Odyssey Technologies Limited

CIN: L51909TN1990PLC019007

INVESTOR FAQs

August 2016

Questions received from our investors since the last publication of our FAQ are aggregated and answered here to the best of our ability.

DISCLAIMER

Certain statements made in this FAQ concerning our future growth prospects and/or any forward looking statements contained herein are based on assumptions and expectations that we believe are reasonable as of this date. Forward looking statements/ assumptions regarding growth prospects by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. This FAQ represents only the Company's current intentions, beliefs or expectations and the company assumes no obligation to revise or update any forward looking statements as such.

<u>INVESTOR FAQs</u>

1. How do we understand the current and future opportunity size for the company to grow? Is digital certificate issuance a good proxy to understand the growth of the PKI industry? Where does India stand in terms of the adoption curve as measured by digital certificate issuance?

Close to three million certificates are issued every year in India. While that is a good indicator of growth of PKI itself, it does not reflect the spend on the technology. For instance, a corporate entity may use a single digital certificate for millions of transactions in a year and another individual with a similar certificate may do only two transactions in a year. The revenue impact for software providers in these cases is obviously different.

2. Can the management provide some data on a quarterly/half yearly basis on key metrics such as number of new client additions, new product developments and key market trends if any so as to keep investors appraised of developments on the business side.

Client additions and product information would not really be good indicators of the business. Odyssey sells products ranging in price from a few thousand rupees to millions of rupees and everyone who buys any of these products is a client. Product development is a continuing activity and calls for continuous culling of products based on various market and product exigencies – a product was completed is no guarantee that it will be taken to the market or customers will like it. Therefore, in our opinion, the best available indicator of the business directions is the billing and revenue – and we already share them with the investors on a quarterly basis.

3. Is our focus on one particular technology(PKI) the reason for our flat performance?

One year's performance is inadequate as an indicator of flat performance. We believe that the company's business still has considerable room for growth.

As mentioned in our Annual Report 2016, we are also developing competencies in a few other areas to build sufficient momentum for the future years.

4. Can you share the management's business plan for the next 2 to 3 years?

The management's plans constantly undergo revisions and course corrections owing to the fast paced technology changes and changing market realities. Sharing the details of such plans is unlikely to bring in more clarity to the shareholders. However, the basic vision of the company remains constant – to expand our presence into the global market and sustain it in the same manner as we have done in the domestic market.

5. Why have the company's products not received any awards despite being a product company for more than a decade?

   The company has not been participating in award competitions as it found the activities to be too bandwidth consuming and not really productive. As we expand into overseas market, this strategy will change.

6. Since there seems to be limited growth potential in this sector, should the company seriously consider some inorganic route for growth?

   Currently the company is not considering inorganic routes for growth as the company does not see many potential fits for such growth. This of course does not rule out any change in the strategy going forward.

7. Aadhar based security products are growing by leaps & bounds due to lower costs, ease of use and accessibility, compared to PKI products. This growth can decimate PKI very fast. Do we have a water tight strategy to address this problem?

   We do not have data to backup the claim of 'growth by leaps & bounds', nor do we believe the relationship between Aadhar and PKI to be adversarial. On the other hand, they will complement each other as do many other security technologies. Some of the company's products also offer support for Aadhar based authentication. We certainly do not see PKI being 'decimated' by Aadhar any time soon.

   Even if PKI becomes obsolete, which is very unlikely in the near future, the company's presence in other technologies would fill that void.

8. Can you explain how partnerships, as mentioned in AR 2016, will work? Are we willing to sacrifice margins for volume? Have we entered in to any specific partnership agreements?

   The company pursues both technological and market strategy based partnerships. PKI is a very complex technology and there is significant room for partners as well as for Odyssey to contribute to the customers' benefits and derive our respective just rewards. We do not see this as purely a volume Vs margins game as we operate mostly in the enterprise market. Such questions will arise if and when we release a consumer security product and pursue a similar partnership strategy there.

The company does not disclose the details of the partnerships as the information is competition-sensitive.

9. How do you see the markets in S E Asia, Middle East & Europe? Are they similar to the Indian market and if so, will we benefit from them in the absence of Aadhar based security system in those markets? If we permeate these markets, what is the timeline for seeing results?

All of these markets have some form of legislatively sanctioned PKI and therefore comply with global standards. The absence of 'Aadhar' is not the factor that makes these markets attractive. As the company's products have gained a level of acceptance and maturity in the Indian market, we see these markets as the logical next step. Of course any new market initiative will have some impact on cost but it should be mostly offset by the revenues from the same markets. We hope to see the results of these efforts in the next couple of years.

10. The Annual Report 2016 mentions about an opportunity in Converging Multiple Authentication Models into a Single Application. What unique quality do we possess that will allow us to exploit this opportunity?

The company has already deployed products containing different authentication models sometimes even to the same customer. This makes it easier for us to offer a single product / service that encompass all of these factors as well as new ones, as we already have the customer credibility.

11. Have we added any competing/complementary technology to our existing products? Alternately, do we have any new breakthroughs?

Most of the technologies that the company works with are governed by global standards. It is hard to visualize a 'breakthrough' in such technologies. What matters is the execution, compliance and price/performance metrics.

As we already mentioned, we work with multiple authentication factors and mechanisms. As an example, one of our products uses Aadhar based authentication.

12. Do you see the emergence of Block chain technology, IOT and data analytics in the transaction security segment as a serious opportunity or just some glamourous technology for a distant future? Do we have any product in that segment ready for monetizing or are we just working on it to hedge for the future?

We look at them as potential future opportunities.

13. How does the launch of UPI affect us? Is it a threat or an opportunity?

We do not see it as a threat. It presents some opportunities.

14. Financial Technology (Fintech) as a segment is booming and is getting good valuations. Why are we not known in that segment? Is it because of low media exposure, keeping a low profile or because we do not belong to that category?

We do not really belong to that category.

15. Aadhar based products are taking a huge lead over PKI based ones. What is the roadmap going forward, to address this situation? Are we still planning to allocate resources in terms of capital, labour and time for PKI based products or do we plan to freeze any further deployment of resources on this platform?

This assumption is not valid. Aadhar is coming into areas where there never would have been a significant PKI spend. In fact, in the long run, Aadhar usage would be a stimulant for other security technologies as well.

16. In the last few months many Indian banks were victims of cyber-attacks. Consequently, all Indian banks are looking to strengthen their security systems. How do we plan on capitalizing this opportunity?

We are not currently present in perimeter security markets and do not intend to enter into that area. We would like to focus on our competencies and monetize our own specialized expertise.

17. Recently RBI came out with a recommendation for protecting customers from unauthorized electronic banking transactions, wherein, the liability of the customers will be zero or very limited and the banks will have to bear the losses. Should we anticipate any big opportunity if this draft proposal becomes a law?

It will be beneficial but we do not see any 'big opportunity' suddenly materializing out of this as the banks have always been looking out for their customers' security.

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