Management Discussion & Analysis

1. INDUSTRY TRENDS

The year 2018-2019 showed continued growth in mobile industry with smartphone penetration continuing to increase as well. The number of smartphone users is forecast to grow from 2.5 billion in 2018 to around 2.8 billion in 2020. Worldwide, the percentage of population to use smartphones is expected to grow to 48% by 2021. Growth in smartphone penetration is expected to drive the adoption of digital services.

5G continues to occupy the thought space as the next big thing in mobile as it is expected to provide faster, reliable, secure and agile wireless technology. A paradigm shift in networks is needed to realize 5G potential. Fifth generation (5G) wireless technologies will be gaining ground quickly, unleashing the full potential of augmented and virtual reality. A real game-changer in the world of mobile gaming, 5G promises to increase download and upload speeds exponentially and solve the problem of latency. The mobile gaming experience with 5G will be more immersive and engaging than ever, even when you stream games. 5G also dramatically improves the multi-player gaming experience.

2018 witnessed cross-industry alliances between Operators and Broadcasting companies. Operators tended to own or collaborate with the companies producing entertaining content, for example, popular TV shows, live sports games, etc. With mobile devices driving digital consumption, most of the data growth is attributed to different digital media especially entertainment services like video and audio.

Growing digital and smartphone penetration has significantly deepened the gaming user base with mobile first model driving user behavior. Launch of lower priced smartphones, declining cost of data and acceptance of digital payments have resulted in dramatic migration of online gamers to mobile phones.

The global app economy continues its impressive growth from 2018 to 2022. By 2022 the market expects mobile device install base to reach 6 Billion, a 56% growth from 2017. Annual mobile app downloads are expected to grow 45% to 258 Billion. In addition, consumer spend in app stores will continue to increase, with an expected 92% growth from 2017 to $157 Billion annual consumer spend. Finally, the average consumer spend will reach $26 per device, up 23% from 2017.

Consumer Trends

The digital services market showed very strong trends in Gaming, Video and Music Streaming. Mobile gaming will grow from $51 Billion in 2018 to $55 Billion by 2020, with growth expectations continuing to $60 Billion by 2023. Revenue in the "Video Streaming (SVoD)" segment amounts to US$22 Billion in 2018, and is expected to show an annual growth rate (CAGR 2019-2023) of 3.2% resulting in a market volume of US$28 Billion by 2023. Revenue in "Music Streaming" segment amounts to US$10 Billion in 2019, and is expected to show an annual growth rate (CAGR 2019-2023) of 4.1% resulting in a market volume of US$13 Billion by 2023.

Fueled by mobile internet and smartphone growth, mobile messaging apps have become a strong force in the mobile app sector, offering users an alternative to SMS-based texting paired with social media elements. It is predicted that by 2020 the number of mobile phone messaging app users worldwide will touch 2.3 Billion. WhatsApp and Facebook are the most popular messenger apps basis the number of monthly active users. WhatsApp has 1.6B monthly active users followed by Facebook 1.3B monthly active users.

2. CHALLENGES

The pressure on operators' traditional mobile revenue continued due to a slowdown in unique subscriber growth arising from consolidation of telecom operators. To add to this, regulatory intervention in the form of policies for double confirmation, privacy, along with forex restrictions in certain countries, kept the environment challenging. Lastly, the shrinking operator wallet as more and more operators are offering bundled services, led to a drop in ARPU.

3. PRODUCT-WISE PERFORMANCE

Tones

- Tones acquisitions has increased by 6%
- Integrating RBT service with bundled packs has boosted user acquisitions by 8 times in BSNL.
- **Acquisitions Growth in Key Markets**
  - o MTN Zambia - 30% increase in acquisitions.
  - o Airtel India - 41% increase in acquisitions.
  - o Movistar Nicaragua - 21% increase in acquisitions.
- **New Operators on boarded**
  - o Zain Bahrain, Digicel Haiti, Telekom Kenya
- RBT churn went up by 13% in the current year resulting in a reduction of active subscriber base from 78M in FY 2017-18 to 63M in FY 2018-19

Video & Editorial

- 47% growth in acquisitions
- Active subscriber base has grown by 54%, from 535K in FY 2017-18 to 825K in FY 2018-19.
- **Launched Sports portal in Vodacom MZ, Safaricom & Airtel India.**
- Churn has increased by 19%

Games

- 45% growth in acquisitions
- Active subscriber has grown by 33%, from 144K in FY 2017-18 to 191K in FY 2018-19.
- **Launched games in Telefonica Spain, Globacom Nigeria & Safaricom Kenya.**
- Churn has increased by 34%.

Contest

- **For the first time Contest launched in an international market - Vodafone Qatar**
- Acquired 114K users in Vodafone Qatar
- Process improvements to reduce the TAT for new contest launch from 60 days to 15 days
- Acquisitions in Idea has increased by 4%. However overall acquisitions has dropped by 8%
- Active users has dropped from 10.7M in FY 2017-18 to 9.2M in FY 2018-19

4. OPPORTUNITIES

The combination of lower prices and increased content is beginning to resonate with users. Infrastructural improvements, data affordability, better quality of content, speed of streaming and downloading is amplifying the digital growth. OnMobile with its new suite of digital services products is ready to address the market demand. Our strategy to go beyond the operator wallet will enable OnMobile to expand its service offerings beyond telecom users by enabling premium mobile entertainment services to OEM's and mobile wallet operators.

5. RISKS AND CONCERNS

Operators are facing a series of challenges in the form of new waves of disruptive innovation. Regulatory frameworks are shifting as convergence and disruption undermine traditional markets. Stringent data protection policy, customer contact policy, double confirmation and reduction in promotional bandwidth is adding to the potential threat for the operators across markets.

In most of the mature and competitive markets, operators are migrating from traditional legacy bundles to non-legacy bundles. OTT video services are putting pressure on traditional bundles. Non-legacy bundles have the potential to attract new millennial users. Operators are offering bundles to consumers in a single package price, limiting the ability to sell additional value added services or content.

6. OUTLOOK

2019 - 2020 is poised to be a year of stabilization for OnMobile. As a global leader in mobile entertainment, we have expanded our suite of digital services and expect to gain even greater traction with operators offering additional value-added services.

We have recently acquired a Swedish Company Appland AB, which is a pioneer in cloud-based premium games and kids app. The acquisition reflects the increasing importance of OnMobile's strategy to become a leader in the fast-growing mobile games market and to expand its games footprints to all continents. ONMO Games provides unlimited access to a large collection of mobile games for a subscription fee.

OnMobile has pioneered the subscription model, with more than 100 million engaged consumers across 50+ countries paying for these services. OnMobile is a reliable billing provider for the carriers to manage their partner ecosystem by providing profitable business models like pay per download, subscriptions, content bundles, pay per use, try n buy and much more. Finally, we are actively working with operators to have our services included in the bundled packages offered to consumers and have seen positive response.

We enable consumers with access to millions of local and international content, which helps carriers in content monetization & creates a long tail effect. We drive content discoverability and downloads with our AI powered intelligent campaign management platform & personalized recommendation engine.

In addition to working with carriers, OnMobile has started to work actively with non-operators in providing value added services & content like games, contests etc. During FY 2018-19 we entered into an agreement with bKash, the leading payment wallet provider in Bangladesh, to provide our services to bKash customers. Preparations are underway to launch services in FY 2019-20.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal control and risk management are necessary prerequisites of corporate governance. The Corporate Governance Policy guides the conduct of affairs of the Company and clearly delineates the roles, responsibilities and authorities at each level with adequate system of internal controls. This ensures that all transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. Properly documented policies, guidelines and procedures laid down for this purpose, stand widely communicated across the enterprise to provide the foundation for Internal Financial Controls with reference to the Company's operations and financial statements. Such Financial Statements are prepared on the basis of the Significant Accounting Policies, in line with the applicable Accounting Standards, that are reviewed by management and approved by the Audit Committee and the Board.

The Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

The Company has a set of Standard Operating Procedures (SOPs) that have been established for individual processes. In addition to this, the Company has identified and documented the risks and control for each process that has a relationship to the operations and financial reporting. The Company uses SAP and other internally developed ERP systems as a business enabler and also to maintain its Books of Account. The SOPs in tandem with transactional controls built into the ERP systems ensure appropriate segregation of duties, approval mechanisms and maintenance of supporting records. The Information Management Policy reinforces the control environment. The systems, SOPs and controls are reviewed by the management and audited by Internal Auditors whose findings and recommendations are reviewed by the Audit Committee and tracked through to implementation. The Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been assessed during the year taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessment carried out by management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls were observed.

8. DISCUSSION ON CONSOLIDATED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 2018-19

The consolidated financial statements relate to OnMobile Global Limited, referred to as "the Company" and its subsidiaries and associates together referred to as "the Group".

RESULT OF OPERATIONS

(In ₹ Million except EPS)

	FY 2018-19	% of total revenue	FY 2017-18	% of total revenue	Growth %
Results from operations					
Telecom Value Added Services	5,938.64	-	6,356.05	-	(7)
Other Income	290.13	-	122.82	-	136
Total Income	**6,228.77**	**-**	**6,478.87**	**-**	**(4)**
Cost of Sales and Services	2,442.41	39	2,443.02	38	(0)
Contest expenses, cost of software licenses and others	277.19	4	365.04	6	(24)
Employee Benefits expense	1,776.81	29	1,890.25	29	(6)
Finance costs	0.76	0	1.06	0	(28)
Depreciation and amortization expense	272.23	4	479.12	7	(43)
Other expenses	1,146.25	18	1,008.46	16	14
Total Expenses	**5,915.65**	**95**	**6,186.95**	95	**(4)**
Profit before exceptional items and tax	**313.12**	**5**	**291.92**	**5**	**7**
Exceptional items	-	-	14.78	0	(100)
Profit before tax	**313.12**	**5**	**277.14**	**4**	**13**
Provision for taxation	124.25	2	163.69	3	(24)
Profit for the year	**188.87**	**3**	**113.45**	**2**	**66**
Share of Profit/(Loss) from Associate	-	-	-	-	-
Profit/(Loss) attributable to Shareholders of the Company	**188.97**	**3**	**113.45**	**2**	**66**
Other Comprehensive income (Net)	(126.78)	(2)	123.27	2	(203)
Total Comprehensive income (loss) attributable to the Owners of the Company	**62.09**	**1**	**236.72**	**4**	**(74)**
EPS- Basic	1.79	0	1.08	0	66
EPS –Diluted	1.79	0	1.08	0	66

Revenue

Revenue is derived from Telecom Value Added Services including Ring Back tones, Mobile entertainment and other services. Revenue from Telecom Value Added Services is recognized on providing the services in terms of revenue-sharing arrangements with the telecom operators. Revenue from Other Services including maintenance services are recognized proportionately over the period during which the services are rendered as per the terms of the contract.

The revenue for the FY 2018-19 was ₹ 5,938.64 Million as against ₹ 6,356.05 Million in FY 2017-18. The decline is mainly on account of aggressive competition in the Indian market. In the current year, international revenues include 6 months' revenue from our new acquisition, Appland, amounting to ₹ 66 Million.

The segmentation of revenue by geography is as follows:

(In ₹ Million)

	FY 2018-19	% of total revenue	FY 2017-18	% of total revenue	Growth %
India	1,005.80	17	1,486.90	23	-13
Outside India	4,932.84	83	4,869.15	77	1
Total Revenue	**5,938.64**		**6,356.05**		**-7**

Other Income

Other Income was ₹ 290.13 Million in the FY 2018-19 as compared to ₹ 122.82 Million in FY 2017-18. FY 2018-19 includes ₹ 127.20 Million net gain on foreign currency transactions and translations and ₹ 129.39 Million for interest earned on fixed deposits, profit from investments and dividend yield on mutual funds. For the previous year, Other Income comprised of ₹ 39.23 Million net loss on foreign currency transactions and translations and ₹ 114.81 Million for interest earned on fixed deposits and dividend yield on mutual funds.

The surplus funds of the Group continue to remain mainly invested in bank fixed deposits and debt funds in adherence to the Group's investment policy.

Cost of Sales and Services

Cost of Sales and Services consists of amount incurred towards content fee and contest expenses, cost of software licenses and other charges. Content fee is paid to content providers such as music label companies, royalty agencies, sports licensing authorities, games publishers and other content licensors, from whom content is procured by the Company. Cost of software licenses and other charges include the cost of software licenses and services used by the Company for providing services to the customers. During FY 2018-19, the cost of sales and services was ₹ 2,719.60 Million as against ₹ 2,808.06 Million incurred in FY 2017-18 with a drop of 3% mainly driven by lower revenues.

(In ₹ Million)

	FY 2018-19	% of total revenue	FY 2017-18	% of total revenue	Growth %
Content fee	2,442.41	39	2,443.02	38	-0
Contest expenses, cost of software licenses and others	277.19	4	365.04	6	-24
Cost of sales and Services	**2,719.60**	**43**	**2,808.06**	**44**	**-3**

Employee Benefits Expense

Employee Benefits Expense comprise of salaries paid to employees, contribution made to various employee welfare funds and expenses incurred towards welfare of the employees.

During the FY 2018-19, the Group incurred a cost of ₹ 1,776.81 Million as against ₹ 1,890.25 Million in FY 2017-18, thus representing a decrease of 6% from the previous year. The decrease was primarily on account of manpower rationalization measures undertaken in international geographies like Europe, Latam and North America.

The total employee strength of OnMobile Global Limited and its subsidiaries as on March 31, 2019 was 796.

Finance Charges

Finance Charges represent interest paid/payable towards working capital loan and term loan. During FY 2018-19, the Company incurred Finance Charges of ₹ 0.76 Million as compared to ₹ 1.06 Million in FY 2017-18.

Depreciation and Amortisation

The Group provided a sum of ₹ 272.23 Million and ₹ 479.12 Million towards Depreciation and Amortization for the FY 2018-19 and FY 2017-18, respectively, thus representing a fall of 43% over the previous year. Decrease in Depreciation and Amortization is on account of reduction in depreciation and amortization charges for intangible assets as they were fully amortized.

Depreciation and Amortization on assets is provided on a monthly basis using the straight-line method based on useful/commercial lives of these assets as estimated by the Management, other than for market development and deployment rights, which is amortized over its useful/ commercial life in time proportion of its economic benefits, that are expected to accrue to the Company. The amortization method is reviewed at each year-end for any significant change in the expected pattern of the economic benefits. Expenditure incurred on research and development is not being capitalized.

Other Expenses

In the FY 2018-19, Other Expenses increased by 14% to ₹ 1,146.25 Million as against ₹ 1,008.46 Million incurred in FY 2017-18. The break- up of the expenses is as follows:

(In ₹ Million)

	FY 2018-19	% of total revenue	FY 2017-18	% of total revenue	Growth %
Legal, professional & consultancy charges (including Remuneration to Auditors)	250.43	4	227.66	4	10
Marketing Expenses	339.06	5	223.16	3	52
Rent and other facilities cost	131.00	2	127.25	2	3
Travelling and Conveyance	124.18	2	135.25	2	-8
Communication charges	52.31	1	65.22	1	-20
Rates and taxes	19.42	0	28.91	0	-33
Others	229.85	4	201.01	3	14
Total	**1,146.25**	**18**	**1,008.46**	**16**	**14**

Exceptional Items

During the previous year ended March 31, 2018, the Venezuela Government devalued its currency Venezuelan Bolivar Fuerte (VEF). The effect of restatement of the assets and liabilities from foreign currency (VEF) to functional currency at the period end rates on such devaluation amounting to ₹ 14.78 Million for the year was presented as exceptional item in FY 2017-18. There is no exceptional item in FY 2018-19.

Profit before Tax

The Profit/(Loss) before Tax of ₹ 313.12 Million in the current FY 2018-19, as compared to ₹ 277.14 Million during the previous year, represents a 13% increase in profitability over the previous year.

Provision for Taxation

The amount provided for taxation in the current FY 2018-19 is ₹ 124.25 Million as against ₹ 163.69 Million provided in FY 2017-18 and this represents a 24% decrease in tax expense over the previous year. Effective tax rate in FY 2018-19 declined to 39.7% from 59.1% in FY 2017-18 as a result of lower tax losses from some of the overseas subsidiaries.

Other Comprehensive Income

Other Comprehensive income for the year 2018-19 includes loss of ₹ 122.68 Million on account of exchange differences in translating the financial statements of foreign operations and loss of ₹ 6.31 Million due to re-measurements of defined benefit liabilities. Other Comprehensive income /(loss) was ₹ (126.78) Million in FY 2018-19 as compared to ₹ 123.27 Million in the FY 2017-18.

Total Comprehensive Income for the year

The Total Comprehensive Income is ₹ 62.09 Million in the current FY 2018-19, as compared to ₹ 236.72 Million during the previous FY 2017-18.

FINANCIAL CONDITION

Non-Current Assets

Property, Plant and Equipment, Capital Work-in-Progress and Intangible Assets

The Company incurred an amount of ₹ 808.27 Million (₹ 346.22 Million in the previous year) as capital expenditure during the FY'2018-19. Additions to the gross block mainly comprise of intangible assets capitalized on account of acquisition of Appland amounting to ₹ 802.29 Million.

Capital Work-in-Progress represents the cost of the assets that are not ready for their intended use at the Balance Sheet date. There is a decrease of ₹ 12.78 Million in Capital Work-in-Progress on account of assets put to use during the FY 2018-19.

Non-current Financial Assets

Non-current Financial Assets include Investments, Loans and Other Financial Assets. There is an increase of ₹ 15.05 Million during the FY 2018-19, mainly on account of regrouping of security deposits from current Financial Assets.

Other Non-Current Assets

Other Non-Current Assets as on March 31, 2019 are ₹ 1,954.58 Million as compared to ₹ 1,819.36 Million as on March 31, 2018, representing an increase of ₹ 135.23 Million. The increase is primarily on account of payment of advance tax and increase in deferred tax assets.

Current Assets

Current Investments

Current Investments as on March 31, 2019 is ₹ 1,916.50 Million as compared to ₹ 1,203.30 Million as at March 31, 2018.

Trade receivables

The Trade Receivables (net of Provision for Doubtful Trade Receivables) amount to ₹ 1,651.26 Million as on March 31, 2019 as against ₹ 1,707.88 Million as on March 31, 2018.

Cash and cash equivalents

Cash and cash equivalents as on March 31, 2019 is ₹ 2,722.54 Million as against a balance of ₹ 3,051.63 Million as on March 31, 2018. The Group generated net cash of ₹ 423 Million from operating activities which was utilized towards acquisition of Appland, and other financing activities like payment of dividend.

Loans

Loans and advances outstanding as on March 31, 2019 is ₹ 11.24 Million as compared to ₹ 31.68 Million outstanding as on March 31, 2018, thus representing a decrease of ₹ 20.44 Million mainly on account of security deposits reclassification to non-current.

Other financial assets

The Other financial assets as on March 31, 2019 is ₹ 633.01 Million as compared to ₹ 649.57 Million as on March 31, 2018, representing a decrease of ₹ 16.56 Million. The decrease was mainly on account of decrease in unbilled revenue and accrued interest on deposits.

Other current assets

Other current assets as on March 31, 2019 is ₹ 488.13 Million as compared to ₹ 258.83 Million outstanding as on March 31, 2018, representing an increase of ₹ 229.30 Million mainly on account of increase in Prepaid expenses and Balances with Statutory Authorities.

Equity and Liabilities

Equity

Equity Share Capital

The Authorized Share Capital of the Group is ₹ 1,500 Million, comprising of 149,500,000 equity shares of ₹ 10/- each and 500,000 preference shares of ₹ 10/- each.

As at March 31, 2019, the Group has 105,696,202 equity shares of ₹ 10/- each as Issued, Subscribed and Paid-up Capital which increased from 105,570,836 equity shares of ₹ 10/- each as at March 31, 2018. The increase was on account of allotment of 125,366 shares pursuant to the employee stock options exercised by employees during the year.

Other Equity

A summary of the Other Equity is given below:

(In ₹ Million)

	As at March 31, 2019	As at March 31, 2018
Capital Redemption Reserve	154.00	154.00
Securities premium	2,403.49	2,399.26
Stock Options outstanding	142.53	124.06
General Reserve	13.20	13.20
Foreign Currency Translation Reserve	(53.79)	68.89
Retained Earnings	1,936.39	1,938.66
Other items of Other Comprehensive Income	5.14	9.24
Total	**4,600.96**	**4,707.31**

The increase in securities premium account of ₹ 4.23 Million during the year was mainly on account of allotment due to exercise of employee stock options during the year.

Foreign Currency Translation Reserve comprises of the exchange difference relating to the translation of the financial results and net assets of the Company's foreign operations from their respective functional currencies to the Company's presentation currency.

The surplus retained in the Statement of Profit and Loss as at March 31, 2019 is ₹ 1,936.39 Million.

The total Net Worth of the Group as at March 31, 2019 is ₹ 5,657.92 Million with the book value of each share being ₹ 53.53/- (Face value of ₹ 10/- each). The corresponding numbers for the previous FY are ₹ 5,763.02 Million and ₹ 54.59 respectively.

Liabilities

Non-Current Liabilities

Long-term provisions

The Long-term Provisions outstanding as on March 31, 2019 are ₹ 38.06 Million as compared to ₹ 37.55 Million as on March 31, 2018, thus representing an increase of ₹ 0.51 Million. The increase is primarily on account of increase in provision for compensated absences based on accumulated leave credits of the employees.

Deferred Tax Liability

Deferred Tax Assets and Liabilities are recognized for the future tax consequences of temporary differences between carrying values of the assets and liabilities and their respective tax bases and are measured using enacted tax rates applicable on the Balance Sheet date. Deferred Tax Assets are recognized subject to management's judgment that realization is virtually certain. The Deferred Tax Liability represents the deferred tax liability of the Group and as on March 31, 2019 is ₹ 1.36 Million as compared to ₹ 1.08 Million as on March 31, 2018.

Current Liabilities

The Current Liabilities outstanding as on March 31, 2019 are ₹ 3,028.29 Million as compared to ₹ 2,341.47 Million as on March 31, 2018, thus representing an increase of ₹ 686.82 Million. Increase is mainly on account of increase in trade payables and other current liabilities.

Ratios

	As at March 31, 2019	As at March 31, 2018
Debtors Turnover	0.28	0.27
Inventory Turnover	N.A	N.A
Interest Coverage Ratio	N.A	N.A
Current Ratio	1.82	2.43
Debt Equity Ratio	N.A	N.A
Operating Profit Margin (%)	1.45	3.24
Net Profit Margin (%)	3.18	1.78

Debtors turnover ratio as on March 31, 2019 is 0.28 and remain almost the same as last year. Current ratio as on March 31, 2019 is 1.82 as compared to 2.43 in the last year. This is mainly due to the increase in trade payables in the current year. Revenue decline year on year has impacted the operating profit margin% which registered a drop in the current year to 1.45% from 3.24% last year. Net profit margin % has improved in the current year March 2019 at 3.18 % as compared to 1.78 % in the last year due to reduction in the taxes of the current year FY18-19.

9. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Right- people Approach

FY 2018-19 was a year with clear focus on engaging employees and aligning their performance to our business imperatives.

Talent Management & Employee Engagement

Continuing with our efforts towards attracting and retaining the right talent, in 2018-19 our focus has been on a sustainable employee experience throughout the life cycle. Right from attracting the best from the talent pool to induction, to performance management and learning, we have ensured satisfaction at every step.

Sourcing a right mix of candidates through diverse channels including social media interactions with a huge focus on resuming campus hiring has been our main focus this year. We have initiated a revamped and a more attractive employee referral program called ***Work Mate*** and we continue to leverage the online assessment tool for a fair and effective evaluation. A robust buddy system, induction program and employee connect through brown-bag initiatives have helped employees settle down quickly and smoothly into performance mode.

In line with our business priorities, we enhanced our skill profile through our internal system of trainings on various products and technology. We continued our legacy of promoting a culture of self-learning through our e-learning portals. Our focus was on curating the learning content to suit the employees' individual and functional growth needs. We introduced them to learning communities and best practices in the industry so that learning could be accessed on the go.

We also invested in an array of life skill and fitness programs/ various celebrations which were received very well by the employees. We believe that an engaged, happy employee is most productive and so introduced a fun at work concept where employees take a break and participate in fun activities.

10. CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the industry' projections and estimates (which are based on reliable third party sources) as well as Company's objectives, estimates, projections and expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, changes in Government regulations, tax laws and other factors such as litigation and labour relations.