MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC SCENARIO

Global economic growth decelerated in 2019 with continued weakness in global trade and investment. This weakness was broad based, affecting both advanced and developing economies. 2019 is estimated to have grown at 2.4%, the lowest rate of expansion since the global financial crisis. In particular, global trade in goods contracted for most part of 2019 and manufacturing activity also slowed down. Services activity moderated during 2019.

Global economic growth slowed, but the digital economy at large continues on an accelerated growth trajectory.

Pre COVID-19 Economic Outlook

With some stabilization of economic conditions expected, global growth was projected at 2.5% for 2020 as investment and trade could gradually recover. While growth in advanced economies was projected to further slow down to 1.4% in 2020 from 1.6% in 2019, growth in 'Emerging markets and developing economies' (EMDEs) was projected to increase to 4.1% in 2020 from 3.5% in 2019.

This growth in EMDEs was projected majorly on account of continued monetary policy support in many developing economies, no major swings in commodity prices, and better borrowing costs. EMDE growth was projected at an average rate of 4.4% in 2021-22, as trade and investment begin to stabilize.

Post COVID-19 Economic Outlook

The COVID-19 pandemic has inflicted high and rising human costs worldwide. Protecting human lives required isolation, lockdowns and widespread closures to slow the spread of the virus. This health crisis is therefore having an impact on economic activity. As a result, IMF projects the global economy to contract sharply by -3.0% in 2020.

It is projected that if the pandemic fades in the second half of 2020 and containment efforts can be gradually relaxed, the global economy could grow by 5.8% in 2021 as economic activity normalizes, helped by policy support.

While most of the economic groups are projected to sharply decline in 2020, Emerging Asia is projected to be the only region with a positive growth rate of 1.0% in 2020. Several economies in the Emerging Asia region are projected to grow at modest rates particularly India by 1.9% and Indonesia by 0.5%.

Indian economy in particular is projected to sharply recover in 2021 with IMF projecting a growth of 7.4% in India's Real GDP and a growth of 6.0% in its Real per Capita Output in purchasing power parity (PPP) terms. Besides, favourable international oil prices are likely to keep India's inflation rates within manageable bounds and lower its current account and fiscal deficit.

Source: World Bank Group Report on Global Economic Prospects, Jan 2020; IMF's World Economic Outlook Report, Apr 2020; UN report on World Economic Situation and Prospects, May 2020, Fitch Ratings.

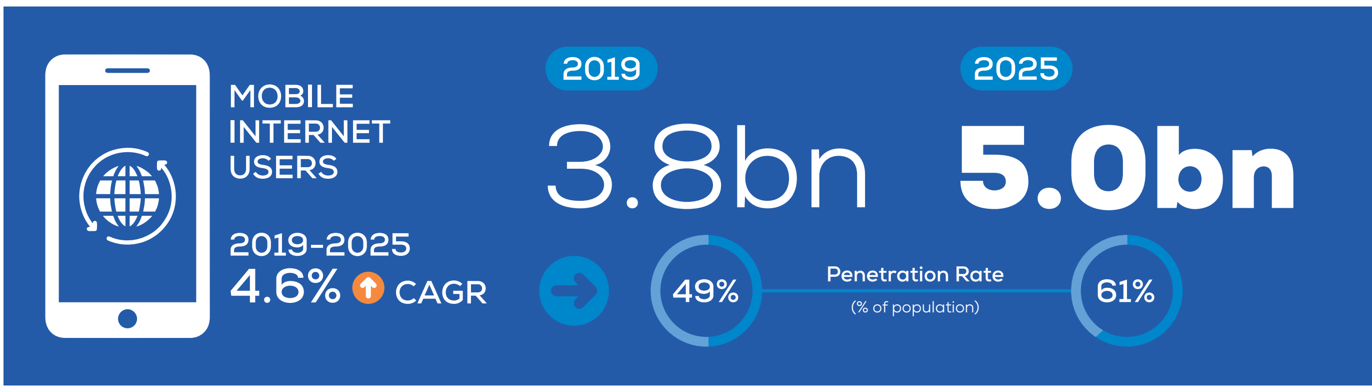
INDUSTRY STRUCTURE, DEVELOPMENTS AND OPPORTUNITIES

The Digital Space

Global Perspective: FY2019-20 highlights the unique positioning of new-age technology companies like Affle. Despite the macro-economic headwinds last year, digital adoption continued to evolve at tremendous speed and that will also define business growth in the digital space for many years to come.

Global Internet Protocol (IP) traffic, which increased from about 100 gigabytes (GB) per day in 1992 to more than 45,000 GB per second in 2017, is further projected to reach 150,700 GB per second by 2022. This is driven by more and more people coming online for the first time.

Affle is well placed as over 95% of our business is Mobile apps focused



Source: GSMA Mobile Economy Report 2020; UNCTAD's Digital Economy Report, 2019; Wearesocial & Hootsuite Reports, January & April 2020

Indian Perspective & Outlook: Digital economy in India has crossed inflexion point and is now on a rapid growth trajectory. In the last few years, the Government of India has undertaken several initiatives that are helping India transform into a broad-based digital led economy. India's digital leap is well under way propelled by both public and private-sector actions and majorly driven by (a) young and aspirational population, (b) increased adoption of smartphones and (c) growing per capita income.

In India, the average monthly mobile data usage per smartphone continues to show robust growth boosted by the rapid adoption of 4G. Only 4% of households have fixed broadband, making smartphones the only way to access the internet in many cases.

More and more consumers are preferring to use smartphones to interact with digital platforms across e-commerce, OTT/entertainment, fintech, online gaming, healthcare, telecom, education, and others. This, in turn, is driving the need for advertisers to reach consumers on smartphones and adopt omnichannel marketing strategy.

Around 410 million additional smartphone users are expected in India by 2025

Source: KPMG Report on India's Digital Future, August 2019; Ericson Mobility Report June 2020

Technology is set to transform India as a connected nation

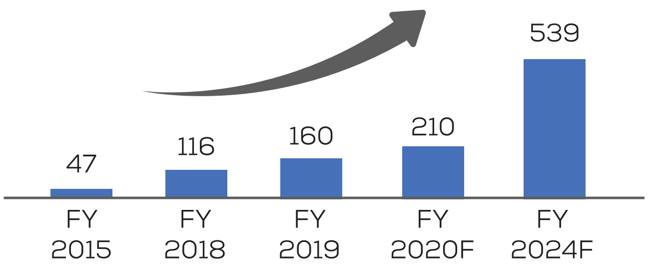
12.3b

app downloads in 2018

Source: McKinsey Report on Digital India, March 2019

Digital Advertising Trends & Opportunities in India

Digital Advertising Industry (Rs. billion)



The total Digital ad spend in India increased by 37.6% from Rs. 116 billion in FY2018 to Rs. 160 billion in FY2019; and it is further projected to increase to Rs. 539 billion by FY2024, representing a (FY19 - FY24) CAGR of 27.5%.

Indian digital advertising channel is set to become the largest amongst all media channels including TV, print, radio, Out-of-Home, etc. as ad spends are expected to be increasingly redirected towards digital formats. A segment that is fuelling growth for digital advertising segment is mobile advertising, driven by 4G penetration, cost-effective data packages, proliferation of the mobile apps and social media, m-commerce and rapid growth in smartphone penetration.

> Mobile advertisement spend is projected to reach a share of 64% of total digital ad spends by 2022.

Source: KPMG Report on India's Digital Future, August 2019; DAN Report on Digital Advertising in India, 2020

Platform-wise Revenue (FY2019-20)*

Consumer Platform Break-up (FY2019-20)*

Note: *On a Consolidated Basis

CPCU Business*

FY 2020 CPCU Revenue	=	Average CPCU	x	Converted Users
Rs. 2,965 mn	=	Rs. 41.0	x	72.3 mn

Note: *On a Consolidated Basis; CPCU data is unaudited

BUSINESS REVIEW

The Company operates two business platforms:

Consumer Platform: Delivers consumer acquisitions, engagements and transactions through relevant mobile advertising for leading brands and B2C companies globally.

Our Consumer Platform primarily provides the following services: (1) new consumer conversions (acquisitions, engagements and transactions); (2) retargeting existing consumers, taking them closer to transactions; and (3) an online to offline ("O2O") platform that converts online consumer engagement into measurable in-store walk-ins.

We primarily earn revenue from our Consumer Platform on a Cost Per Converted User ("CPCU") basis, which comprises user conversions based on consumer acquisition and transaction models. CPCU model contributed 91.4% revenue to the Consumer Platform in FY2019-20 and 88.8% to the Company's total Revenue from contracts with customers.

Our Consumer Platform also earns revenue through awareness and engagement type advertising

(Non-CPCU) which contributed 8.6% revenue to the Consumer Platform in FY2019-20.

Our CPCU revenue for FY2019-20 on a consolidated basis was at Rs. 2,965 million, a y-o-y growth of 33.6%. This growth was contributed by 31.5% growth in converted users delivered by the Company primarily across India and Other Emerging Markets and across the industry verticals.

Enterprise Platform: Provide end-to-end solutions for enterprises to enhance their engagement with mobile users, such as developing Apps, enabling offline to online commerce for offline businesses with e-commerce aspirations and providing enterprise grade data analytics for online and offline companies.

CONSOLIDATED REVENUE BY PLATFORMS/SERVICES

In Rs. million	FY2019-20	FY2018-19	Y-o-Y Change (%)
(a) Consumer Platform	3,245.57	2,419.43	34.1%
(b) Enterprise Platform	92.26	74.53	23.8%
Total	**3,337.83**	**2,493.96**	**33.8%**

During the year under review, on a consolidated basis, Consumer Platform revenue increased to Rs. 3,245.57 million, a significant growth of 34.1% on a y-o-y basis. Enterprise Platform revenue increased to Rs. 92.26 million, a growth of 23.8% on a y-o-y basis.

This growth has been broad-based coming across the geographies and industry verticals primarily driven by increase in digital marketing spends by the advertisers.

CONSOLIDATED FINANCIAL REVIEW

Consolidated Financial Results

In Rs. million	FY2019-20	FY2018-19	Y-o-Y Change (%)
Revenue from contracts with customers	**3,337.83**	**2,493.97**	**33.8%**
Other income	60.88	3.94	
Total Revenue	**3,398.71**	**2,497.91**	**36.1%**
Inventory and data costs	1,921.40	1,341.13	43.3%
Employee benefits expense	272.93	212.27	28.6%
Finance costs	14.22	8.11	75.3%
Depreciation and amortization expense	133.31	100.95	32.1%
Other expenses	264.60	237.45	11.4%
Total Expenses	**2,606.46**	**1,899.91**	**37.2%**
Profit Before Tax (PBT)	**792.25**	**598.00**	**32.5%**
Total tax expense	137.08	109.79	
Profit After Tax (PAT)	**655.17**	**488.21**	**34.2%**
% PAT Margin	*19.3%*	*19.5%*	

EBITDA and EBIT Profile

In Rs. million	FY2019-20	FY2018-19	Y-o-Y Change (%)
Earnings before Interest, Tax, Depreciation, and Amortization (EBITDA)*	888.27	703.12	26.3%
% EBITDA Margin	*26.6%*	*28.2%*	
Earnings before Interest and Tax (EBIT)*	**754.96**	**602.17**	**25.4%**
% EBIT Margin	*22.6%*	*24.1%*	

Note: *Adjusted for creditors written back in FY2019-20 amounting to Rs. 9.37 million. In the reported consolidated financial statements, creditors written back are represented as part of the 'Other Income'.

Key Financial Ratios

Key Ratios*	As of March 31, 2020
Return on Net Worth (%)	28.6%
Return on Capital Employed (%)	27.7%
Total Debt/Equity (x)	0.28x
Days Sales Outstanding (DSO)	103
Interest Coverage Ratio (x)	53.1x
Current Ratio (x)	1.8x
Diluted earnings per share (Rs.)	26.13

Note: *On account of IPO proceeds and related adjustments during the year, there has been significant changes in cash and equity position of the balance sheet and therefore comparing financial ratios on a year-on-year basis would not be like-to-like comparison.

CONSOLIDATED RESULTS OF OPERATIONS (P&L)

Revenue

Our total revenue consists of (a) Revenue from contracts with customers and (b) Other income.

In Rs. million	FY2019-20	FY2018-19	Y-o-Y Change (%)
Revenue from contracts with customers	3,337.83	2,493.97	33.8%
Other income	60.88	3.94	-
Total Revenue	**3,398.71**	**2,497.91**	**36.1%**

The Company reported total revenue of Rs. 3,398.71 million, a y-o-y increase of 36.1% and Revenue from contracts with customers of Rs. 3,337.83 million, a y-o-y increase of 33.8%. Our conversion driven business model with technological advances made, is getting well recognized by advertisers resulting in higher business wins from both existing and new customers across the industry verticals.

Other income increased to Rs. 60.88 million from Rs. 3.94 million last year. Of Rs. 60.88 million of Other income, Rs. 9.37 million are the creditors written back in Q4 and 12M FY2019-20. The rest Rs. 51.51 million is the non-operating other income, contributed primarily by the interest income on bank deposits.

Total Expenses

Our total expenses comprise: (a) inventory and data costs; (b) employee benefits expenses; (c) Other expenses; (d) Depreciation and amortization expense; and (e) Finance costs.

In Rs. million	FY2019-20	FY2018-19	Y-o-Y Change (%)
Inventory and data costs	1,921.40	1,341.13	43.3%
Employee benefits expense	272.93	212.27	28.6%
Finance costs	14.22	8.11	75.3%
Depreciation and amortization	133.31	100.95	32.1%
Other expenses	264.60	237.45	11.4%
Total Expenses	**2,606.46**	**1,899.91**	**37.2%**

Inventory and data costs were Rs. 1,921.40 million for FY2019-20, represented 57.6% of our Revenue from contracts with customers and is a major part of our total expenses. We continue to strategically invest in the Inventory & data cost to expand our reach across connected devices and build deeper insights towards the next billion shoppers.

Our employee benefits expense for FY2019-20 was Rs. 272.93 million, an increase of 28.6% y-o-y but lower than the overall growth in our revenue from contracts with customers. As a percentage of revenue from contracts with customers, employee benefits expense stood at 8.2% vs. 8.5% last year.

Finance Cost comprises: (a) interest on borrowings; (b) Interest on lease liabilities; (c) interest on income tax; (d) bank charges; and (e) others. Our Interest Coverage Ratio (EBIT/Finance cost) stood at 53.1x, representing Company's ability to service its interest obligations out of its operating income was 53.1 times for FY2019-20.

Depreciation and Amortization expense was Rs. 133.31 million for FY2019-20, an increase of 32.1% y-o-y. This was primarily due to the increase in amortization of software application development and amortization of assets acquired as part of acquisitions done during the FY2019-20.

Other expenses for FY2019-20 were Rs. 264.60 million and represented 7.9% of our Revenue from contracts with customers vs. 9.5% last year. This decrease in Other expense as a percentage of Revenue was primarily driven by decrease in business promotion and marketing expenses as the Company is getting good traction of business (a) at the back of our IPO and (b) the industry recognitions which we are getting all around.

Profitability

Profit before tax registered a strong growth of 32.5% to stand at Rs. 792.25 million for FY2019-20 as compared to Rs. 598.00 million in FY2018-19.

Profit after tax registered a strong growth of 34.2% to stand at Rs. 655.17 million for FY2019-20 as compared to Rs. 488.21 million in FY2018-19. PAT margin was 19.3% for the year under review.

CONSOLIDATED FINANCIAL POSITION (BALANCE SHEET)

Total Shareholders' Equity

In Rs. million	FY2019-20	FY2018-19
Equity share capital	254.96	242.88
Other equity	2,036.63	481.17
Total Equity	**2,291.59**	**724.05**

The paid-up equity share capital of the Company as of March 31, 2020 was Rs. 254.96 million comprising 25,496,367 Equity Shares of Rs. 10/- face value each. During the year, the Company completed Initial Public Offer of 6,161,073 equity shares at an issue price of Rs.745 per share comprising of fresh issue of 1,208,053 equity shares and an offer for sale of 4,953,020 equity shares.

Other Equity increased to Rs. 2,036.63 million as of March 31, 2020 from Rs. 481.17 million last year. This increase was driven by Rs. 845.56 million of securities premium added on account of 1,208,053 fresh shares issued during the Company's IPO; Rs. 655.17 million of net retained earnings; and Rs. 54.73 million of Other comprehensive income for FY2019-20.

Debt Position (Short-term and Long-term Borrowings)

In Rs. million	FY2019-20	FY2018-19
Current borrowings	357.24	20.75
Non-current borrowings	280.60	69.17
Total Debt	**637.84**	**89.92**
Total Debt/Equity (x)	**0.28x**	**0.12x**

Total debt for the Company was Rs. 637.84 million and debt-to-equity ratio was at 0.28x as of March 31, 2020 vs. 0.12x as of March 31, 2019. Increase in the Company's debt was primarily on account of non-collateralized loan taken by our wholly owned Singapore based subsidiary Affle International Pte. Ltd., at a low rate of interest from the Singapore based Group holding company Affle Holdings Pte. Ltd. This loan was taken to complete the acquisitions of the 'RevX Platform Business' and 'Mediasmart' Company, which were done during FY2019-20. Further, the increase has also been contributed by loans taken by the Mediasmart pre-acquisition and consolidated as of March 31, 2020.

Assets Position (Line items with significant changes)

In Rs. million	FY2019-20	FY2018-19
Current assets (key line items)		
Trade receivables	744.35	478.83
Contract assets (unbilled revenue)	198.75	131.87
Other current assets	58.70	23.68
Non-current assets (key line items)		
Goodwill	1,106.73	325.29
Other intangible assets	474.25	240.20
Intangible assets under development	48.00	17.95

Trade receivables increased to Rs. 744.35 million as of March 31, 2020 from Rs. 478.83 million as of March 31, 2019, where this increase was primarily due the growth in our revenues from contracts with customers.

Contract asset comprises revenue that is not yet billed to customers. The contract asset as a percentage of Revenue from contracts with customers was 6.0% for FY2019-20 on a consolidated basis.

Goodwill increased to Rs. 1,106.73 million as of March 31, 2020 from Rs. 325.29 million as of March 31, 2019, primarily due Rs. 764.28 million added in goodwill during the year on account of acquisition of the 'RevX Platform Business', 'Shoffr Platform Business', and the 'Mediasmart' Company.

Other intangible assets increased to Rs. 474.25 million as of March 31, 2020 from Rs. 240.20 million as of March 31, 2019 primarily on account of the new technologies developed and the tech assets acquired.

LIQUIDITY AND CAPITAL RESOURCES (CONSOLIDATED)

Cash Flows Position

Net cash generated from / (used in) (In Rs. million)	FY2019-20	FY2018-19
(a) Operating activities	730.30	477.86
(b) Investing activities	(1,637.16)	(501.94)
(c) Financing activities	1,396.68	83.80
Net change in cash and cash equivalent (a+b+c)	**489.82**	**59.72**
Cash and cash equivalent as at the beginning of year	206.08	146.36
Total Cash and cash equivalent as at the end of year (excluding Other Bank Balance)	**695.90**	**206.08**

Our liquidity requirements arise principally from our operating activities, working capital needs and investment activities (primarily acquisition of businesses).

Our Net cash flows generated from operating activities were Rs. 730.30 million and Rs. 477.86 million as of March 31, 2020 and March 31, 2019, respectively.

Our cash and cash equivalents as at March 31, 2020 (excluding Other Bank Balance) was Rs. 695.90 million, as compared to Rs. 206.08 million as at March 31, 2019. This increase was driven by primarily due to (a) increase in net income (excluding non-cash charges to net income such as depreciation, amortization, and changes in working capital); (b) proceeds from borrowings; (c) proceeds from Initial Public Offer (net of issue expense); (d) redemption in bank deposits (having original maturity of more than three months); and (e) interest received on bank deposits. However, this was partially offset by (a) investment made for the acquisition of businesses; (b) investments in bank deposits (having original maturity of more than three months); (c) repayment of borrowings; and (d) purchase of property, plant & equipment, intangible assets including capital work in progress

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Affle has well-established Internal Control Systems, commensurate with the size, scale and nature of its operations. Stringent controls and processes are in place to monitor and control our operations across the markets we operate in. These controls have been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls for ensuring reliability of financial reporting, monitoring of operations, protecting assets from unauthorised use or losses, and compliances with applicable regulations.

The Audit Committee defines the scope and authority of the Internal Auditor. The Audit Committee comprises of Directors who interact with the statutory auditors, internal auditors, and management in dealing with matters within its terms of reference. To maintain its independence, the Internal Auditor reports to the Audit Committee chaired by an Independent Director of the Board. Internal Audit team periodically conducts audits across the Company, which include review of operating effectiveness of internal controls. Based on the report of internal auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

The Risk Management Committee oversees the overall process of risk management throughout the organisation. Business Heads and Support Function Heads are also responsible for establishing effective internal controls within their respective functions. The Company's business units and corporate functions address risks through an institutionalized approach aligned to the Company's objectives.

HUMAN RESOURCES REVIEW

Affle is committed to nurturing an environment that promotes inclusive growth and drives thought leadership. With this objective in place, we have drawn a comprehensive human resource strategy which addresses all key aspects of human resource development including (i) adoption of fair business practices; (ii) promoting workforce diversity, evolution of performance based compensation packages to attract and retain the talent; (iii) rewards & recognition and several best-in-class employee initiatives; and (iv) delivery of training programs to improve technical, functional and managerial competence.

Key highlights for FY2019-20 include:

A. Affle recognized as a "Great Place to Work"

Affle has been recognized as a "Great Place to Work" in the mid-size company category by the Great Place to Work Institute, a well-established global authority on identifying and authenticating workplace culture and practices.

This recognition is a result of an extensive evaluation done by the Great Place to Work Institute by surveying members of the organization and through a detailed culture audit covering many parameters.

B. Total Employees and Gender Inclusivity

As at March 31, 2020, our employee count on a consolidated basis was 295, with 126 employed in R&D, 62 employed in Data Platforms and operations, 65 employed in Sales and Marketing, 31 employed in General Administration and 11 in Management team.

We strongly believe in gender diversity that helps foster collaboration, learning and mutual respect. our total female employee count was 88 as at March 31, 2020 on a consolidated basis.

Affle follows gender inclusive policies to support women and men employees in different phases of their careers. With its 'We Care for You' Policy, Afflers can avail half day: half pay and choose to work for half day after maternity/ paternity leaves. It helps them to maintain the work-life balance as they continue their professional aspirations while managing their little ones at home.

C. Rewards and Recognition

Afflers are encouraged to innovate and excel and are rewarded with programs like 'Monthly Excellence Awards' based on internal referrals; 'Affle Star of the Week' based on peer recommendations; 'Tenure Awards' based on consistent contributions and awards like 'Affies' for excellence in business.

To build a culture of innovation, Afflers are also encouraged to contribute and win acknowledgement for new product ideas and patent applications pursued by the company.

D. Training programs

Affle strongly focuses on talent development for tomorrow, and continues to upskill and reskill all its employees through structured training programs called "Waffle - Webinars@affle", Tech Offsites and various internal competitive events named Salekathon, Afflathon, and more.

E. Our Swift Response to COVID-19 Situation

- Our SEA offices started transitioning to work from home in early-February 2020 and all global offices started transitioning to work from home since mid-February 2020.
- Our team members connect with their respective teams over video/audio calls at least twice a day to ensure continued collaboration and brainstorming.
- All our in-person meetings with customers and partners done on video/audio calls.
- We have built Standard Operating Procedures (SOPs) to overcome any such unfortunate event. Our Business Continuity Plan is in place to ensure continued effectiveness of our systems and people globally.

THREATS, RISKS & CONCERNS

As a global company, Affle may be exposed to a range of external as well as internal risks that can have an impact on its performance. In order to efficiently manage these, we have built a strong risk management framework which includes identification of the identified risks, its impact and our mitigation strategy. You should carefully consider these risks and all other information in the Annual Report. Any of these risks could adversely affect our business, operating results, financial condition, and prospects.

Risk	Defining the Risk	Mitigation Strategy
Macro-economic Risk / Economic Uncertainties	Customers can reduce their marketing spends due to economic uncertainties in key markets like India, South East Asia, Middle East Africa, US, and Europe	We consistently track the markets we operate in, followed by close coordination between the business teams and finance teams to discuss any business concerns with respect to broader economic scenario, business related developments or regarding the customers we serve in specific. Further, our business is well diversified across industry verticals and across geographies; with no major negative impact expected.
Business Continuity Risk	Potential natural or man-made hazards may impact business operations and even pose a risk to employee safety	We have the necessary Standard Operating Procedures (SOPs) and Business Continuity Plan (BCP) that addresses disruptions which could be faced by our teams or the employees, across our India and International offices. We have Work from Home policy in place, event specific succession planning, medical insurance for all employees, dedicated quick response team and related contingency plans.
Technological / Data related Changes	If our ability to reach connected devices is restricted by certain disruptive changes in technology, it could have an adverse impact on business model / operations	Most of our business is mobile app focused and our exposure to browsers is highly limited, where such technological changes have been predominant till now. Further, we have developed competencies across various technologies and operating environments; and our R&D teams continually strive to be future-ready for any such risks.
Systems, Data and Digital Infrastructure Security Failures	Failures in systems and the digital infrastructure supporting our systems could significantly disrupt our operations	We have a comprehensive disaster recovery and business recovery plan. The information we collect is stored on cloud storage and, in the case of our Affle Consumer Platform, archived on tapes. Our information is then stored onto our databases, on which are automatically backed-up daily. A backup of the codebase is also stored offsite for added security. This adds to five layers of security. We deploy continuous upgradation strategy to increase the security and reliability of our platforms and infrastructure that well meet our business demands.
Competition Risk	Mobile advertising industry is competitive, dominated by digital giants such as Google and Facebook and rapidly changing with multiple smaller players coming in	We continue to invest in enhancing our product offerings and platform capabilities, with a greater tech emphasis. These are the key differentiators for our business sustainability. We do not head-on compete with any of the walled gardens but rather see ourselves co-existing and being in a symbiotic relationship with them. We focus towards further strengthening our relationship with the customers, with consistent efforts going in to strengthen operations, sales, and account management teams.

Foreign Exchange Fluctuations	Company may be exposed to foreign exchange fluctuations	We monitor currency movements closely, but our business is naturally hedged as the revenue is almost 50:50 split between INR and USD, with no major impact expected.
Liquidity Risk	Any threat to the liquidity could be a risk factor	We are net debt free, with our cash and cash equivalent significantly higher than the total debt. Also, we have been maintaining positive cash flows from operations.
Credit Risk	Default or inability of the customers to pay on time may impact the balance sheet position and/or the profitability	We have an effective receivable management framework in place to maintain the receivable days. Our finance team deploys strong check and balances to mitigate any credit risks or any possibility of increase in bad debts.
Compliance Risk	Adherence to laws and regulations pertaining to a public-listed company is mandatory	We have a dedicated in-house secretarial and compliance team that manages all the compliances effectively. We also have all the necessary Corporate Policies in place to ensure the regulatory compliances are well met with.
Reputation Risk	Negative media coverage or certain actions by activist shareholders may divert the time and attention of our board and management and adversely affect the share price	To mitigate this, Affle has adopted the following approach: 1. Regular screening of media coverage by our PR team and preemptive response by the senior management, if required. 2. Regular interactions with the shareholders and analysts and providing the information in transparent and timely manner.

GROWTH STRATEGY AND OUTLOOK

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. We have grown in scale significantly and are consistently enhancing our strategic moats by focusing on three key aspects:

(a) We have expanded the scope of our products from just mobile to connected devices, going well beyond mobile and looking at connected devices as a strategic focus

(b) We are looking at the consumer's journey as an omnichannel platform, integrating it across both online journeys as well as offline journeys and therefore creating new possibilities for our customers

(c) We continue to invest in the 4V strategy of Voice, Video, Vernacular and Verticalisation to reach the next billion shoppers on connected devices. We are going deeper in verticalization as a key strategy and are also looking at vernacular affinity of the consumers which will strengthen our moat in India as well as other emerging markets.

Well-defined Strategic Roadmap for Organic and Inorganic Growth

CAUTIONARY STATEMENT

Certain statements in this Management Discussion and Analysis Report concerning the future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, ability to manage growth, intense competition in our industry including those factors which may affect company's cost advantage, seasonality of business, wage increases, company's ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, client concentration, company's ability to manage its international operations, company's ability to successfully complete and integrate potential acquisitions, liability for damages on company's contracts, the success of the companies in which Affle has made strategic investments, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry or the global economy.