact from RevX and Vizury and help us understand the organic revenue growth on a consolidated basis?

Anuj Khanna Sohum: Thank you for that question. Before I go into the specific numbers which Kapil can help me with. Let me first share that the inorganic acquisitions that we have done were largely strategic in nature. The companies that we acquired were either on a declining trend of revenue and not so profitable, or we acquired them primarily for their technology products or data capabilities which were there. Now given that context, on a bottomline perspective, we did the analysis and the total contribution from the acquired business assets was approximately 8% or lesser at PAT level on a H1 FY2020 basis. When we look at the 28.8 Crores of PAT for H1 FY2020, the impact of the acquired businesses on the bottomline is roughly approximately 2 Crores only. Now these businesses are in a turnaround situation so from a strategic point of view we acquired them for the tech, for the data and the capabilities and turning it around where we are looking at how we can bring them to same metrics of bottomline efficiencies as Affle before we scale them upwards in terms of delivering more revenue on those platforms. At the moment we are still turning it around, you would know that the last acquisition was only completed at the end of June 2019, so it is early days and we are pretty satisfied with the acquisitions that we have done at the value at which we acquired them, how we are turning them around and the value that we are deriving at the moment.

Dheeresh Pathak: That is helpful - 8% PAT contribution for H1 FY2020. On the revenue side if you can help.

Kapil Bhutani: On the revenue side, it is just above USD 3 million mark for H1 FY2020.

Anuj Khanna Sohum: Roughly around 21 Crores for H1 FY2020.

Kapil Bhutani: Sir, 22 to 23 Crores.

Dheeresh Pathak: Then the other thing I just wanted to understand is on the consolidated balance sheet, there is a line item for contract assets and contract liabilities. If you can just help me understand what this is, and does it grow with the growth in the business or is it is like one-time asset?

Kapil Bhutani: As per the accounting standards now, we must classify the assets in two parts. As you know we do the billing to our clients for the month as a whole. So, at the cut-off date of September 30, 2019, the revenue which is not billed to the client is represented as contract assets and the corresponding cost for them is to be booked as contract liabilities. Whereas the actual billing which has happened, say for the month of August or July that has been invoiced to the client is represented in trade receivables. As we grow month-on-month, this item will grow, representing the business delivery which is just finished and waiting for confirmation from clients to be invoiced to them.

Dheeresh Pathak: Okay, should I consider like part of working capital so contract asset to be like a part of receivables and liabilities to be a part of trade payables?

Kapil Bhutani: Yes, these are trade receivables and trade payables.

Dheeresh Pathak: Understood. Another question on slide 6 of the presentation, where you give how the business has done versus converted users and average CPCU. If you could just give us this number for 1H, just for the India business like how India has done in 1H versus the international business?

Kapil Bhutani: The growth in CPCU revenue for international markets was about 22% to 23% while for India market, the CPCU revenue increased by about 70%. India particularly has grown significantly in terms of CPCU business and the number of conversions.

Anuj Khanna Sohum: India is growing much faster than the average industry growth in digital advertising and international business growth is largely anchored out of the growth that we are seeing in the other emerging markets like South East Asia, Middle East and Africa, where again we are growing around 22% to 23% on a consolidated basis. So, at an aggregate level when you average it together, you are seeing over 40% growth overall in the CPCU business, which is our largest segment.

Dheeresh Pathak: Right, so just to confirm the understanding - so on slide 6, where you show growth in the converted users of about 40% on a consolidated basis. The converted users for international market are growing about 22%, while India would be growing much ahead of that so as to come to a consolidated level of 40%.

Anuj Khanna Sohum: That is right. In terms of CPCU revenue, India is growing close to 70%.

Dheeresh Pathak: It will be helpful if you break out India and International going forward in your presentation deck in the future earnings call. Would be helpful to us?

Anuj Khanna Sohum: We discussed with our board on this matter and they were comfortable with this level of disclosure to start with, but we will bring it up for their consideration.

Dheeresh Pathak: Thank you for taking my questions.

Moderator: Thank you. The next question is from the line of Madhu Babu from Centrum Broking. Please go ahead.

Madhu Babu: Sir just a follow-up on earlier question, so in international markets, we are showing good numbers and in some of the developed markets like US also of (…audio not clear) million and so what is the strategy for the developed markets? Is it like conversion ratio is low there and just outlook on those markets, the non-Indian markets?

Anuj Khanna Sohum: On this, I can share with you a few things, one from a strategic point of view as a Company, our focus is disproportionately on the emerging markets and within that India is our dominant market where you have seen the growth of 65% to 70% in the CPCU business revenue and on the adjacent markets South East Asia, Middle East Africa, and other emerging markets, we are again seeing above the industry average growth trends in terms of our own performance and sustainable growth possibilities going forward. If you look at our on-ground presence and our offices in various geographies, we have a very big presence in India, in South East Asia, and in Dubai which is covering the GCC and Africa region from there. We have no on-ground presence in any other geography at this moment and in fact we do not even have a registered entity or any employee or even a part-time person working in the other geographies at this juncture for all practical purposes. So our focus continues to remain on emerging markets and that is where our business has the strongest moat. Because in the emerging markets the total number of smartphone users, the total consumption of smartphone based conversions and transactions on that as a percentage of total shoppers; the gap in terms of growing that funnel is huge and there is a growth possibility for a very, very long term in the emerging markets. In developed geographies, the total amount of advertising is growing at a slower pace, they are definitely much larger markets but there is also a greater competition in those markets as well as there is a greater regulatory environment in those markets. One of the things that we need to do if we want to focus on developed geographies when we make that a core strategy for us, would be to register local jurisdiction based subsidiaries in those markets and contract the customers in those jurisdictions locally in order to comply with the local regulatory environment there. It cannot be that our Singapore entity is continuing to, let us say get into contracts with customers in United States, North America, Europe or Japan, Korea. So we are seeing that from a strategic point of view our current presence, platform and our moats are best suited for us to grow and expand in emerging geographies where we are doing exceptionally well and we will continue to that and in terms of the developed geographies we will look at that as more as an agency led approach rather than going and building presence locally in all those geographies at this moment. Whenever we build into that strategy of going and building on-ground presence in those geographies, we will update our stakeholders appropriately.

Madhu Babu: Another thing, we said that companies are directly contracting with us as compared to advertisers and that has led to the client concentration lowering. Could you talk about which industry is now where we are having a direct relationship, and which are the incremental drivers in terms of these spends for the last couple of quarters? Thanks.

Anuj Khanna Sohum: Thanks for that question. I think that is an important point to bring up. The customer concentration which is going down is on account of two significant factors. a) We are seeing an increasing amount of spend from a lot more customers across a lot more industry verticals, so the denominator is growing faster than the numerator on the top 10 customers. b) Within the top customers, earlier you would have seen and we have also shared that in our prospectus before that there are a lot of agency groups which are global agency groups or otherwise also agency channels which are represented in the top 10, representing multiple customers advertisers which are accounted as one in terms of our account, when we say this top 1 customer is an agency, it is actually a accumulation of several customers behind. Now when some of those customers move from the agency as a direct to a tech platform you would start seeing that the contribution percentage of that agency would actually come down. The top 10 customers have increasingly seen more direct so it both these trends one is the denominator increasing on the much broader base of customers across industry verticals and on the numerator the top agency groups, which is the industry trend, we have seen that a lot of tech savvy end advertisers which is across all the industry verticals that we mentioned whether it is OTT or travel or even in the case of Fintech, we are seeing that they are in many cases saying that they will work directly with the tech platform, I would like to qualify here that Affle is a very loyal partner to the agencies as well as to the advertisers. We are neutral whether business comes from an agency or whether it comes directly from an advertiser and we do not influence that decision. It is an organic decision of the advertiser whether they want to work directly, or they want to work through the agency, we completely stay best partners and loyal friends to both, and we are not in any way celebrating one or the other. But this is a factual account of the situation of the industry and consequently towards we are seeing that the top 10 customer concentration is naturally headed towards the more favorable balance for us.

Madhu Babu: Last one if I may, on the realization, what are gives and takes and would it sustain at the current level i.e. the CPCU rates and their outlook? Thanks.

Anuj Khanna Sohum: In terms of the CPCU rate, our Company has a very clear strategic emphasis driven by both me as the CEO and Kapil as our CFO. Our organization has to focus on growth on volumes without compromising on our unit economics or our ability to take a rate or on the pricing. If you look at our Average CPCU rates at an aggregate level across geographies India versus international, some Rs. 40.1 in the previous financial year to Rs. 41.3 now in H1 FY2020, it is very normal to expect that in emerging markets particularly where customers are very strong on negotiations; if somebody is spending let us say 45% more on CPCU business at an aggregate level overall or particularly in India where we are seeing growth of about 65% to 70% in the CPCU business, there is a tendency for the customers to ask for a lower pricing. However, it is a strong mandate that Affle is not going to take any compromises on our pricing, rates or on our bottomline economic efficiencies to drive growth. We are a Company committed to consistent, sustainable profitable growth and not just going after growth and then compromising on profitability. The same you would see in the inorganic transactions we have done. We would have grown these inorganic entities with our sales muscle and power in the last 1 year or in the 3 months as well; but we said no we first need to fix the unit economic model of these acquired businesses, turn them to profitability, even if we need to wait on the growth on those platforms. Until we go after growth, we need to make sure that our sustainable bottomline sensibility is maintained. So that is one thing that you can count on as a DNA of the Company and we have no intention to change that.

Madhu Babu: Thanks a lot Sir and all the best.

Moderator: Thank you. We move to the next question from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Thank you for the opportunity. I have two three questions. One if you could highlight what have been the CPCU rate trends over the past few years where they were and what are they today? My second question is what your market share in India would be, and I have the last question that when I look at your business the cash conversion is just 40% this year and there was no cash conversion last year. So if you could just explain us the working capital cycle and the cash conversions in the business?

Anuj Khanna Sohum: Thank you for your questions. The first question being on CPCU like I mentioned before, our focus has been on growth while maintaining our CPCU pricing and rates, so in terms of the historical trends also we have been within that range, there has not been too much of variance and if anything we have seen a very very small incremental shift upwards as shown in the presentation as well between FY2019 to FY2020. That trend working on a consolidated basis is where it is, even at geographies basis whether India or other markets, we are seeing a similar trend where we are able to hold the rates as a DNA, our pricing is not something that is going to be dropped in view of volume, we are going for growth with financial sensibility and we will continue to maintain that. On your second question regarding market share in India, I think there are several independent reports of analysts and otherwise who would be perhaps providing a much greater insight on it. But the way we look at it is by certain categories of spends, certain advertisers and educating the industry towards data led programmatic or automatic platforms like ours is the focus. We are educating the industry to increase their spends on the conversion basis versus the inertia or comfort zone historically which is more on impressions, clicks and those kind of metrics which we believe are not the most optimal way to take the power of data led and programmatic automated advertising possibilities of our platform.

So, we are seeing an increasing shift in market share because the advertisers need to be educated on this differentiated proposition. The third question on working capital, I would let my CFO give you more insights on that.

Kapil Bhutani: So, as you rightly noted that we were not having cash from operating activities to a significant level last year in the H1, right. Yes, there is a cyclic effect to the cash flows in H1 and H2 for our Company. The first quarter to H1 is where we start accumulating our cash of the profits and gradually till the end of the year we collect most of our profits in our cash accruals, so the target is about 70% to 80% of the cash accruals to come into by the year end.

Pritesh Chheda: You said that you have bulk of your cash generation in the latter half of the year

Kapil Bhutani: Yes, in the latter half of the year

Pritesh Chheda: What is you cash conversion ratio then?

Kapil Bhutani: The cash conversion ratio on an annual basis is about 70% to 80%.

Pritesh Chheda: 70%-80%.

Kapil Bhutani: Yes, say whatever the profits that we do after tax should be collected by 70% to80% by the year end itself, in the same fiscal.

Pritesh Chheda: I just want to clarify on the CPCU rate side. In the last 3-4 years they have been largely flat. What do you want to indicate?

Anuj Khanna Sohum: I think the CPCU rate if you look at for each market let us say India, or other emerging market or international is different. Typically the rate in India is the lowest and the other emerging market or the rate from let us say international market is to the tune of 2-3 times higher, so when we look at the blended rate as well as if we look at the general trend across geographies, we have been able to see incremental increase. So yes, it is largely flat but say 2-3% kind of a +- range is what we would be looking at.

Pritesh Chheda: Here the question is that within India it has been flat over the last 3 to 4 years, or there is a deflation, and within those geographies that you operate its flat or they have been going through a down cycle, how it is?

Anuj Khanna Sohum: It has been going up about 2-3% on a year-on-year basis, across overall at an aggregate level.

Pritesh Chheda: Just lastly on the operating expense side, so this should we assume that inventory and data cost is largely only variable expense that we see in you P&L?

Kapil Bhutani: Yes, that is correct. It is the significant or the most variable investment I would say, and we expense it out fully, so as I mentioned earlier in my commentary that it is a strategic investment that we do in order to make sure that our insights on connected devices are deep and these funnel conversions can be driven for our advertisers ROI with that big data capability that we are building.

Pritesh Chheda: So, your operating leverage part will only kick in via the other expenses or maybe something via the employee side?

Anuj Khanna Sohum: That is correct. It is on the operating expense and other expenses where the bottomline efficiency would come.

Pritesh Chheda: Okay thank you Sir.

Anuj Khanna Sohum: Having said that, I would like to add just one thing on that please. There is a strong network effect in our business whereby as the advertisers continue to work with us stronger and as we do more conversions in the market, our ability increases to understand the behavioral patterns of connected devices on where the transactions are happening, what is the way to get the higher conversions and the efficiencies of the business and driving scale as well as deeper retention for our customers and repeat business growth as we built. So the more business that we do, the greater depth of knowledge that we have, the greater is the ROI and our ability to continue to grow our advertiser's business with us and scale our platform. So like I said there is a strong network effect and that is the fueled by the investment in tech and inventory & data cost.

Moderator: Thank you. The next question is from the line of Varun Goenka from Nippon MF. Please go ahead.

Varun Goenka: So to begin with Anuj, congratulations on a great event of the IPO. I think the way you have connected the industry, family, friends, employees is something really admirable. I have two questions. One on wallet share of our customers and what is the scalability of our existing customers. So one of the largest customers of ours is the largest retail company e-commerce company, so what are the key KPIs which allow us to scale up with your existing customers?

Anuj Khanna Sohum: Thank you for the compliments, much appreciate it. The IPO has been the most significant corporate event in the last 14 years, very strong history of this

Company, still a very young team and a long way to go and I am glad that our core values were recognized by the investors. In terms of the question on scale, the industry forces which are at play, where the consumers are shifting their attention span dramatically on connected devices, primarily on smartphones and other related connected devices, increasing their time, increasing the volume of transactions as well as the average value of those transactions which is leaving very little options for any of the advertisers across any of the verticals that we address, we address quite number of verticals, e-commerce being just one of them. There is no option but to shift their ad spends on the smartphone devices. Now when we look at India in particular, there is the next level of growth that is going to come, let us say for the market leaders who are already strongly present. If you look at the total number of connected devices in India, let us say that number is over 550 million connected devices which are already profiled in our mDMP. Out of them, how many of them are actually shoppers who are transacting with any of these industry verticals. Let us say that number is not more than 15% of the total connected devices, so the growth is coming from, so out of let us say over 550 million less than 100 million connected devices are shoppers today. All of the large players are looking at the next 100 million shoppers from the existing base of connected devices as well as the expanding base of connected devices. So in the next three years or five years you would expect the number of smartphone devices connected in India would grow to 800 million or even potentially 1 billion. Now the next 300 or 400 million connected smartphone users how many of them become shoppers online. Now the overall macro factors here are that the consumers are increasingly becoming more and more comfortable transacting on digital payments on mobile, the government is also supporting that and making sure that is healthy trend that continues and clearly the large e-commerce players are looking at tier 2, tier 3, rural adoption of their platforms and capabilities. So Affle is linking that very strategically to our 4V strategy, which is where voice, video, verticalization as well as vernacular aspect comes in very deeply. If you look at the patents that we have filed, look at the kind of investments we are going to go deeper on data insights and capabilities, it is all systematically wired to tap on to the next growth angle which is let us say in India the next 300 and 400 million smartphone users will get connected or the next batch of shoppers which will come and this is a great opportunity both in terms of new user conversions as well as repeat user conversions. So for larger players which are let us say e-commerce players they are not also just e-commerce, they have several product lines that are coming in for example they have music capabilities coming in, they have entertainment capabilities/OTT coming in and there are several other product lines that these players are launching. So a) there is a natural growth in the online conversions for smartphones both for new users as well as repeat engagements from existing shoppers, and b) is the online to offline capabilities that Affle is also introducing in our product mix. So you would expect online e-commerce players or otherwise players opening offline presence, we would also expect the offline companies to build online presence, so omni channel capabilities of our platform will also kick in as the growth unlocks over the next several years. So there are several untapped pockets of growth that we will be unlocking with our existing customers.

Varun Goenka: Next question is which part of the business is most challenging for you to win with your customers or which you are going after? You have explained clearly that you will not do taking the price down, or in terms of cash conversions etc, but what part of the business is most challenging for you today to really scale up or win at the customers?

Anuj Khanna Sohum: I think managing growth in a way that the culture of the organization, the way we are seen in the market, we are getting a lot of attention, in fact that we are public, our results are out, the customers, the competitors, the employees, everybody has a lot more information about the Company now and the fact that we are in the growth trend it will attract all kinds of challenges. Challenges around, questions around, take rate, pricing, and therefore like one of the persons asked is a question about giving the CPCU pricing by markets or segmenting India versus international. Now one of the reasons we did not want to do that it is because it is competitively sensitive information. So how much information is out there about Affle, the kind of growth that we are doing and we maintain our depth of relationships without compromising or complicating that whether it is different stakeholders. It is more about consistent culture, entrepreneurial culture around innovation and growth, and maintaining that is the challenge that I am driving at the moment where we are seeing keep the simplicity of the organization by driving consistent growth as we go along. Definitely, with the information getting more public about our financials we would face some challenges and we are prepared for the challenges with the competitors in our way.

Varun Goenka: Okay so just little more on this, what is the hiring plan for the next three years? And I see some receivables on the balance sheet, if you could just clarify that as to how that will pan out. Those are my final two questions?

Anuj Khanna Sohum: Great question in terms of hiring plan, if you look at our organization today, we are over 280 people in the organization today of which close to 180 people are actually tech software engineering focused professionals, so we have a strong tech organization and that is represented in the kind of things that we are doing whether it is in the patents, or the awards or the industry recognition, the kind of investments we are making there. I think we are at a fairly optimal level in terms of **(audio break)** the growth for the future, several years to come. Having said that one of the areas where the employee strength will grow is when we do strategic acquisitions. For organic growth, I think we are a well-staffed organization and the incremental growth in manpower, workforce or the costs would be in line with the historical trends, which is linked to regular appraisals or upskilling the work force towards the newer trends that are coming up. But the primary growth in terms of let us say the number of employees hiring would happen on account of the acquisition hiring, when we do an acquisition for strategic purposes and that adds on to the workforce. It is hard to kind of immediately predict that because we are very selective and watchful about what kind of inorganic actions we will take, so I would like to keep my answer limited to that for now and you had a question on receivables.

Varun Goenka: I see a lot of receivables on the September 2019 balance sheet that you have seen. These are basically customer payments yet to come may be, if you will clarify?

Kapil Bhutani: Sure. There is a slight increase in terms of percentage, primarily because of the latest acquisition because the delayed contracts which are not innovated were still being routed through the acquired business entity till October 30, 2019, so there was a settlement dates of all those things in October. So that has got settled and the little bump which is there, was because of that settlement base in October. Similarly you will see the bump in the payables also. There is a bump both sides to receivables and payables because of that settlement for the contracts.

Moderator: Thank you. The next question is from the line of Rishit Parikh from Nomura Capital. Please go ahead.

Rishit Parikh: Congrats on the good quarter. Well most of the questions were answered, but I had one. While you are seeing more and more business coming from the direct, is it something to do with the geography specific trends and as the business is going more direct how are we investing in terms of physical presence across markets?

Anuj Khanna Sohum: Thanks Rishit. Yes, the trend which is more towards direct is from the tech savvy or the customers who have good data sensibilities around how the business is impacted by platforms like ours and they prefer to typically go direct and I do not believe that this is a geography sensitive matter. In terms of our direct presence in India, South East Asia, Middle East and even I would say Africa on a traveling basis from the GCC region being addressed, I think we are well staffed on-ground in terms of our capabilities to not only support this trend but also continue to maintain a very, very delicate balance of relationship with agencies to not make them feel in any way second, in terms of our servicing priority to them, so there were in good shape. In terms of developed geographies this trend immediately calls for as well as the trend around recognition in developed geographies calls for us, if we want to tap on to those developed geographies, we need to necessarily set up our local subsidiaries there and local presence in those markets in order to win. If we continue the path of working through agencies in developed geographies it is going to give us the foot in the door, it will keep us there and we will listen to that market from a competitive intelligence point of view, but those markets will not be growth drivers; which we are comfortable with today, because the emerging market is a very big market today and there is a consistent long term growth possibility. If we look at the next five years till 2025, Affle achieving a 25% CAGR growth in the next five year on a consistent basis, which will come from emerging markets and the industry trends in terms of average growth rates will consistently support that. In terms of developed geographies, we will get into that at the right time and we are constantly reviewing that when should we go ahead and set up local presence there and at this movement there is no clear guidance on that.

Rishit Parikh: The next question is just like you mentioned that the seasonality from H1 to H2 should be similar to what we have seen in FY2019. Now if we look at FY2019 there is roughly 46% of the revenues in H1 FY2019, versus H2. We would not have had Vizury at that time versus second half we had Vizury?

Anuj Khanna Sohum: We already had Vizury at that time.

Rishit Parikh: It would have come in for a month in H1 FY2019, right? Roughly if you take off Vizury in H2 FY2019, it would have been more like a even split between the first half and the second half in the organic business, then are you essentially saying that from an organic standpoint even FY2020 looks like a similar wherein the growth is more like even or why would those trends be different in FY2020? Thank you.

Kapil Bhutani: See the contribution on the topline from Vizury was not that significant to change that trend, right. It was not a large acquisition in terms and as earlier told by Anuj that our focus is to ramp up the more profitable businesses and so that effect is not a very prominent reflect on our H1 to H2.

Anuj Khanna Sohum: I think maybe I will give you short answer on this which is that the seasonality trend of H1 to H2 on a year-on-year basis would be a consistent trend that we would see. I would expect last year's trend to continue into this year as well. Now last year in H2 the economy was more bullish, the festive season was also stronger, which I think most of you would know that better than we would but being in the market since we are such a strong growth oriented organization, we are still seeing a healthy growth in Q3 and hoping that pattern would continue in Q4 as well but could we have had great growth in Q3 had the economy being stronger? The answer is yes. So, all of the customers who had expectations from Q3, most of them came back and said the sales have not been as high. Having said that their strength and increasing trends of spends on digital connected devices on the conversion models with us, that growth trend we are seeing is the consistent trend and even this year overall you would find that our H1 to H2 would be on a consistent pattern of growth.

Rishit Parikh: Thank you.

Moderator: Thank you. The next question is from the line of Alroy Lobo from Kotak Investment. Please go ahead.

Alroy Lobo: Thanks for taking my question. My questions are most to do with the risk in the business given the privacy laws, given restrictions on collecting customer data, some restrictions could also come from browser developers. How are you addressing that from a longer-term perspective because that very key to your basic business model?

Anuj Khanna Sohum: Great. Thank you for that question. Yes, it is a very pertinent question. If we look at it from history of our Company's perspective. When we started the Company in Singapore in 2005 and in India in 2006, one of the earliest patents that we filed which is now granted in the US Patent Office, the headline of that patent itself talks about 'Consumer Acceptable Advertising' and if you read through that patent, we are talking about consumers consents, we are talking about consumer privacy, giving the option for the consumer to provide feedback and input how the data is being utilized for advertising. Now this was well before even Google, Facebook or Apple had any plans on mobile or mobile advertising in particular, so we are talking about a company here Affle. Yes, we were very small at that time, we are still a relatively small, but fast-growing profitable company. We have always had it in a demonstrable way in our tech, in our IT that the consumer data must be dealt with in a responsible manner because I was always a tech entrepreneur. I had no advertising experience when I started Affle in 2005 and I was looking at this why would consumers allow on a such a personal handled device to take all the data and give them such a intimate advertising kind of experience which can even scoop people. You were just doing something and the next ad you see is that, so were always addressing it fundamentally all along. To that extent, in the last two and a half years our Company has been accredited for the entire tech stack by the Singapore Government, IMDA which is Infocom Media Development Authority of Singapore and Singapore as a jurisdiction has always had a personal data protection act. In fact they had it prior to Europe having GDPR and US still does not have a proper privacy act, it is going to come in only January 2020. So, our Company has demonstrated credentials of responsible consumer connected device data and how we are using it. We are credentials of being accredited by at least the Singapore jurisdiction very carefully and we have done that accreditation twice and it is an annual or a repeating check. So you will always be seeing that the Company is continuing to adhere to strong standards. Now given that backdrop, I think Affle is a responsible citizen in the ecosystem and ready for any privacy related regulations that may already be there or is coming. Now given that over 90% of our business today is focused and anchored in emerging markets like India, South East Asia, Middle East Africa or other emerging markets, there is no privacy related regulation in these markets at the moment. Now is Affle nervous that oh! My god regulation will come? No, we ready for those regulations because we are already compliant as a platform as per Singapore standards, that is verified by the accreditation, we are also compliant with the European and the upcoming US standards to the best of our capabilities. When the regulations do come in India, are we going to be surprised by it? No. We are already part of those committees which are in the formation of those regulations because we believe we have a voice to give, we have experienced a global outlook, we are a responsible player here, we are providing best practices to be a part of this regulation. So we are ready, we are waiting, and we welcome such regulations because it makes sure that the responsible players in the ecosystem benefit and the ones who are not as ready will be more vulnerable to such regulations coming and Affle should see greater impact. In terms of positive impact, when regulations come, so we are waiting and welcoming such regulations to come. It is a risk for the industry for those who are not ready, but it is not a risk that is not already addressed or being well managed by us to become an advantage as we go along.

Alroy Lobo: How do you address the possible risks of web browser developers putting restrictions for the use of third-party cookies or tracking technology or restricting the amount of advertisement IDs. I understand you are compliant as far as privacy is concerned, but this could be another constraint to your growth.

Anuj Khanna Sohum: Thankfully and very importantly our business is over 95% focused on mobile in-app advertising and it has been consistently our vision from 2005 till now that has kept us in good stead, that on mobile the consumers will be spending more than 95% of their capable time on the in-app ecosystem versus going to launch a browser and enter a WWW. something on their device and to land on to a web page or something like that. So if you see over 95% of our business and revenue is focused on in-app both for the CPCU business as well as non-CPCU business. So almost you can say that we are not materially impacted by what is happening in the browser world. Having said that, even if the share of the browsers grow in that area whenever there is a fundamental change or the way the ecosystem is responding, it is a leveling change for all players in the ecosystem and within that those who are more capable technology wise or responsible in a forward looking to adapt to that, will typically benefit, because the advertising budgets are not going to go down for mobile and connected devices. It will only go down for those platforms that cannot address those incremental challenges whether of regulation or of these kinds of restrictions that comes, and I believe that Affle will consistently deliver better than other players and more market share whenever the landscape shifts.

Kapil Bhutani: Just to add to that point, while browsing the browser you would have noted that if you try to put an ad blocker the site stops serving you, so there is a commercial and market ecosystem which forces the user to give permissions to use the cookies?

Anuj Khanna Sohum: I think Kapil is talking about more that from an overall landscape point of view. As how many consumers would say that I am willing to pay for a subscription service versus taking a consent-based ad subsidized service. At least in emerging markets, even for me if you give me two options, I will go for the ad supported consent not because I like this kind of an approach, but it is just a sensible mindset rightly of the emerging markets that none of us would say okay let us go and pay and let us not take the ad based model. So I think the ecosystem will take care of it and we are well geared to address that, but thanks for that question, it is pertinent and an important question.

Alroy Lobo: Thank you.

Moderator: Thank you. The next question is from the line of Nirav Dalal from Maybank. Please go ahead.

Nirav Dalal: Thank you for the opportunity. I had a question on the monetization factor, if you were to analyze the H1 numbers it comes to about 3.3%, which was about 2.7% for the whole of last year. So if you could give us the region-wise split or is that an industry number in terms of how high can the monetization factor go and some comment on this?

Anuj Khanna Sohum: When you say monetization factor, what is the numerator or denominator that you are looking at?

Nirav Dalal: Correct, you have given the consumer profiles and you have given the converted users, so it comes to 1.6% for the first half so if were to annualize it, it comes to 3.3%. So I wanted your comments on this.

Anuj Khanna Sohum: In terms of the monetization factor, I think what we are looking at it is that in terms of number of consumer profiles, that number for at least the emerging markets, we are looking at it as the number of smartphone users will increase and so the number of connected profiles will also increase in our system. Now clearly the number of shoppers is increasing faster than the number of smartphone users, so I mentioned earlier that if you look at India, out of the 550 million plus users which are smartphone users or connected devices that are being profiled. Out of that, the percentage of shoppers has been quite low historically and we expect that shoppers to total connected devices tend to grow faster. So better way to look at it would be that how many shoppers are there, let us say in a particular geography or a market and taking that as a factor. But we strongly believe that this is not a very strong basis to model our Company. I think the way to model our Company would be to look at how many connected devices are there, what is depth of knowledge that Affle has on those devices, what percentage of shoppers and conversions that Affle drove into the market and what is the growth rate applied on that versus applying on the growth rate on the monetization factor. Monetization factor is a number that has too many variable factors to be using that as the basis. So the growth rate applicability of the modeling should be applied to the number of conversions being delivered overall and the CPCU aggregate way and if we applied on those metrics then you will see a much better predictable trend versus using the monetization factor as a basis.

Nirav Dalal: Got that and just very quickly if you were to see on the seasonality question, if you were to see the first half - our EBIT is about 21% to 22% and if you see the whole of last year, we were at about 24%, so do we expect similar change in the second half to happen even this year and that would be the trend going ahead as well?

Anuj Khanna Sohum: Typically, let us say our operating expense would typically goes up at the beginning of the financial year when the appraisals would kick in or there would be a one-time step change if there is an acquisition that has happened that leads to the opex to increase. But overall the fundamentals of our business is such that throughout the year, while the opex is let us say a stable line, it does not change materially within the year, the revenue volume in H2 is higher, while the rate and the margin percentages stays the same. Therefore, the profitability in H2 is consequently higher naturally so we look at those trends continuing. The better way to compare would be not H1 versus last year's annual numbers but H1 versus H1 last year. We are already seeing that the margin expansion is improving, we are seeing both on EBITDA as well as on PAT in H1 that has improved and that is something that is very creditable because we have blended a small contribution, not the material contribution but from the acquired businesses who actually dragged that down, in terms of however small that number might be, they are not as profitable. Which means Affle organic business is a lot more profitable and therefore on a blended basis also we have seen that there is a net margin that has actually shifted upwards between in H1 period on a comparable basis in FY2020 to FY2019. That trend should continue in H2 as well and there should not be any nervousness in your mind about the bottomline performance of the Company as long as the topline continues on the trend line.

Nirav Dalal: Got that, very quickly on the tax rate, now with the new tax rate coming in, I guess you would be beneficial on the India business at least for the new corporate tax, so your comments on that?

Kapil Bhutani: So we have already in the lower tax brackets for the corporate tax. It is not very beneficial in terms of percentage on the consolidated basis, but yes on a standalone basis, about 3% rate has positively affected us on the profits. So there would be some small benefit that would show down into percentage.

Nirav Dalal: So there would be some small benefit that would show down?

Kapil Bhutani: You can say it is less than 1% on an overall consolidated basis.

Nirav Dalal: Okay. Thank you for the opportunity.

Moderator: Thank you. The next question is from the line of Ayaz Motiwala from Nivalis Partners. Please go ahead.

Ayaz Motiwala: Good afternoon gentlemen. Thank you for the opportunity and congratulations on lovely set of results. My question is on your business being done at 95% on the in-app ecosystem as you mentioned; and I was hoping to learn as an example on let us say an OTT where that OTT is your partner, and you have that inventory and you can add servers as a function of that. So when you talk about the two variable expenses of buying inventory and data, can you express that in terms of your business model to one of the customers as an example OTT for us to better appreciate where do get this inventory from? In connection with cookies, add blockers and other related questions which were asked earlier on your business model please? Thank you.

Anuj Khanna Sohum: Thank you that is a very big question, but I will try to answer that. When we look any company let us say OTT players, there are a few aspects of our relationship, and I am glad you identified and called them a partner versus just a supply source or something like that. The first is the OTT players themselves are in the business of acquiring new customers because they make money from people who are subscribing to their service or consuming entertainment on their apps, not on their web browsers. So they are looking for new customers who will download their app on their phones, on their smartphones, register with them either on a paid subscription model or register with them and then beyond a premier model where they are receiving advertising while they are consuming the OTT. So OTT players themselves have a marketing advertising budget so they are our advertisers. The first relationship that we have with them is that okay come, use our platform and we will help you to get more conversion on mobile smartphones connected devices across emerging markets. So, a) we are generating revenue from these players, and b) we work with them and we say that okay you have a platform where let us say you have got x number of existing users who are already watching content on your apps now when the OTT players have these consumers they also want to serve ads to them, now these could be video ads, they could be banner ads. So Affle is also using them as an inventory partner whereby we can bring other advertisers to advertise on the OTT app itself in which case Affle would make money from the advertisers and would be paying the data and inventory cost related negotiated rate to the OTT platform. So you are right in calling them our partners and our relationship with them is two-fold, a) where we invoice them for the conversions that we drive for the incremental users that we get for them on mobile apps, and b) where we are paying them when we advertise within their OTT platform and show ads to the existing consumers of these OTT platform users. So I think in both areas the relationship is strong, the strategic point here though is then when you see my language has consistently been shifting towards connected devices versus using the word mobile only and that is largely coming from the perspective that the OTT consumption from the consumer is happening both on mobile devices as well as increasingly on smart TV connected devices. So when the user is using the app on the smart TV to consume the video content or entertainment content, Affle has the capability of events happening on that inventory, and advertising on those inventories as well. Therefore the growth in the future will come not only from mobile devices but mobile anchoring as the main device for the consumer and any other connected devices that Affle can tap into, we will increasingly be pushing that possibility forward. I think I have answered the question it is linked to OTT as a vertical but as connected devices as our long-term strategy.

Ayaz Motiwala: Just a sort of better understanding of what you have explained, in some sense for consumers to download the OTT app, you would be serving this ad via some other sort of platform in some sense right, because they are already not on the app and that is why the OTT wants to get that conversion for which you get paid for. So in some sense it is relationship with another partner which you explained as the OTT adverting on content. Is that a fair way to understand it?

Anuj Khanna Sohum: That is correct. So there are two models there, one is acquiring new users who do not have the OTT app on the phone, and second model there is let say you downloaded OTT on the phone, but your viewership is very low. So let us say in my case I have downloaded 3 to 4 OTT apps on my phone but some I watch for 2 hours in a week, some I watch only 10 minutes in the week, and some I am not launching it until it is once a month. So the OTT marketing spend will go towards two areas: a) new user acquisitions, and b) repeat user who has already been acquired but reviving that user or upscaling them to higher level of content consumption by delivering recommendations to them. So let us say I know you watched the comedy series last time, can I give you a recommendation here there is a new comedy series so that I bring you back to that app more proactively. So there are two ways in which we monetize new user as well as repeat user and this advertising can happen on other apps versus an OTT app to drive conversion back for OTT from new as well as existing users and likewise within the OTT app you are advertising for other advertising.

Ayaz Motiwala: Lastly, just have a question on your business choice, you have chosen few verticals including OTT which we discussed or online commerce etc. Of all the connected devices that exist in those businesses, what is the rationale of the choice for these 5 or 7 focus areas which you have highlighted even in your presentation, how will you come to this and what is your area of strength?

Anuj Khanna Sohum: Great question. Look at Affle as a consumer platform. Do not look us as a company that is only pushing advertising. We are a consumer platform first and foremost. We are a consumer intelligence platform and we are making revenue by delivering consumer conversions, so there is a consumer in tech, in our strategy, at every point of time, so look at what is happening in the consumer life. What is the consumption patterns of the consumer, which part of the lifestyle of the consumer are using, are they consuming entertainment on mobile, are they doing e-commerce shopping on mobile, or they doing food delivery on mobile, or they doing Fintech on mobile; whatever the consumer is doing that is where Affle is going to be and that is where we are. So if the consumer is in-app Affle is in-app, if the consumer will be on the browser we will go to the browser, if the consumer is growing as a shopper in emerging markets that is where Affle is focused, within that which segment is the consumer consumption focused that is where were are. Another way to think off it is let us say tomorrow an advertiser comes to Affle and say look I want to deliver a pet food and let us go and target all consumers in India who will order dog food from this app. Now they may have an advertising budget, but Affle will say no to them. If we try their campaign, and the consumers in India somehow do not want to order pet food from a mobile app, then Affle is not going to go after that business. We will only go for business where the consumers are converting and that is where our natural selection of verticals is happening, and we are growing therefore.

Ayaz Motiwala: Lastly one question on the master apps such as Tencent, the all app kind of thing. India in particular has not seen an emergence of that so far and let us so also in South East Asia, which are the two big markets for you in terms of user profiles. If that were to emerge overtime, maybe Amazon India or some other sort of players emerge, do you see that as a compliment to your business or a threat to your business?

Anuj Khanna Sohum: For us, as long as long as the consumer is increasingly adopting smartphone devices and doing increasing transactions on it, whether the advertiser is a one vertical kind of an app or it is the cross vertical kind of an app; we believe we can drive conversions from new users as well as repeat users for the advertisers consistently in the long term. There is a definite need for a strong consumer connected device intelligence platform in this ecosystem and we have seen it repeatedly from large players who have worked with us for over five years consistently whether they are new entrants or a market leader, whether they are a one vertical or multiple verticals. I see that as a positive trend. Should the consumers be adopting this path and some of the advertisers are becoming large, we do not believe that we will be at a risk of not being relevant in that ecosystem. There is a need for a tech platform which will deliver each funnel conversion insight and drive conversions for the advertisers for the long term. The Ad Tech ecosystem needs to move well beyond impressions and clicks. Yes, programmatic is good but even on programmatic most of the world is on programmatic impression buying, we are taking the world towards ROI focused, business outcome focused, conversion lead outcomes and I think that for at least next 3-5 years I am not worried about any particular risk of any mega app or somebody who just wins the market share across all categories. We are not particularly threatened at the moment in the emerging markets.

Ayaz Motiwala: Thank you very much Sir.

Anuj Khanna Sohum: Thank you.

Moderator: Thank you. Ladies and gentlemen this was the last question. I now hand the conference over to the management for their closing comments. Over to you Sir!

Anuj Khanna Sohum: Thank you very much for supporting us, as stakeholders in the IPO process and beyond. It was our first earnings call today and we will consider your feedback on this call. We are into investor relations. We will listen to our investors, stakeholders, take your feedback and consistently improve our Company. We want to stay grounded, humble and sensibly grow our business with sustainable profitability and cash flows and we look forward to your continued support as we build our Company for the next decade.

Moderator: Thank you very much members of the management. Ladies and gentlemen, on behalf of Dolat Capital that concludes this conference call. Thank you for joining us. You may now disconnect your lines.