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Q2 FY2021 Investor's Conference Call November 3rd, 2020

SPEAKERS: Mr. François-Charles, Chairman;
Mr. Krish Seshadri, Chief Executive Officer;
Mr. Sanjay Baweja, Chief Financial Officer;
Mr. Sanjay Bhambri, President and COO.

Moderator:

Ladies and Gentlemen, Good Day and Welcome to the OnMobile Global Limited Q2 FY'21 Earnings Conference Call. As a reminder, all participants' 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 for an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Diwakar Pingle. Thank you and over to you, Sir.

Diwakar Pingle:

Thanks Zaid. Good Evening, Good Morning to all the participants in the call depending on the geography you are in. Welcome to the Q2 FY'21 earnings call of OnMobile Global Limited.

Representing the Management today, we have FC - the Executive Chairman; Krish Seshadri - the CEO; Sanjay Bhambri - Chief Operating Officer and Sanjay Baweja - Chief Financial Officer.

The call will start with a brief update about the quarter gone by and a business update, which will be given by Krish. This will then be followed by Sanjay Baweja, who will give you a detail about the financials. Post this, we will throw open the floor for Q&A session.

Before we begin, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For a list of such considerations, please refer to the earnings presentation. OnMobile Global undertakes no obligation to publicly revise any forward-looking statement to reflect future or likely events or circumstances.

Having said that, I now hand over the floor to Krish. Over to you, Krish.

Krish Seshadri:

Thanks very much. Welcome to you all, it is a pleasure to speak with all of you today. Since our last interaction we had in August that was just a few days after I joined OnMobile as CEO. I can say that this quarter has been a very stable and good quarter for us. The teams across all our different geographies and businesses are all coming together very well, so in that context I would like to touch upon some key business highlights, high level performance of our businesses and some key priorities going forward.

So, starting with our core Tones business. While overall Tones revenue is slightly down QoQ, we continue to focus on digitizing that core product and that work is already showing some very good results. So, in that context, you can see the Tones digital revenue grew about 6% and it was aided by a very, very healthy 17% growth

in the Tones digital active base even though the overall base remain constant, digital base grew by 17%, so that is a very healthy sign, so we continue focusing on this digital transformation journey in this business.

On our AdRBT product, which we mentioned last time that basically voice has to target the mobile consumer, it has been a one quarter delay on that due to COVID, but we have gone live with one operator in India with this AdRBT product.

Coming next to our contest and digital contest business, our goal has been to focus and grow revenues in this business, we mentioned that even in the last quarter and also continue the digitization of this product. In very challenging environment, the overall contest revenue has grown 4.5% QoQ and the digital contest revenue has grown about 10%. We did lots of deployment and digital revenue as a percentage of overall revenue in this product has also gone up to nearly 7%. So once again we see that growth in our digital contest product was aided by about 38% growth in the digital user base, even while the overall user base for contest was flat in that quarter. So once again, both these businesses going through the digital transformation journey and that is going to be a key focus for us.

What I am really excited about is something we did not talk too much about in our last quarter, but in the digital contest space, we have got a product that we built, it is internally code named, Challenges Arena. But, it is fundamentally in the casual gaming space, but people usually call it trivia games and that is a very attractive market globally. The key sub-segment within the casual games genre, so that product is more or less wherein we will be launching soon with an operator in India and then we will see which international markets to roll it out to next year. But once again we continue to be really excited about this product and the space within the casual game space, so it is called Challenges Arena that is an internal codename, we will talk about it in a little more detail later.

On the video and editorial business, revenues are fairly stable, they grew marginally about 2.5% QoQ and over 5% on an annual basis, so that is very healthy.

Coming to our B2B gaming business, our gaming product, as I mentioned in our call in August, OnMobile is at a transformational point in our digital transformation and is completely focused on building out cloud gaming platform and this is in a very transformational huge market space. All of you all know what is going on in the gaming space that a lots of investments happening

both in India and globally. We know that gaming is second most engaging product space outside of social media and the great news is over the last three months, we have had a lot of progress just testing our platform, optimizing performance, building out various key features, and the great thing is, we have really come together as a company. Our teams in Canada, Sweden, Bangalore all of them have been involved in this and we have been investing heavily in these teams and hiring people from the top Internet companies. So I think we should be releasing a beta version of the product very soon. It was our intention to showcase it to you and give you a glimpse of the product, but we have a few global patents that are being filed, so unfortunately we need a few more weeks to file them and it is critical to do that before showing it publicly to anyone. So, going through that patent and legal process, so once that is done, we are going to do an internal launch within our own company and when we do a close beta launch after that and then showcase it to you all. This beta version of the product has very differentiated and compelling features on three or four areas, one is cloud streaming, the second is Social and Coplay. As you know these are all very key developmental trends in the gaming space and we will be introducing battles and e-sports at the monetization with the full product once the beta product is launched. It has been a fantastic 2 -3 months just being this product come to shape and we are all excited about what we have built.

A quick update on the Q2 financial performance. We have had a very good stable quarter revenue has been flat, but COVID did push back some of the new revenues in regions like Africa, but operationally as you can see we have registered very healthy margins, both in a quarterly basis and on an annual basis. We are very bullish about maintaining that trend over the next few quarters. Besides that, we continue to emphasize on employee safety. As you know all our employees continue to work from home globally and we want to thank them for their incredible hard work which has helped deliver these results and building out a fantastic product in the midst of not being able to meet each other but working together globally and virtually.

I am really excited frankly by the opportunities in gaming and in our trivia products that are ahead of us, very encouraged by how the acceleration and momentum that we are seeing in launching this very soon, so with those key business highlights, I will hand it over to Sanjay Baweja - our CFO, for his comments on the financial performance. Sanjay, over to you.

Sanjay Baweja:

Thank you, Krish, Good Evening and a warm Welcome to all of you on the call. Let me quickly elaborate a little more on the financial, I know most of you would have already seen the investor deck that

has been mailed to you as well as hosted on our website and the exchanges. If anyone of you is not on our mailing list, please do drop in a mail to us and we will add you to the distribution list.

Our Q2 FY '21 revenue was stable at INR 146 crores, quarter-on-quarter with a decline of INR 1.5 million on a year-on-year basis. The decline is primarily coming from Africa and Middle East region. As already alluded, we are focusing on the unprofitable Latin America business and are in the process of exiting from countries where we do not have the right pricing power. Our strategy is to shutdown any business that does not measure up to our stated goals of revenue and profitability. This effort will be one of the big tailwinds in ensuring our emergence towards the end of this fiscal. And further, we are expecting to complete this process substantially during this fiscal as far as the operations are concerned, but closure of the entities may go into the next fiscal.

From a product perspective, contest grew by 4.5% and videos grew by 2.3% quarter-on-quarter basis, Tones degrew by 2.1%, and games which is still in its infancy and not in the form that we are about to launch, grew by about 2.4% for the quarter.

As indicated in our earlier call last time, the gross margin remained stable at 52.2%. We sustained double digit EBITDA margin at 11%, a decrease of about 300 basis points quarter-on-quarter, however, if we were to exclude a couple of one-time credit which we had in the last quarter, EBITDA actually grew sequentially. In fact on a year-to-year basis, EBITDA grew by 43.4%, it is our endeavor that from hereon we see margin improvements as our focus on cost optimization continues. Our operating profits also grew by 101.3% on year-on-year basis to INR 12 crores for the quarter. The major factor driving profitability growth is our cost optimization efforts. We will continue to focus more on cost rationalization and create clear permanent savings to sustain double digit EBITDA margins going forward. Our profit after tax was INR 7.8 crores as compared to INR 12 crores in Q1 FY '21, however, 7 times more on a year-on-year basis.

For H1, on a six-month period, our revenue grew by 2%, EBITDA by 98%, operating profit by 348%, and PAT grew by 122%, clearly a story of considerable improvement in profitability which we are not only targeting to sustain, but actually get better.

Cash balances in the books stood at INR 232 crores, a reduction of INR 33 crores as compared to the INR 265.9 crores at the end of Q1 FY'21. The reduction is primarily due to customer contract payments of INR 36 crores and a buyback of INR 0.45 crores during the quarter.

We will continue to invest as Krish mentioned in our gaming projects in US, which is expected to launch within this fiscal. A lot of other operating metrics and data has been shared in the presentation deck, I am sure that all of you have had access to the same.

With this, I will now hand over the call to the operator to open the floor 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 Anand Trivedi from Nepean Capital. Please go ahead.

Anand Trivedi:

Congrats on a great set of results. I had two questions, my first question is regarding your streaming online gaming platform, which I am assuming is a B2C platform, correct?

Krish Seshadri:

That is right.

Anand Trivedi:

Krish, my question is in today's world, you know where given the Internet access to international games or games produced anywhere in the world is something that people can have access to, what is the differentiating feature of the platform? How do you intend to draw people to come to your platform vis-a-vis going somewhere else?

Krish Seshadri:

So, yes, as you said, games are available on multiple platforms. So just hosting games on a platform is not necessarily a differentiating feature. So the features on our platform are over and above this hosting casual games. One main area, I think I touched on in the call last time was on social and co-play. So playing games together online today is a very big deal and people come together to play games which is a very off-line kind of an experience, but they want to bring it online. The more they see their community and friends playing with them together and if you give them the tools and technologies and allow them to share stuff online over and above the games that they are playing like an overlay, I think those are the key differentiating features which you know will definitely make ONMO a very, very compelling and differentiated product. So I cannot tell you too many things about very specific features. We have got patent that we are filing on, at least 2 of those social features because you do not see them on any other platform today, and honestly, we have not seen that being a focus for any of the companies in India at least because you just see most of them posting games.

So our platform is not just about hosting games but enabling social connections which every single data point shows that when you

have social connections and when you are playing with people, engagement increases, time spent increases, and obviously that will impact revenue.

The second differentiating feature to a large extent as you know is cloud, cloud streaming and that is what we are doing. So you do not have any frustrating installation process, no device dependency, the games can be instantly streamed on our platform, it is agnostic of any browsers that you use. So it is instant one click play, so those are two key very, very differentiable features out there.

Anand Trivedi:

The cloud feature is something similar to what people like Google etc. are trying out, correct?

Krish Seshadri:

To some extent, but once again ours' is first truly mobile cloud gaming solution. Other cloud gaming solutions may stream large screen games onto mobile screens, but our product is built truly for mobile games, it is mobile first. So you do not have controllers, you do not have hardware and any of that stuff, no extra devices. So it is just native to the cloud.

Anand Trivedi:

My second question is that you have really improved your margins quite substantially in this quarter, I guess one of that is because the fact that costs have come down or have been contained quite a bit, how much of this is related to COVID ? And how much of this will you think would be sustainable once we get past COVID and a follow on question to that is, as you launch your cloud gaming platform, will there be substantial expenditure in customer acquisition, which will then eat into your margins?

Sanjay Baweja:

So let me take the first part of the question and then the second part, I'll request Krish to handle. So, there has been some help if I may say from the aspect of COVID in terms of cost containment, but that is restricted mainly to I would say the traveling part, other than that, most of the other expenses are continuing, however, we are doing things which will actually enhance that saving. For example, work from home, we have kind of decided that will be an ongoing feature as far as our company is concerned and for example giving up two thirds of our office space, so we will remain with one-third of our office space and that saving will start happening maybe Q4 onwards. There was an SEZ which we have given out because the 10 years were over and that saving will start from Q3 onwards. We started giving up lot more offices across the globe, also in other places in India. We are, like I mentioned in my opening statement that we are looking at closure of some of the EBITDA decreative operations specifically in the LATAM countries, which will help us give better in terms of profitability. So we believe that this is the start

of our profitability. I think things will only get better from here on over the next 2-3-4 quarters.

Krish Seshadri:

On the customer acquisition, I cannot tell you exactly what we are going to spend but let me say that every country is going to be different because we are going to enter different international markets, customer acquisition, cost or the lifetime value and the revenues that you make from customers that you know risk reward profile is very different and some geographies have very, very high lifetime values, so I think it is too early for me to be commenting on that. But also we need to know that this is not just a B2C product because it is also going to go through the B2B telecom operators, so it is kind of a two-pronged strategy over here.

Francois-Charles Sirois:

No, your point is right Krish. Strategically how much of the market do we want to capture in India at lower ARPUs because clearly they are lower ARPUs and the cost measures on that model clearly is pretty much the same, cloud streaming game in India or streaming game in the US is clearly the same cost, but clearly not the same revenues and a number of subscribers obviously can be way bigger in India than the US, so then the cost can be higher so those are the decisions we need to make and how much, obviously we will be investing important sums of the money, but we need to decide in which market, so that is something I love to discuss with you all. Once we can show you the platform, you can understand what it does, and we can then have a clear discussion on where should we put the money on this one.

And obviously challenge will be on many fronts, how do we preserve our margin while investing in digital service, one in more VC play as we said, the other one is more like a steady business growing especially with the B2B gaming. So I am not excluding that we could eventually then separate the two projects just to make sure that we can separate funding just to grow this kind of gaming play, which is very, very popular as you know in the market with venture capital, at quite interesting evaluation. So that is something we could think about doing also, but before we get there, let's first show you the platform and discuss the plan later.

Anand Trivedi:

Sure, and what is the timeline for launching the platform in India?

Francois-Charles Sirois:

We are launching with all the employees in a couple of weeks, we just want to file the patents and again I would have loved to show you the platform today. It is working, the problem is really the patent and as you know as soon we make something public, the patents are void, so we do not want to void these patents. And ironically, our development team is going faster than the lawyers on this one. So now we are filing all the patents in November, we

are doing the employee launch with all the employees in mid to end November and right after we have done this, we are going to optimize the servers and deploy in India, probably in the month of December. So we should be able to show you the platform very soon.

Moderator: Thank you. The next question is from the line of Duby Rex from ithought Financial. Please go ahead.

Duby Rex: This is with regard to the Q2 FY'21, you said there was expense regarding customer contract acquisition cost of around INR 36 crores, could you give some more details on that and how it would affect the P&L and balance sheet in which each line item, that will be great?

Sanjay Baweja: You mentioned about the acquisition cost, so that is netted off from the revenue and it has taken over the period of the contract and it is netted off.

Duby Rex: And it happens in once in a year, how is it?

Sanjay Baweja: No, it is ongoing, for the duration of the contract, it is evenly netted off over the contract. It is a five years' contract, so it will appear in the balance sheet and also then taken off through the period of contract.

Moderator: Thank you very much. The next question is from the line of Mithun Aswath from Kiwa Advisors. Please go ahead.

Mithun Aswath: Just a question on your gaming platform, could you just explain what would the business model of that platform be? Would it be largely subscription driven, could you throw some color on that?

Krish Seshadri: Basically, there will be two monetization models, one is tiered subscriptions and also e-sports, battles, and competitions at least on the B2C side.

Mithun Aswath: Right, and this would be targeted largely for their domestic market or are there any particular markets that you are looking at?

Krish Seshadri: As I said, it is going to be both in the Indian market and select global markets. So essentially our target audience would be people, male and female 18 to maybe 35, casual gamers, people playing e-sports, but players with maybe good 4G connections can probably say India, Spain, Sweden, Canada, and US, France, Germany, I think those are all markets which we are definitely interested in. In what sequence they rollout and when they rollout that is something that

we are still planning, but India is something that we will definitely test it out as FC said.

Mithun Aswath:

Just one last question, when you mentioned gaming platform, you would have third party games available on this or would it be your own original games that you would have created or how does this work and how do you grow the user base in such a scenario?

Krish Seshadri:

It is all third-party games, we are not building any games per se. We are, as I said, hosting those games and providing tools, technologies to help facilitate interaction, social connection, sharing, cloud streaming, betting, and things like that. So that is the way you kind of keep the audience engaged. I think the first person asked your question, are you just hosting games? I mean just putting games on our platform is not going to be differentiable, a lot of people do it. It is the technologies and the tools and the feature set that we are building on top of that which facilitate greater interaction and engagement. So essentially, we are trying to build a community right around this game, a very sticky community.

Mithun Aswath:

My question is mainly because you have such big platforms already available, how would you attract good games onto your platform was the key question?

Krish Seshadri:

How would you attract good games? See we have already talked to, if you realize we have had relationships with a lot of game developers through our are Appland startup, so we have been in touch with at least 70 to 80 game developers around the globe, that has not been a problem. They are all excited by what they have seen. So I do not see that as the big challenge for us, while yes, there might be one or two games which you may not be able to get, but overall that has not really been a huge challenge so far, at least in our initial conversations. FC, do you have anything to add to that?

Francois-Charles Sirois:

No, the only thing and that was the key metric for us. As you know, game developers are well aware of all the other platforms out there and you know they do not want to waste time and throughout all the pitches that we have done to game developers, their feedback is "wow, we have never seen something like this, it looks great and we want to be part of this." So that is exactly the feedback they have, so it should not be an issue at all to get the right games on the platform.

Sanjay Bhambri:

Just to add to that, these are global games, right, so our team in Sweden has been very active in talking to game developers in Europe, in the US, across Asia. So we have got a kind of a good network out there and they have been reaching out, they are all

from the industry, they have been talking to different game developers, feedback has been good. So for the most part, we do not see that as a challenge.

Moderator:

Thank you very much. The next question is from the line of VP Rajesh from Banyan Capital. Please go ahead.

VP Rajesh:

First question on this customer acquisition cost, it went up by about INR 4.6 crores in this quarter and since you have paid INR 36 crores out, so is it logical to assume that this will continue to be at this elevated level for the next 8, 9 quarters?

Sanjay Baweja:

Yes, this will continue, this is a longish five-year contract, this will continue for some time.

VP Rajesh:

Okay, if you can just give a little more insight as to how this work, meaning you are paying them upfront and then they will I am just...?

Sanjay Baweja:

So, yes, I will tell you the way it works, we have paid this money upfront and this is kind of a prepaid portion in our balance sheet, and over the quarter we will continue to deplete it from the revenue that the overall gross revenue that we generate and we reduce it from our gross revenue and show it as a... and then the net revenue comes in. So we continue to show it as a depletion from our revenue, so essentially we are saying that our revenue is reduced by this much and kind of a revenue share that we prepaid, let me put this way. This is actually related to exclusive marketing rights from our customers. So we are saying our revenue is actually higher but since we are giving it up as an upfront fee to the customer, we are reducing it from our revenue on an ongoing basis. Let me tell you this has been there earlier also. Earlier from an accounting standard perspective, we were putting it through depreciation, now we are netting it off from our revenue, so that we are very clear as far as our accounting system is concerned, so that reported revenue is net revenue already.

VP Rajesh:

Okay, so the way to understand is, from a business standpoint is that you are giving certain money to the Telco and the Telco is able to sell through your product and get the revenue from the end user, they are giving those revenues back to you, is that sort of the way one should understand those transactions?

Sanjay Baweja:

Essentially, you can construe it that way, they are giving us the exclusive rights for this particular revenue and for that, the marketing rights etc. and because they are helping us get that revenue, you are right, this is kind of an acquisition cost specifically.

VP Rajesh:

Understood, okay. My second question is your EBITDA margin varied a lot primarily because of your OPEX and clearly you are investing a lot in marketing, so can you comment on the fact that this marketing cost went up 56% in this quarter-over-quarter, do you plan to make more investment both in these category as well as in manpower cost or you know 11% kind of EBITDA margin on let us say 52% gross margin is something one can expect to be sustainable or you expect it to go higher?

Sanjay Baweja:

Let me say that, the profitability is definitely going to go higher from here. Last quarter specifically for manpower etc., we had a mix of credit because there are certain variable costs in nature which at the year-end gets reversed due to the numbers that we did last year. However the marketing cost was focused mainly in Europe and Asia, and I think that is something maybe slightly lower than this. This quarter was if I may say was kind of a bunching up also happened, but otherwise it will be stable, if you were to pay H1 and extrapolate it as H2 I think that would be a good number to go with.

VP Rajesh:

Okay, that is very helpful, and one last question, FC if you can comment on Rob0 investment, you were very excited about it on the last call and I am just curious what has been the update on that front?

Francois-Charles Sirois:

Certainly, we are excited by the way and the team in Montreal they are doing great job, just to give you, we have about 25 people in Montreal working on this project and the relationship between Rob0 and Appland in Sweden and the team in India has been fantastic. Also the Rob0 B2B product is being launched this week and as you know we are using all the AI video analytics that they developed into our new gaming platform and to be really honest with you, I was expecting a lot of synergies that is why we did the investment, but I was not expecting to have such a great collaboration from the team but also such a great usage of their platform as it really goes in right into what we want to do, so I really look forward to launch. Actually, we will show you the platform to explain you exactly what is happening and why we are something unique with this Rob0 platform linked up to e-sports, so that should be an interesting discussion in the coming weeks.

VP Rajesh:

Great, just a suggestion maybe at some point once you have done the patent filing etc. maybe you can do an analyst day, so that we can understand the product side a little bit better.

Francois-Charles Sirois:

Yeah, totally that is the goal and the next investor call as you know is in February, we are not going to wait till February to go to this, we will just do a specific session on gaming and go through the platform, explain you the patent that we filed, what difference on

the platform and then we can discuss also the future of this so that is for sure we will organize this.

VP Rajesh: Perfect, thank you so much.

Francois-Charles Sirois: Thank you.

Moderator: Thank you very much. The next question is from the line of Anand Trivedi from Nepean Capital. Please go ahead.

Anand Trivedi: I just wanted to touch on a question that was asked previously on how do you attract good games and your answer was that you have a network of game developers that you are working with, but just a little bit more color on that because what we have found is that very often what attracts gamers are few blockbuster games, for which they go to a particular gaming platform and I guess my question is that are you all specifically looking to introduce a few high-profile or blockbuster games in order to give you the initial push to get the gamers in or is there something else that you have up your sleeve?

Francois-Charles Sirois: I want to come back with one point, I mean the true gamers, you are right they are all on blockbusters, but the casual gamers you just do your best, who plays games and how many games we play on average, I always have the question. In average, people play three, four or five games on their phone and they are never the same games. So we need the diversity of games for casual mobile gaming, which is different than the actual true gamers. The persona of true gamers is very well served in the market, we are really going into casual gaming space here and the mobile casual gaming space, but in our catalogue today with our plan, we have about 500 games in the catalogue and you are right, there are games that have been very good in the past, but they are not the latest of games. In this platform, we are trying to get a bouquet of both games that people have and use on their phone and the latest top games also, so this is a mix of both here, it is not just, but the key here and really the core persona really the casual gamers and not that much a core gamer, so that is something important.

Krish Seshadri: I will just build on top of what FC mentioned, it is as I mentioned our target audience is casual gamers, not necessarily people playing hard-core games and if you have seen what has happened with the overall gamer persona over the last five years, we have seen that non-core gamers are actually contributing over 50% of all gaming enthusiasts. So roughly around 30% of people are playing games as time fillers, they only play games if they have time to spare, so they are not an ultimate gamer of sorts. Another 5% to 10% are just back seat viewers, they used to game a lot, but today they are watched games. So our features are all built around helping casual

gamers come onto these platforms and as a result should have a diversity may be there might be one or two big games, but even some non-big titles are very, very good games for these people to be either playing or watching.

Francois-Charles Sirois: Just one last comment, a lot of platforms today offer very bad games also, when I say bad it has been low quality games. We want to be in the premium space, we really want to offer something that is premium, that is more a complete platform, so we are not going at the low-end games, we are really trying to get something that is a premium experience and the price is going to go with, obviously you need more bandwidth and also if you need more bandwidth, you need to have a bit more money and obviously doing e-sports having money also, obviously need to be able to invest money for e-sports, so clearly the market we are going at has a bit more money out there.

Anand Trivedi: Is there an existing firm that is doing something similar to what you are planning which could be used as a benchmark as to how to categorize you guys or which direction you guys are moving in?

Francois-Charles Sirois: Right now, we are combining technologies together to offer brand-new kind of service. So it is a mix of this and mix of that and a mix of that, and new add-on on top, so it is very tough to say it. I think once we really go to the platform, you will understand what we are offering here, it is quite new in the market. And the reason we can offer it because we are combining the cloud gaming with the social gaming, with e-sport with the AI that comes on top of it that makes it possible, to be honest with you without all these components together, it would not be possible. So that is why in the past nobody has done what we are doing because it was not technically possible to do it, so that is why we are filing patents on it and making sure we are protected and try to keep that space once we launch and take this space and keep it, so that is the key here.

Moderator: Thank you. The next question is from the line of Manan Patel from Equirus PMS. Please go ahead.

Manan Patel: Thank you for the opportunity Sir, my first question is on the revenue growth side, so you mentioned the revenue sort of churning somewhat in digital aspect and growing in digital while remaining flat on the top, so I wanted to understand, one, when will this phase get over and we will get into phase of revenue growth from the existing business? And second part of this question is am I right to understand the major growth that will come is only from the games and current revenue base will remain steady at these levels?

Sanjay Bhambri:

I think you were right in making when you made a statement stating I don't want to stabilize the business which we have been able to and marginally grow the business. I would say that the growth will be marginal and that would be the range bound growth. Second statement of you was will your bulk of growth come from the new business shift that would also be a correct statement.

Manan Patel:

Okay, I wanted to understand when will we enter the growth phase, so probably gaming will be launched in December or Q4, so after that we see in our centering growth phase from FY '22?

Francois-Charles Sirois:

Clearly, we have to make decisions. We have the four product lines and you cannot push forward new products in each product line, which actually we did but the real true focus is clearly gaming as we mentioned. So gaming will be both on B2B and on direct to consumer, the same platform with two different players, one closer to our traditional model, other one closer to the B2C model. So the growth and the revenue expectation on that sense is really on gaming on both of these. I want to also mention on contest, the contest and the Challenge Arena that Krish was talking about which is really the trivia market, is really big out there. We have some people that we deal with them that makes very, very big revenues on this one trivia. So we are launching the new digital contest platform in December also, which is clearly a B2B service, so direct with operators, so it is the operators that will be pushing this service and so far we have been having great reaction from the operators on this one, so my view is that the content business should grow in FY'20-21 into important numbers also, so adding two sides to it really maintain the video and some of the revenues while we really grow on contest and gaming, that is the strategy here and not that we do not want to grow more videos, we have the kid service that is done well, we have other services on subscription and that they are growing, but really the main focus for the next quarter is clearly to grow on contest with the new digital platform, Challenge Arena and Rob0 on gaming with this new platform here, so that is where you should see growth.

Manan Patel:

Sir, my next question is on the capital allocation side, so we have around INR 220-230 crores of cash and probably we will generate around INR 50-60 crores of cash this year as well, so my understanding is, one, you want to invest in the gaming business on the marketing side, so I wanted to understand what will be the quantum of those investments? And second part is what are the plans with the remaining cash flows that you would like to utilize? So you did a buyback which did not succeed as such, so are there any further plans to do something about that?

Francois-Charles Sirois: Yeah buyback, just as we discussed, when we started the buyback it was at the full crisis mode as you know, so it was very tough to know where the markets would end and what the COVID would bring, although we are still today just wondering where the COVID is going to pinch the global markets, but that is a different discussion, so the buyback pricing was not taken into consideration and fortunately I will put this way, the market corrected also. So on funds, the real question here is that as you know we have funds to support a B2C product and in which market we want invest it and markets normally do not support too much, a two-headed strategy where you have B2B business and a B2C business together and when I say market, I mean public company so that is the big question that honestly I do not have the answer yet, is should we keep both under the same roof or should we separate the two plans here and as a venture investment for direct consumer and continue the making money and generating money on B2B side, which are two different business model. So, the good news is that we have the ball in the hand, so we can decide which side we want to go and I expect actually to have some feedback from the investor on this line eventually in the next month once we show you the platform towards the feeling of, so what the investor base like to see from this gaming investment, so that is what it is, but today at least we have the means and we have the money to achieve the goals we want to achieve. We have been investing a lot in gaming, if you add the Appland acquisition, additional investment in cloud gaming, the Rob0 investment, the investment that the new platform all this combined, we did a good series, on the gaming startup right there just combining all these efforts, so that is a bit when you see this, we have done a start-up within our mobile today and it is clearly the way its managed in this, so normally we could have fund this separately into a new venture, we did not we did it internally. I think we have an awesome platform, but the next step is what do we do to use our cash to do it or we use other people's cash to do it, that is the question.

Manan Patel: Understood, do you still have any plans of further inorganic growth?

Francois-Charles Sirois: I mean that could be, but today we are all set with the gaming side, so once we launch it we see we should do some acquisition, we will look into it. On the traditional business, certainly we could consider other acquisitions to further strengthen the other part of clients, but so far our focus is key, so we are really, really focused on gaming and the digital contest today. So that is really the bites, the two bites we are taking in the next quarter. So once this is done then we can discuss any other acquisitions on the other fronts.

Manan Patel: Understood, that is very helpful, thanks a lot.

Francois-Charles Sirois: Thank you.

Moderator: Thank you. The next question is a follow up from the line of Duby Rex from ithought Financial. Please go ahead.

Duby Rex: When we are going live for the new B2C platform, do we have a ball mark number, how many games you have or how many game developers will be in the platform, do you have any set numbers?

Francois-Charles Sirois: We will have at least a 100 games to start.

Moderator: Thank you very much. There are no further questions.

Francois-Charles Sirois: Excellent. Thank you all for joining this call. Really appreciate it. I really look forward to go through this platform. As I suggested that we will do a special session in the coming weeks just on this gaming. So stay tuned, we will make sure everybody is invited, we will do it also on Zoom or some sort of videos, so at least there is going to be a better interface than a phone call, so everybody can see the platform and see exactly how it plays out and we can have further discussion on the business model. So I thank you very much and look forward to that session with you all. Thank you.

Moderator: Thank you very much. Ladies and Gentlemen, on behalf of OnMobile Global Limited, that concludes today's conference call. Thank you for joining us and you may now disconnect your lines.