

OnMobile Global Ltd

Global Leader in Mobile Entertainment

Date: 30th May 2022 | CMP: ₹ 132 | BSE: 532944 | NSE: ONMOBILE



3	Industry Overview	17	ONMO: Branding & global trademark
4	Mobile gaming Industry: Key Trends	18	Chingari Investments
5	Company Snapshot	19	Financial Summary FY22
6	Study of fundamentals	20-23	Financial Analysis
7	Corporate Overview	24	Peer Comparison
8	History & Milestones	25	Revenue Estimates
9-10	Products & Solutions	26	Key Management Team
11	Leveraging using Technology	27	Shareholding Information
12	Key Growth Drivers	28	Risks & Threats
13	Investment Rationale	29	Vision 2025
14	Revenue by Products	30	Key Highlights
15	Growth in Challenges Arena	31	Future Outlook
16	Global opportunity in cloud gaming	32	Statutory Disclosure

Industry Overview

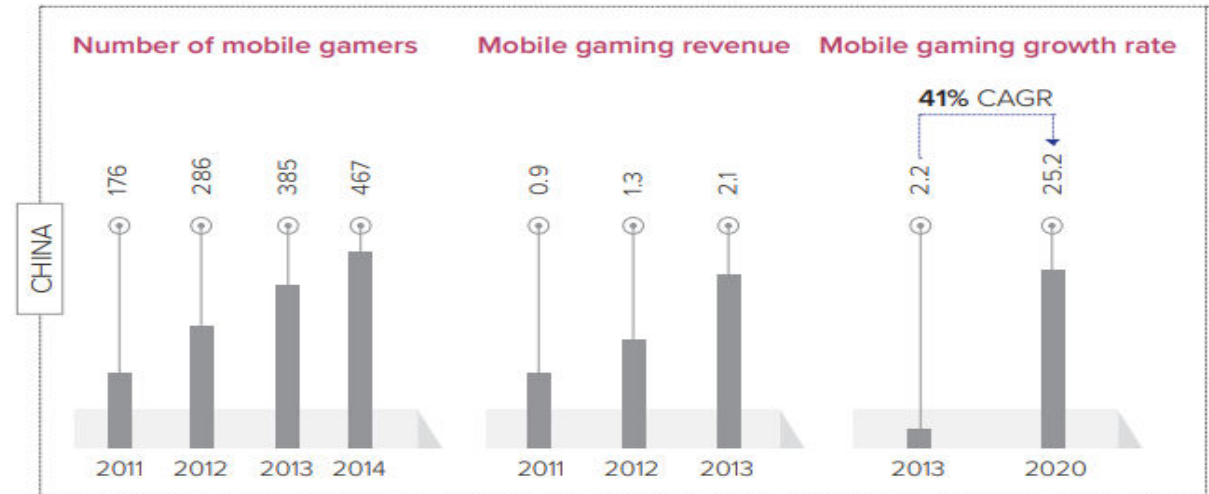
The Indian Media and Entertainment (M&E) industry is a sunrise sector for the economy and is making significant strides.

Proving its resilience to the world, Indian M&E industry is on the cusp of a strong phase of growth, backed by rising consumer demand and improving advertising revenue. According to a FICCI-EY report, the advertising to GDP ratio is expected to reach 0.4% by 2025 from 0.38% in 2019.

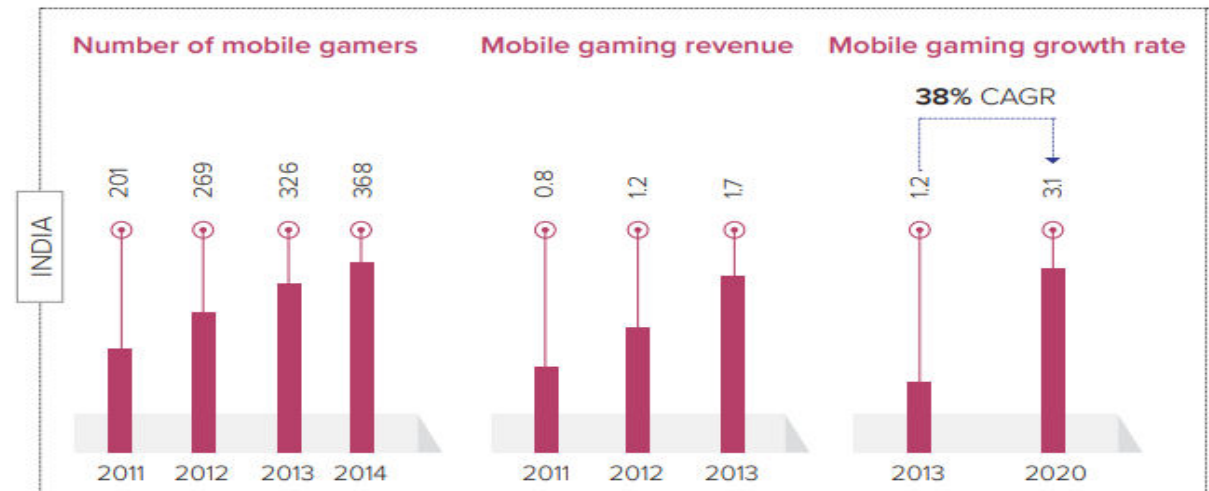
The Indian gaming market is set to witness a CAGR of 32.6% and touch US\$ 3.53 billion by 2023. **Indian mobile gaming market is poised to reach US\$ 7 billion, in value, by 2025.**

According to the FICCI-EY media and entertainment industry survey, those who watch online videos through bundled packages (online video services bundled with mobile and broadband connections) will account for half of all online video viewers (399 million) by 2023, up from 284 million in 2020.

The Indian mobile gaming segment is witnessing a strong growth over the past few years. It is expected to replicate China's historical growth and follow an equivalent trajectory.

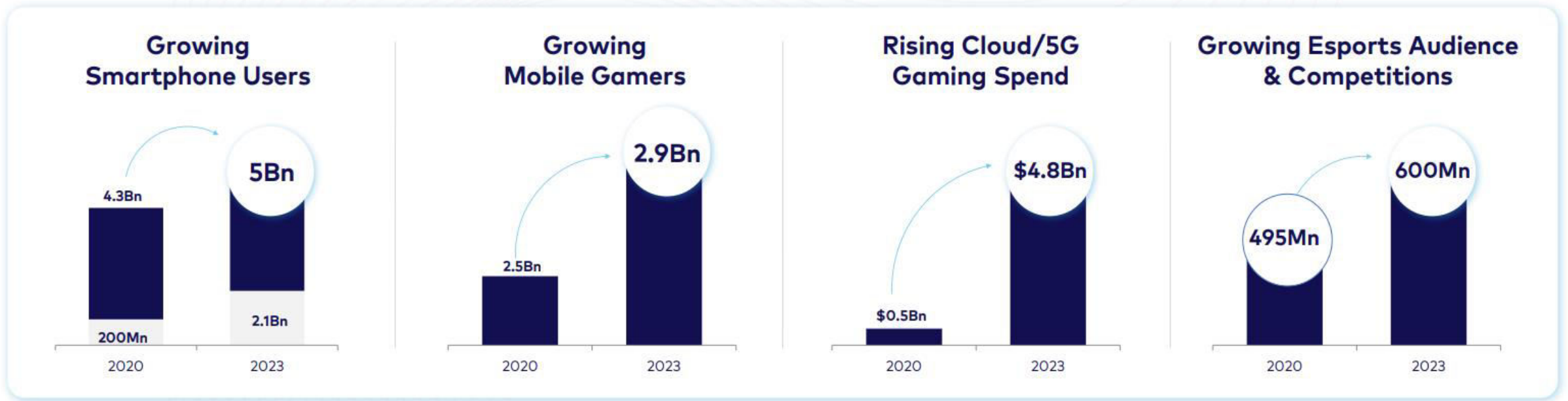


Indian mobile gaming market is currently where the market in China was 8-10 years ago



Source: [Media and Entertainment Industry in India, Indian Media Industry \(ibef.org\)](http://www.ibef.org)

Mobile Gaming Industry: Key Trends



 **Social Play Driving Engagement**

- Mobile gamers **2x more likely to stay in game for social connections**

 **Short Gaming Moments**

- **10Bn** hyper casual installs in 2020
- **140Mn** Indian play sessions < 11 min

 **New Technologies**

- **AI, AR, VR** will continue to fuel innovative ways to combine gameplay & social interaction

Company Snapshot

- **Two Phase Buying Strategy = Buy half quantity between ₹130-132 & further average down around ₹100-110.**
- **Price Target = Around ₹200+ in next 12 months, ₹500-600 in next 3 years, ₹1000-1200 in next 5 years. Expect 30-35% CAGR Return.**
- OnMobile as a global leader in mobile entertainment is expanding its suite of digital entertainment services. OnMobile provides end-to-end mobile entertainment solutions including platform, apps, content partnerships and professional services to telecom operators and other media companies. The global mobile gaming market is expected to grow from \$80 Billion to over \$130 Billion by 2025.



Market cap: ₹ 1,372 Cr.

Current Price: ₹ 132

High/low: ₹ 191 / 94.2

NSE: ONMOBILE

ROE: 6.74 %

ROCE: 9.74 %

Sales Growth (3Y): -4.63 %

Profit Growth (3Y): 52.7 %

EPS: ₹ 4.08

Promoter holding: 48.2 %

Debt to Equity: 0.01

OPM 5Year: 9.92 %

Return on assets: 2.40 %

Interest Coverage: 75.4

Pledged percentage: 0.00 %

Onmobile Global: Study of Fundamentals

Dear Investors,

As most would know, fundamentals are what usually guide market price movements over the long-term, so we decided to look at the company's key financial indicators today to determine if they have any role to play in the recent price movement. Specifically, we decided to study OnMobile Global's ROE.

As you can see, OnMobile Global's ROE looks pretty weak. Not just that, even compared to the industry average of 14%, the company's ROE is entirely unremarkable at 6.74 . Despite this, surprisingly, OnMobile Global saw an exceptional 40% net income growth over the past five years.

We believe that there might be other aspects that are positively influencing the company's earnings growth. For example, it is possible that the company's management has made some good strategic decisions, or that the company has a low payout ratio.

We then compared OnMobile Global's net income growth with the industry and we're pleased to see that the company's growth figure is higher when compared with the industry which has a growth rate of 14% in the same period.

Earnings growth is an important metric to consider when valuing a stock. What investors need to determine next is if the expected earnings growth, or the lack of it, is already built into the share price. Doing so will help them establish if the stock's future looks promising or ominous.

OnMobile Global has a three-year median payout ratio of 35% (where it is retaining 65% of its income) which is not too low or not too high. So it seems that OnMobile Global is reinvesting efficiently in a way that it sees impressive growth in its earnings (discussed above) and pays a dividend that's well covered. Additionally, OnMobile Global has paid dividends over a period of nine years which means that the company is pretty serious about sharing its profits with shareholders.

Conclusion: On the whole, we do feel that OnMobile Global has some positive attributes. Despite its low rate of return, the fact that the company reinvests a very high portion of its profits into its business, no doubt contributed to its high earnings growth.

With worldwide presence across 58 Countries in partnership with 100+ Mobile Operators and counting, OnMobile Global is leading in Leading in Cutting-Edge Mobile Gaming.

OnMobile provides mobile entertainment products & solutions such as **Tones** and **Videos & Editorial** to telecom operators and media companies.

Outside this traditional core, they are focused on building cutting-edge **Mobile Gaming** products such as ONMO & Challenges Arena which they take to market through B2B and D2C channels.



101 Customers
across the globe



76.2 Million
monthly users



2.7 Million
Cum. gross additions
Challenges Arena



58 Countries
global presence



24.9 Million
App Installs
Tones



6.5 Million
Monthly active visitors
Videos & Editorials

History & Milestones

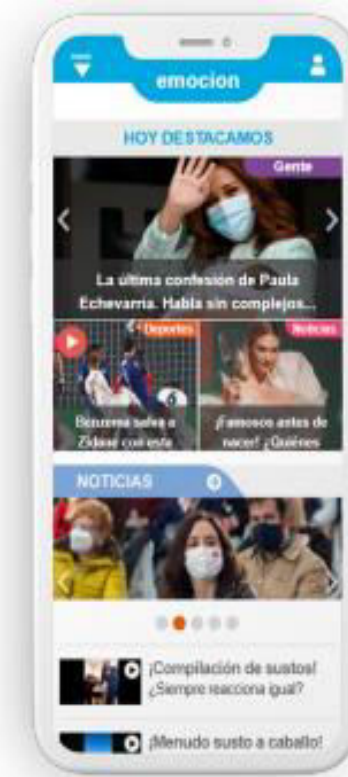
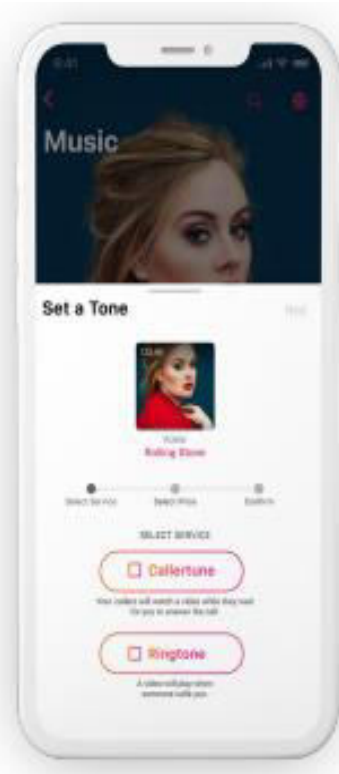
<p>Creation of OnMobile (as OnScan). Launch of voice portal platform.</p> <p>2000</p>	<p>Start of international operations with first telecom customer.</p> <p>2004</p>	<p>Launch of services with media customers and M-commerce services.</p> <p>2005</p>	<p>Investment from Deutsche Bank, Jade Dragon (Mauritius) and Kings Road Investments (Mauritius). Acquisition of ITFinity.</p> <p>2006</p>	<p>Awarded Top VAS Company of India by Voice & Data. Awarded Deloitte Technology Fast 50 India 2007 and Fast 50 Asia Pacific 2007. Acquisition of Vox Mobili (France).</p> <p>2007</p>
<p>IPO on Bombay Stock Exchange (BSE). Two global agreements with Vodafone and Telefonica (Spain). Acquisition of Telisma.</p> <p>2008</p>	<p>Acquisition of Dilithium Networks (U.S.). Global presence in 52 countries.</p> <p>2010</p>	<p>Global expansion with offices in 10 new countries.</p> <p>2011</p>	<p>Acquisition of Livewire Mobile. Global presence in 59 countries.</p> <p>2013</p>	<p>Divested in Vox Mobili for \$26 million. OnMobile demonstrated 160% growth in content revenue for one of its Tier-1 customers.</p> <p>2014</p>
<p>OnMobile's consumer brand "ONMO" sweeps Transform Awards in New York</p> <p>2017</p>	<p>OnMobile Global Limited acquires Appland AB OnMobile launches ONMO Games OnMobile Global acquires Appland AB, Sweden and begins working towards D2C Gaming</p> <p>2018</p>	<p>Vodafone launches kids planet, an app with over 3,000 contents for kids</p> <p>2019</p>	<p>OnMobile Global acquires AI-Powered Visual Retention Leader, rob0</p> <p>2020</p>	<p>Launch of Challenges Arena, a mobile quiz games app ONMO, a mobile cloud-gaming platform and OnMobile's first D2C product, goes Beta live</p> <p>2021</p>

OnMobile is a pioneer and undisputed global leader in providing tones (Ring Back Tones) service in partnership with telecom operators.

They deliver and manage this mobile value-added services platform with an outstanding music catalogue and flexibility that drives increased adoption amongst subscribers

Tones (RBT)

- 66M users, 48 operators globally, 10B+ tones played per month
- Traditional to Digital offerings, engagement is strong across 2G to 5G subscribers
- Product launched with 6 new partners in FY 2021
- Transitioning to a digital-first model with Video RBT (App-based video tunes), AdRBT (Mobile marketing solution), Personalised Recommendations and Gamification



Video & Editorial

- Content site includes global and local topics across Sports, News, Entertainment, Kids, Games and Travel etc.
- Users pay a subscription fee
- Ad-free and available for users to discover and consume with ease along with features like contextual recommendation
- In FY 2021 a few premium services like Storytel, Apple Music, Vaughan, FlixOlé were added

This white label video streaming solution caters to a host of viewership tastes and needs.

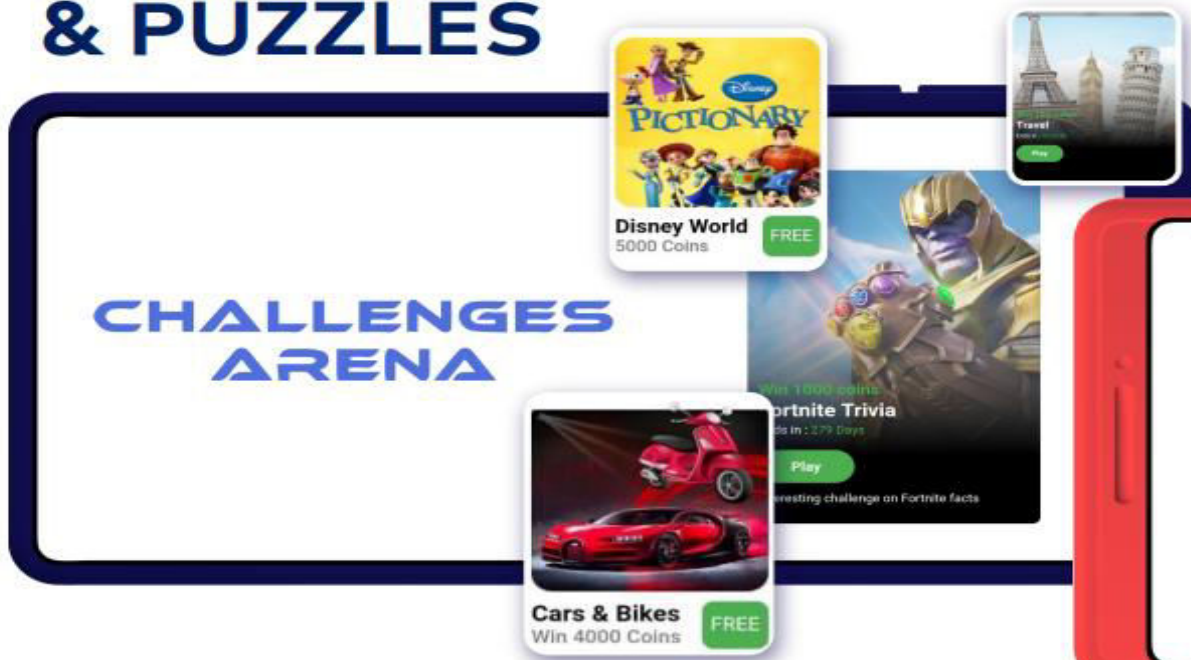
They offer bite-sized entertainment along with long-form sports and kids content/ videos to elevate the digital experience

Products & Solutions (2/2)

Challenges Arena, a single destination of casual challenges that provides an unparalleled gamified experience. Challenges Arena offers an immersive experience for gamers to play and compete with friends on quizzes and various theme-based challenges with a real-time rank and leader-board to win prizes

OnMobile Global has launched Crypto payments for players globally on **ONMO platform**. ONMO, the direct-to-consumer social esports mobile gaming platform from OnMobile Global, is enabling transactions through Bitcoin for players across the globe.

QUIZZES & PUZZLES



SOCIAL ESPORTS



CHALLENGES ARENA

- 18k of Quiz & Puzzles
- 15+ multiple languages

- Downloadable APK
- Progressive **Web App**

- Telcos & OTTs **globally**

- **Subscription**
- **Ads**



Content



Technology



Distribution



Monetization

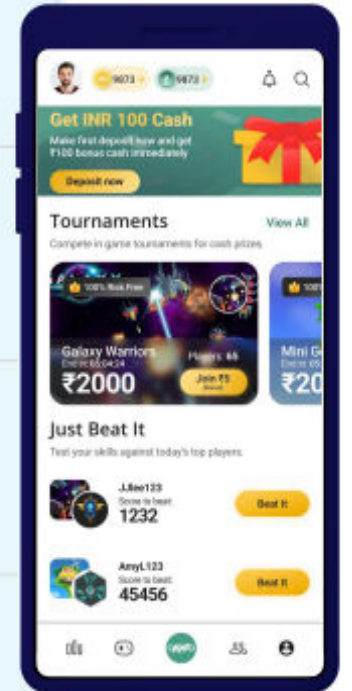
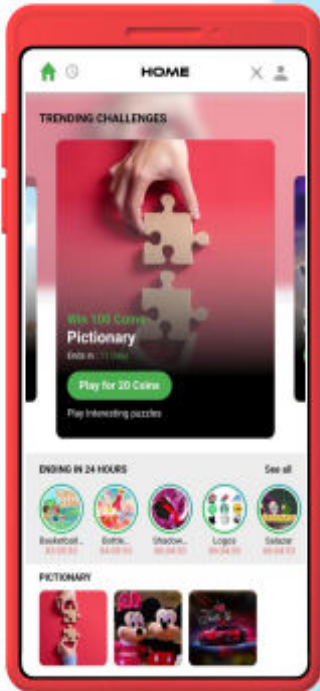


- **Short, curative game moments**
- ~4000 challenges

- **Vision AI** (Artificial Intelligence)
- **Cloud Gaming** on PWA

- Telcos **globally**
- **Direct to Consumer**

- **Real Money battles**
- **Subscription**



Key Growth Drivers

20 Years of Experience



Forging partnerships with mobile operators



Launching & managing telco grade operations

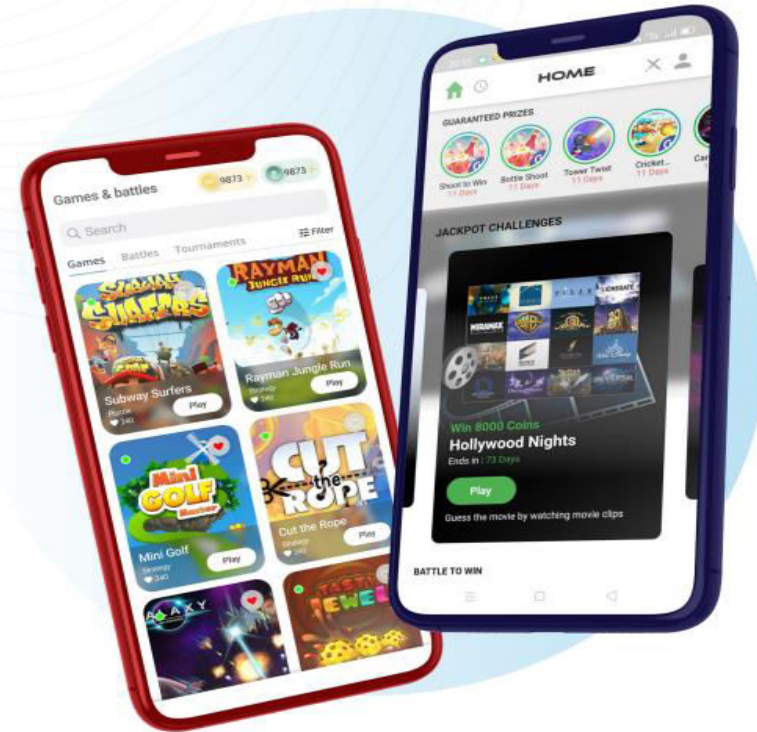


Activating and managing billions of subscribers over the years



Capturing the gaming space with robust products:

B2B2C & D2C



Key Enablers



Active in
101
Mobile Operators



2978
Servers deployed
inside Telco's
Network

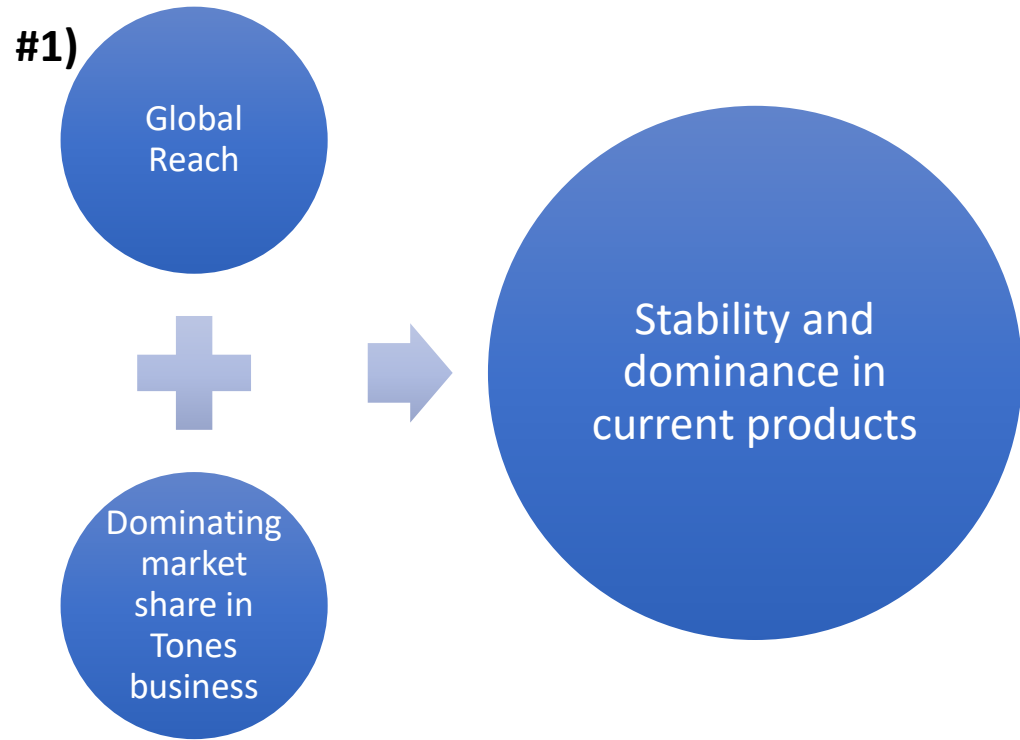


320
Sales & Tech Team
(Mobile Operators
dedicated)



75M
Monthly paying
users

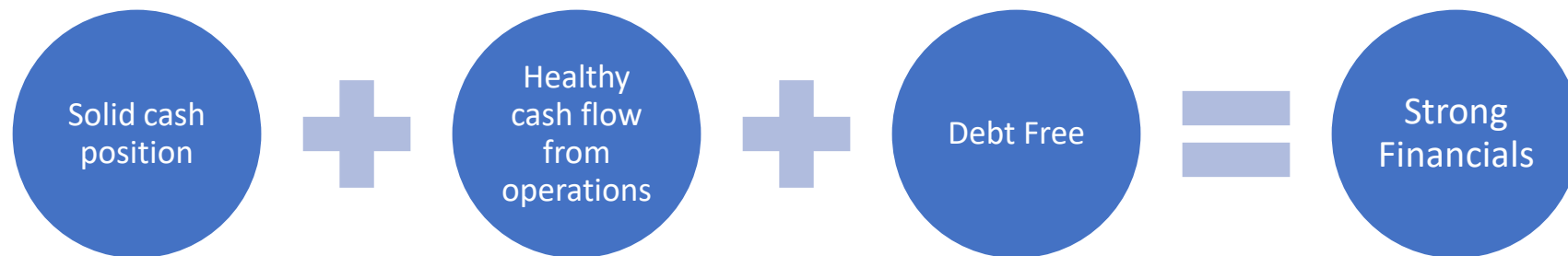
Investment Rationale



#2)



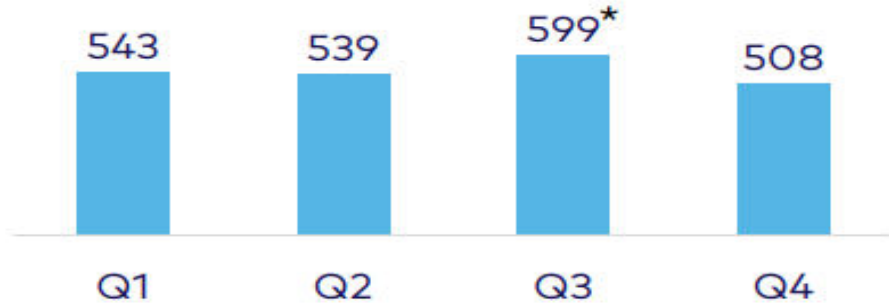
#3)



Revenue by Product (FY22 in millions)

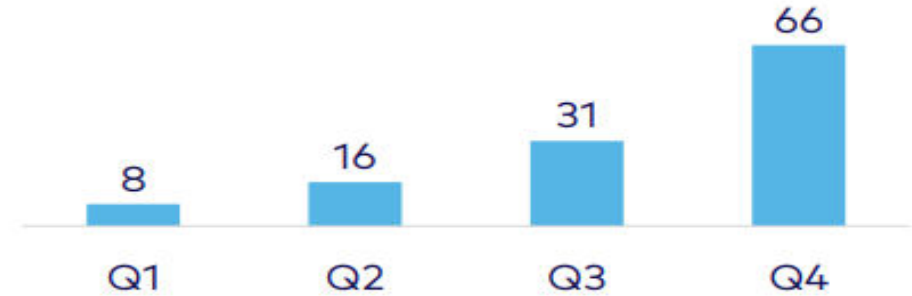
Currently the core business that is Tones & Videos take up the largest portion of revenue for OnMobile, however the growth in these segments is almost constant whereas challenges arena shows a terrific growth with revenues doubling every quarter.

Tones



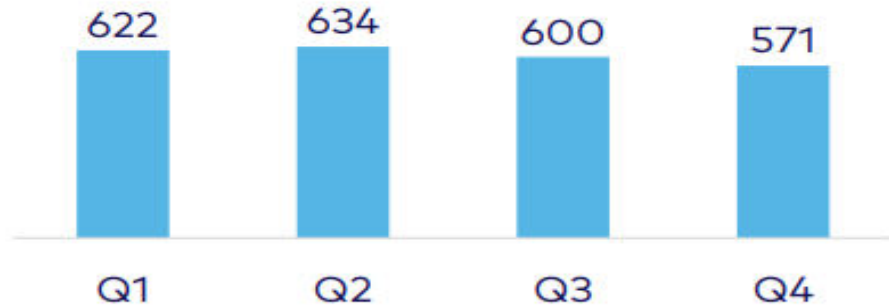
- Stable revenues considering a onetime contract of INR 56 mn in Q3

Challenges Arena



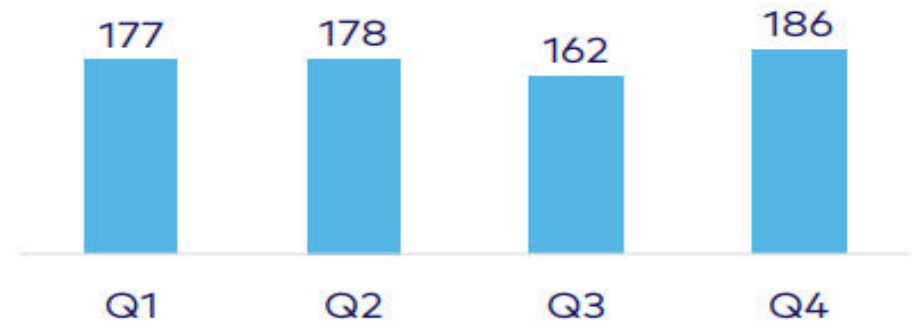
- 100% growth per quarter

Videos



- Operator policies limiting sub acquisition and increased refunds, now stabilized

Legacy Contests and Games

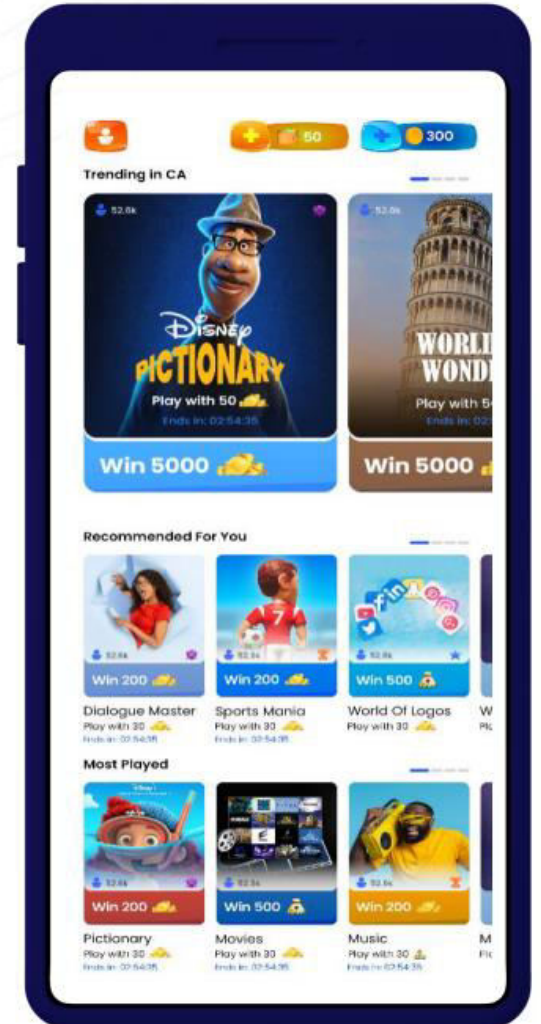


- Transitioning towards CA & ONMO

Terrific Growth visible in Challenges Arena

	Q1 FY '22	Q2 FY '22	Q3 FY '22	Q4 FY '22	QoQ growth	Q1 FY '23 (target)
Cum. Customer agreements (end of qtr)	6	15	21	26	+24%	35
Cum. Customers live (end of qtr)	2	6	8	16	+100%	24
Cum. Gross Payers (end of qtr)	561k	1.2M	2.6M	4.4M	+69%	7.5M
Net payers (end of qtr)	138k	256K	556K	1.33M	+137%	1.9M
# Cum. Game/battle/Trivia Plays	502k	2.2M	4.8M	8.8M	+83%	

CHALLENGES ARENA



Global Opportunity in Cloud Gaming

What is Cloud Gaming?

Cloud gaming is a term used to describe any gaming service which allows players to access and play video games over a livestreamed connection. The goal of this technology is to allow players to access gaming content without having to download the game onto any device.

Ideally, cloud gaming will do away with the need for a super powerful machine to access high quality video gaming content. By having your games streamed to you instead of downloaded, older computers, phones, and tablets can all be turned into a top-tier gaming rigs, so long as they have a decent connection to the internet.



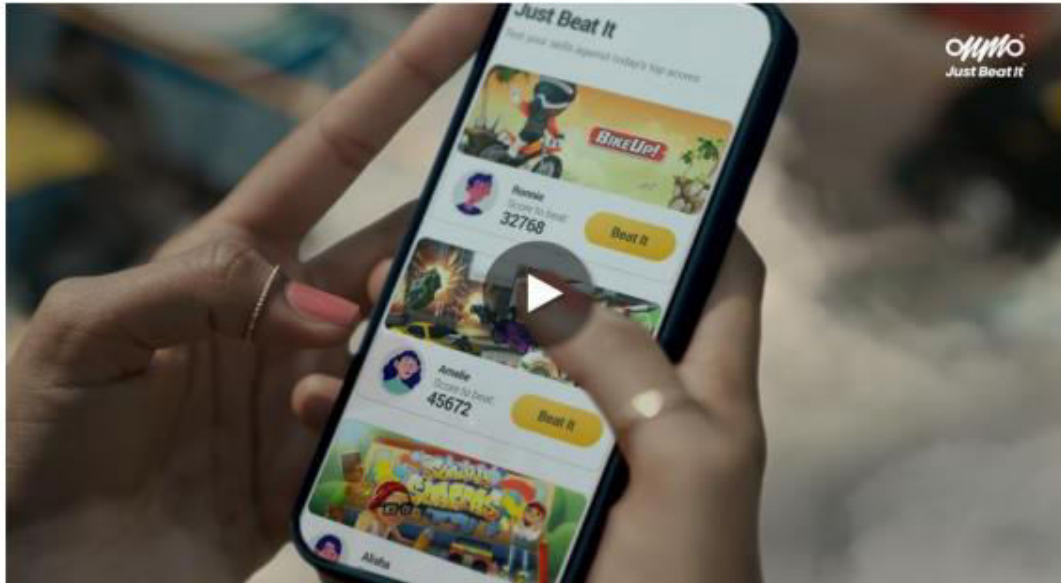
Company's Opportunity:

ONMO is built on Esports, Social, Short Gaming, AI technology and Cloud Streaming. Esports has rapidly grown from fringe to mainstream with hundreds of millions of followers. Social gaming has been a huge driver of engagement for most games. Short game moments have rapidly grown with hundreds of millions playing instant games or short game sessions. Cloud gaming is relatively young but could eventually disrupt the games business. Companies Visual AI engine/ CMS leverages real time data to develop unique fun challenges.

This B2C cloud gaming platform truly has a global opportunity to own the casual esports market with an addressable market that is over \$10B. The company is looking at signing a number of new customers for onmo during the next fiscal. **The company mentioned it earlier that for onmo they will need to raise some funds, there have been discussions with bankers and some strategic investors over the last few months.**

Further company states that they are focusing in developing ONMO as a brand in India, and down the line in 3 to 4 years 80% of the revenue from ONMO would be generated from the global markets.

ONMO: Branding & Global Trademark



<https://www.youtube.com/watch?v=EH5ZsHLkHWg>

- ▶ Registered to use "Just Beat It" as tagline globally including #JustBeatIt
- ▶ Launched ONMO's first ad campaign with "Just Beat It" integral to the theme



- ▶ Promoted "Just Beat It" through Influencer Marketing with Top Gamers & Digital Creators



Chingari Investments

This investment will allow Chingari to accelerate its growth from 56 Million users to over 100 million users.

As part of the deal, **OnMobile will integrate and distribute its direct-to-consumer gaming platform, ONMO, on the Chingari app and collaborate on other mobile product integrations to serve millions of users.** Chingari will use the funds to enhance its content portfolio, hire top talent and accelerate its growing user base.

Other investors who participated in this round include Republic Labs US, Astarc Ventures, White Star Capital, India TV (Rajat Sharma), JPIN Venture Catalysts Ltd, ProfitBoard Ventures, Raghunandan G of Zolve (Co-Founder of TaxiForSure) and some large family office funds from the UK.

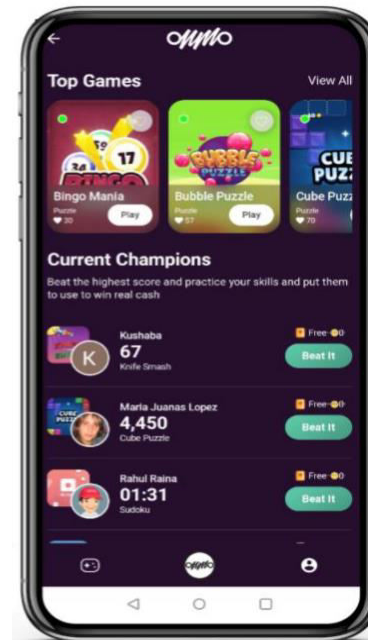
Earlier last year Chingari had raised \$1.4 Million from a series of Angels, including Jasminder Gulati, FJ Labs (Fabrice Grinda), Angelist, Utsav Somani's iSeed, Village Global, and Blume Founders Fund.

Equity investment in Chingari doubled in the last year. Partnership provides ONMO with ~\$15M in marketing value over the next 5 years

OnMobile leads \$13 million investment in Chingari

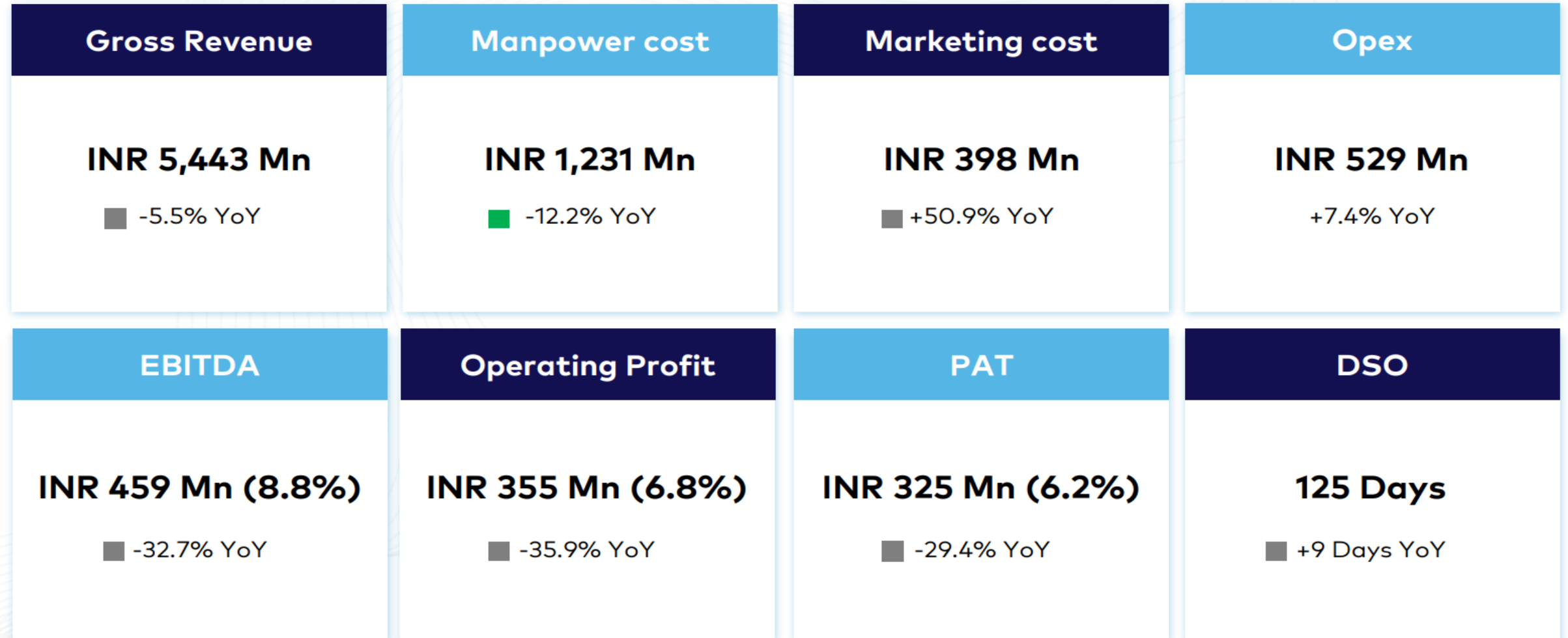
About Chingari

Chingari that started as a short-form video app, has now positioned itself as a Content media super app for Bharat. Chingari not only offers short-form videos, but has carved its niche by also introducing Chingari Multiplex, and the first one in India to introduce Social Video Commerce. Now, With the strategic partnership of OnMobile Chingari would also be introducing gaming within the app.



Financial Summary FY22

FY'22 revenue stood at INR 544.3 crore, a de-growth of 5.5% YoY primarily impacted by Euro depreciation and customer-driven policies in Spain, which have since been mitigated. Marketing cost grew by 50.9% YoY to INR 39.8 crore for FY'22 on account of investments in new launches resulting in lower EBITDA. EBITDA at INR 45.9 crore with a margin of 8.8% for FY'22



Financial Analysis

Income Statement Analysis

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Sales +	537	638	725	865	847	816	720	636	594	572	551	520
Expenses +	416	497	575	733	723	667	619	570	561	533	485	474
Operating Profit	122	141	150	132	124	148	101	66	33	39	66	45
OPM %	23%	22%	21%	15%	15%	18%	14%	10%	6%	7%	12%	9%
Other Income +	45	68	22	-104	18	7	-6	11	27	25	15	13
Interest	2	4	4	5	4	3	2	1	1	2	2	1
Depreciation	57	84	99	137	144	149	55	48	27	19	13	10
Profit before tax	108	120	70	-114	-6	3	38	28	31	43	66	47
Tax %	20%	31%	33%	-16%	-474%	973%	63%	59%	40%	37%	31%	31%
Net Profit	89	83	47	-132	-32	-28	14	11	19	28	46	32
EPS in Rs	7.57	7.23	4.13	-11.55	-2.96	-2.52	1.35	1.08	1.79	2.61	4.40	3.07
Dividend Payout %	0%	14%	36%	-13%	-51%	-59%	111%	140%	84%	57%	34%	49%

- Revenue is derived from Telecom Value Added Services including Ring Back tones, Mobile entertainment and other services.
- Full year revenues impacted by Euro depreciation and customer driven policies in Spain which have since been mitigated. The Q4FY22 revenues have been impacted as well standing at 133.2 crores (4.4% de-growth) since the previous quarter.
- Operating Profit margin for FY22 stood at 9% a 3% drop since the last year.

Balance Sheet Analysis

3C Capitals

	Mar 2011	Mar 2012	Mar 2013	Mar 2014	Mar 2015	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Share Capital +	59	115	114	114	109	108	104	106	106	106	104	106
Reserves	773	770	795	653	548	511	459	471	460	484	522	547
Borrowings	29	81	49	88	46	20	0	0	0	21	15	7
Other Liabilities +	261	274	341	343	337	316	277	238	307	294	265	251
Total Liabilities	1,122	1,241	1,299	1,198	1,040	955	841	814	872	905	906	911
Fixed Assets +	582	556	533	503	246	106	69	55	119	101	100	169
CWIP	14	11	24	12	5	5	4	2	1	1	20	4
Investments	54	43	34	41	72	93	93	120	192	183	141	95
Other Assets +	472	631	707	642	716	751	675	636	561	620	646	643
Total Assets	1,122	1,241	1,299	1,198	1,040	955	841	814	872	905	906	911

- During this fiscal year, company incurred strategic investments in Chingari. Company also consequently spends on its research and development. During FY22, total expenditure on research and development was 48.7 crores.
- Company has also announced a dividend of rupees 15. The company is virtually debt free.
- Q1FY21:- a) Rob0 Investment of INR 5.42 Cr b) Buyback of Equity Share for INR 6.52 Mn. Q2FY21:- Buyback of Equity Share for INR 25 lakhs
- Q1FY22:- a) Chingari Investment of INR 31.8 Cr. Q2FY22:- Rob0 acquisition INR 3.1 Cr Q3FY22:- Chingari Investment of INR 11.0 Cr.

Cash Position

INR Crore	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Gross Cash	265.9	232.3	273.6	266.2	227.2	177.8	144.5	135.2
Total debt	--	--	--	--	--	--	--	--
Net Cash	265.9	232.3	273.6	266.2	227.2	177.8	144.5	135.2

- Changes in Q1FY22 due to:- a) Chingari Investment of INR 31.8 Cr b) ONMO Prod development cost INR 7.1 Cr
- Changes in Q2FY22 due to:- a) Customer acquisition cost payment of INR 36.5 Cr b) ONMO Prod dev. cost of INR 10.9 Cr c) Rob0 acquisition INR 3.1 Cr
- Changes in Q3FY22 due to:- a) Chingari Investment of INR 11.0 Cr b) ONMO Prod dev. cost of INR 14.9 Cr c) Dividend paid of INR 15.8 Cr
- Changes in Q4FY22 due to Prod dev. cost of INR 10.8 Cr.
- Despite various cash expenses, the company has maintained a strong cash balance by the end of Q4FY22 standing at 135.2 Crores.

Key Ratio Analysis

	FY20	FY21	FY22
Debtor Days	102	100	113
Cash Conversion cycle	102	100	113
Working Capital cycle	18	5	44
ROCE	5%	10%	6%
OPM	7%	12%	9%
NPM	4.82%	8.34%	6.15%

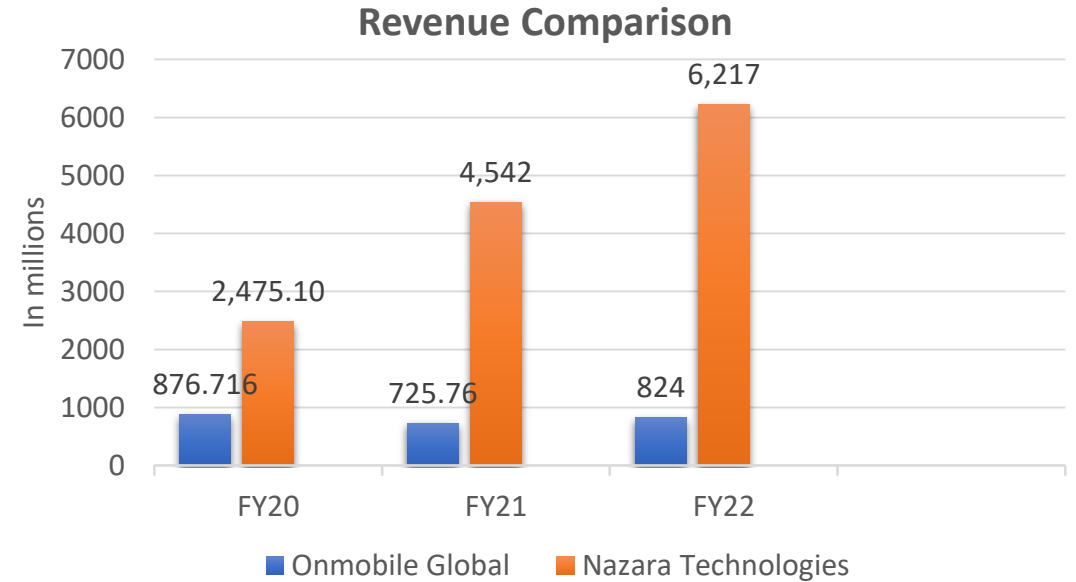
- Debtors turnover ratio as on March 31, 2022 is 0.21, slightly higher than the previous two years.
- Headcount rationalization and cost optimization initiatives undertaken in the previous year had improved Operating profit margin to 12% in FY21 from 5% in FY20, However in the current year OPM has reduced back to 6%.
- Net profit margin % had gone up in FY21 to 8.34% as compared to 4.82% in FY20 because of increased profits and lower tax expense, however similar to OPM, NPM has also decreased to 6.15% in the current year, on account of lower profits whereas the tax expenses remained constant.

Peer Comparison

Given below, Revenue Comparison of OnMobile Global with Nazara Technologies, a major competitor in the game development industry. These two companies are the only two listed mobile game development companies in India.

Revenue Comparison: Revenue from Gaming (in million)

	FY20	FY21	FY22
OnMobile Global Ltd.	876.716	725.76	824
Nazara Technologies Ltd.	2,475.1	4,542	6,217



Gaming revenue for OnMobile Global is generated through contests, gaming and challenges arena. Considering the fact that OnMobile is new to the gaming scenario only starting in 2020 and that gaming is not their core business, **OnMobile gaming revenue is commendable, accounting for 14.9%, 12.6% and 15.8% out of the total revenue generated in FY20, FY21 and FY22 respectively.** On the other hand Nazara technologies has been in the gaming business for a long time since 1999 and it is also their core business therefore, we can see that their revenue generated from gaming is a lot higher than OnMobile. Nazara's gaming revenue also includes segments like esports, freemium, gamified early learning, real money gaming and telco subscriptions.

However, OnMobile is growing its gaming business at a fast pace with Challenges Arena's revenue doubling every quarter, the technological advancements continually undertaken by the company and the growing number of customers. It won't be long until OnMobile catches up to Nazara in terms of the gaming revenue.

Revenue Estimates

The company is quite optimistic regarding its financial performance in the near future. Expecting tremendous growth especially in its mobile gaming section which could become a major source of revenue for the company in the next 3 to 4 years. **The company is also expecting its total number of users to increase approx. 3x from 76.5 million users (7.65 crores) to 250 million users (25.0 crores) across all its products by the year 2025.**

On these accounts we have estimated the revenue for FY25.

	FY22	FY25 (Estimated)
Revenue (in cr)	520	1,040
Operating Profit (in cr)	45	124.8
Operating Profit margin	9%	12%
Net profit (in cr)	32	90
Net profit margin	6.15%	8.65%

In the above estimates, total revenue is expected to be doubled up from the revenue of 520 Cr in FY22 to 1,040 Cr in FY25.

We can also expect a considerate profit margin of 8.65% accounting to 90 Cr net profit, a 3x increase from the current year, considering the previous years performances and the excessive improvement visible in the revenues generated from challenges arena which is doubling quarter on quarter, these number are in everyway achievable.



François-Charles Sirois

**Executive Chairman
OnMobile Global**

Expertise

Entrepreneur par-excellence, immense experience in corporate mergers, acquisitions and financing with talent for developing successful joint ventures with innovative partners.

Leadership Positions

telesystem



Sanjay Baweja

**MD & Global CEO
OnMobile Global**

Expertise

An experienced business professional adept at running industry agnostic businesses as well as startups. A turnaround and M&A strategist, he worked in leadership positions in Flipkart, Tata Communications Ltd, Bhartiya Group, Emaar MGF etc.

Leadership Positions



Krish Seshadri

**Chief Executive Officer,
ONMO**

Expertise

A seasoned leader with over two decades of experience in building and scaling products while leading global businesses across India, Asia-Pacific, USA and Europe.

Leadership Positions



Asheesh Chatterjee

**Global Group
CFO**

Expertise

An accomplished business leader, growth partner, and change enabler with decades of experience in multiple aspects of finance and multi-industry experience in broadcast media, digital media, OTT, manufacturing, and film/TV production.

Leadership Positions



Shareholding Patterns

Summary	Mar 2022	Dec 2021	Sep 2021	Jun 2021	Mar 2021	Dec 2020	Sep 2020	Jun 2020	Mar 2020	Dec 2019	Sep 2019	Jun 2019
Promoter ▼	48.2%	48.3%	48.4%	48.6%	48.7%	49.1%	49.2%	49.2%	48.2%	48.2%	48.2%	48.2%
Holding	48.2%	48.3%	48.4%	48.6%	48.7%	49.1%	49.2%	49.2%	48.2%	48.2%	48.2%	48.2%
Pledged	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Locked	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FII	0.5%	0.3%	0.2%	0.0%	0.0%	1.5%	1.6%	1.6%	1.6%	1.6%	1.7%	1.7%
DII	0%	0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1%	0.6%	0.4%	0.5%	0.5%
Public	51.3%	51.4%	51.5%	51.4%	51.2%	49.4%	49.2%	49.2%	49.7%	49.9%	49.7%	49.6%
Others	0%	0%	0.0%	0%	0.0%	0%	0%	0%	0%	0%	0%	0%

- Well known investors such as Mukul Agrawal (1.61%) and Ajay Upadhaya (1.56%) took stakes in this company in the price range of 100-150rs.

Source: Company Disclosures

Risks & Concerns

#1

Dependency on operator wallet

- Operators are offering bundled services tying up with multiple content providers and OTT players in some cases, leaving very little balance in operator wallet for VAS players to charge subscribers leading to revenue pressures

#2

Customer policy restrictions

- Customer policy restrictions from telecom operators can limit our ability to drive revenue, consumer acquisition and marketing commitments resulting in revenue reduction.

#3

Laws and regulations

- Business is subject to a variety of international government laws and regulations, which are subject to change and could affect our business (customer acquisition, revenue recognition, operating of local entities and ability to hire employees)

#4

Covid-19

- Covid-19 has presented some risks for VAS providers and operators. In some regions, operators' subscriber base has reduced as customers migrate back to their homelands. In other cases, operators have had to change customer acquisition & customer care policies. All these could adversely impact our subscriber base and revenues on the core Tones and Videos & Editorial business.

#5

Dependency on third-party game developers

- Dependency on third-party game developers to develop the games that we host on our platform. Game developers need to continue to offer a competitive experience in existing and new games on our platform for our players to find compelling gaming experiences.

Leaders in cutting-edge

Mobile Gaming & Entertainment

200

Mobile Operators

Sign 200 mobile operators and deploy our gaming services

1000

Enterprises

Extend our gaming platform (GPAAS) to over 1000 enterprises & top brands in the next 5 years

250M

Active Users

Grow to over 250 Million active users across our B2B2C & D2C products

1000s

Edge servers

Create the world's largest Edge Computing Network with thousands of ONMO servers installed directly inside operators nodes

- **Challenges Arena: Revenue has been doubling every quarter; achieved a mark of over INR 3.5 crore monthly revenue in March'22,** 26 cumulative customer agreements by March'22, up 24% QoQ, Now live with 16 Operators cumulative in Q4 FY'22 as compared to 8 in Q3 FY'22, reflecting a growth of 100% QoQ, 4.4 Mn cumulative gross additions of subscribers by March 2022, which is a 70% increase from the previous quarter, Net active base doubled every quarter in FY22 – Q4FY22 net active base increased to 1.33 Mn from 0.14 Mn in Q1FY22.
- **The revenue contribution from Challenges arena has increased up to 5% of the total revenue in Q4FY22 from its 2.3% contribution in Q3FY22.** In the core business: Tones contributed about 40.2% for FY22 which is a 2.5% increase from FY21, mainly due to the increased revenue in digital tones from India.
- On the other hand the revenues from videos was down from the previous year, the exchange rates, Operator policies limiting sub acquisition and increased refunds are the reasons for the same according to the management. However, these issues have now been resolved hence, **better performance from videos can be expected for the upcoming quarters.**
- **ONMO: Launched B2C Cash battles in India,** Launched in Chingari beta and will ramp up to the entire user base soon. Expanding the media reach of ONMO through the strategic collaboration with Chingari that has a user base of 100 million.
- In terms of the geographical split of revenues, **Europe has the highest contribution at 56.9%.** India's contribution in the revenue stands at 16.5% in the current year compared to its 14.4% contribution in the previous year. The contribution from middle east and Africa has also gone up from 17.7 last year to 19.5%.
- **Q4FY22 Performance: Revenue reported of rupees 133.2 cores** a marginal drop from the previous quarter, marketing cost grew up to 59.3% Q-o-Q, mainly due to increased investment in new products. The profit after tax for this quarter was 4.7 crores.
- **Notable investors such as Mukul Agrawal and Ajay Upadhaya hold stakes in the company.** The company has 20 years of experience and also has a well established management team with vast knowledge and experience. The management team has worked in major corporations such as stingray, facebook, flipkark, EY, etc.

- In core businesses, **Videos is a high growth market and company is looking to upgrade the product**, reposition this business and view this as an exciting future growth area. They expect Tones to be stable and profitable. They believe there is significant strategic growth opportunity in new Mobile Gaming businesses. The world of mobile gaming has changed drastically, but perhaps no year saw more innovation and growth than 2020.
- **During the pandemic and the resulting lockdowns, games have been indispensable for many consumers. Over the next 4-5 years we will see over 3B gamers come on to mobile. Furthermore, 5G is expected to be an adoption driver for cloud gaming.** Given this backdrop, company presented two mobile gaming products: OnMo and Challenges Arena.
- Further on from here, company states that challenges arena will form a significant amount of their revenue. They are also targeting the B2C and state that in the next 2 or 3 years their revenue from B2C will be greater than the B2B market. They are also looking forward to increase the number of games on their platform. **For challenges arena the company has a target of reaching 7.5 million gross payers by Q1FY23, which is currently at 4.4 million.**
- The company is looking at signing a number of new customers for OnMo during the next fiscal. The company mentioned it earlier that for OnMo they will need to raise some funds, there have been discussions with bankers and some strategic investors over the last few months. For ONMO company has an impressive pipeline of game partnerships for the upcoming quarters. **They expect the number of unique challenges on the ONMO platform to reach the mark of ten-thousand in a couple of months.**
- **The company aims at increasing the number of their mobile game operators that are responsible for deploying the company's services to their network from current 100 plus operators to 200 operators by 2025. Along with this the company aims at reaching 250 million users from the current 76.5 million users by 2025.** Along with the 200 mobile operators and adding up enterprise operators, reaching the number of 250 million users will be an easy task as stated by management.
- **Overall, OnMobile global is definitely a strong player and a highly recommended investment option.** Even though the financial performance of the company has been more or less stagnant over the past few years, the future prospects are bright, the management is impressive and of course the mobile gaming industry is on the rise, which the company is using to the best of its advantage. 3 to 4 years down the line we can definitely see OnMobile global becoming a leader in the mobile gaming and entertainment scenario.

Statutory Disclosure

SEBI Research Analyst Registration No. INH200006451

1. At the time of writing this article, **the analyst has no position in the stock** covered by this report.
2. The analyst has not traded in the recommended stock in the last 30 days.
3. The research analyst does not have any material conflict of interest at the time of publication of the research report.
4. The research analyst has not received any compensation from the subject company in the past twelve months.
5. The research analyst or its associates has not managed or co-managed public offering of securities, has not received any compensation for investment banking or merchant banking or brokerage services nor received any third party compensation. The subject company was not a client during twelve months preceding the date of distribution of the research report.
6. The research analyst has not served as an officer, director or employee of the subject company.
7. The research analyst or research entity has not been engaged in market making activity for the subject company.
8. The research analyst or research entity or its associates or relatives does not have actual/beneficial ownership of one per cent or more in the securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance.
9. The analyst does not own more than 1% equity in the said company.