

OnMobile Global Limited



First Quarter FY2015
Earnings Conference Call

August 1, 2014

Speakers: Mr. Rajiv Pancholy, Managing Director & CEO
Mr. Sanjay Bhambri, Chief Commercial Officer
Mr. Praveen Kumar, Vice President – Finance

Moderator:

Good day, ladies and gentlemen. I am Souro dip Sarkar, the moderator of this call. Thank you for standing by and welcome to the Q1 FY2015 Conference Call of OnMobile Global Limited. For the duration of the call, all participants' lines will be in listen-only mode. There will be an introduction to the results, followed by a Q&A session. Joining us today on the call are Mr. Rajiv Pancholy – Managing Director and CEO, Mr. Sanjay Bhambri – Chief Commercial Officer and Mr. Praveen Kumar – Vice President, Finance.

Before we begin, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For a list of such considerations, please refer to the Earnings Presentation. OnMobile Global undertakes no obligation to publicly revise any forward-looking statement to reflect future, likely events or circumstances. Please be advised this conference is being recorded today. I would like to now hand over the proceedings to Mr. Rajiv Pancholy. Thank you and over to you, sir.

Rajiv Pancholy:

Thank you very much and good afternoon everyone. I appreciate you joining us on this important call. It is my first as a CEO and Managing Director of OnMobile and I want to take the opportunity to share my thoughts about our Q1 results and more importantly, to speak about certain key changes. Permit me, if you may, to start on a bit of a personal note. I came to OnMobile because I was convinced that this is a Company with a lot of talent and untapped potential. Over the course of the two months I have spent with OnMobile, my feelings have only become more pronounced and my conviction has been further strengthened. We can and we will unlock the value for all stakeholders. We will discuss the first quarter performance in a few minutes but first let me take the opportunity to share some of the key steps we are taking towards the objective. First and foremost, we will seek growth in key markets where our performance has slowed in the recent past due to our inability to meet market expectations. Europe will be one of these territories where we will accelerate our engagements and expect to see healthy double-digit growth over the next one year.

Secondly, we will be obsessed with our cost base and exercise tight management of all controllable cost. In concert with other initiatives, this is expected to bring OnMobile to historical levels of EBITDA performance by the end of this fiscal year. Third, we are launching an

ambitious programme to evolve and renew our product portfolio. Details of this will be shared only when we are ready to unveil these to our customers. And lastly, as you may have noticed in the announcements we made earlier today, we continue to reform our governance processes and add talent to the Board of Directors. I am very pleased to welcome Ms. Nancy Cruickshank and Mr. Bruno Ducharme as Independent Directors of the Company. Both of them have had highly successful careers in digital media and telecom arenas respectively and bring a lot of skill, experience and domain expertise to OnMobile. With this brief note, I will now hand over the call to my colleague, Praveen Kumar, who will walk you through the financial results of the first quarter.

Praveen Kumar:

Thank you, Rajiv. Good afternoon, everyone. On to the financials, for the quarter gone by, we clocked revenue of Rs. 199 crores as against Rs. 225 crores in the last quarter and close to Rs. 190 crores in the quarter one of the last financial year. This is a de-growth of around 12% over the last quarter and the decrease is largely because of couple of things. One is that in the last quarter, which was the year-end quarter, we had recognized certain one-time revenues in India which were not there in this quarter. Also some portion of revenue from the current quarter – about Rs. 3 to 4 crores has got pushed to the next quarter. This is due to couple of contracts which had come up for renewal, but got concluded only in the end of July. So we will be recognizing these revenues in quarter 2. But on a KPI basis, India has stopped de-growing and some of the operators have, in fact, started showing revenue growth. That's good news for us.

And OLI revenue was lower by about Rs. 5 crores as compared to the last quarter. Overall revenue was also impacted by currency movement in some countries, especially in Africa. On to COGS, there is no material change in COGS as compared to the last quarter as the one-time revenues that we booked in the last quarter were content-neutral. Manpower cost is lower sequentially despite the annual salary increments, which were effective April, because of slower pace of hiring of new resources and attrition backfill. So with this, EBITDA excluding forex was at Rs. 19.5 crores at a 9.8% margin, lower from 12.7% in the last quarter. Depreciation, though, was stable at Rs. 37 crores and Operating Loss was at Rs. 18 crores as compared to a loss of Rs. 8 crores in the last quarter. This is essentially because of slower revenue and should fall in line when the revenues start picking up in the future quarters.

Now, specific to OLI, though the revenue has shrunk during the quarter, we were able to reduce the operating expenses and hence, the EBITDA loss came down from Rs. 8 crores in quarter 4 to about Rs. 5 crores in quarter 1. After depreciation, which is the amortization of the purchase price, the Operating Loss was at Rs. 11 crores as against Rs. 15 crores in quarter 4.

On the Balance Sheet and Cash, we have improved our Working Capital further. The Net Cash has gone up by about Rs. 26 crores during the quarter and the Capex for the quarter was around Rs. 7 crores. So, that's on the financials. With this, we open it up for question and answers.

Moderator: Thank you very much, sir. So participants, with this, we are going to start the Q&A interactive session. If you wish to ask any question, you may please press "0" and "1" on your telephone keypad and wait for your name to be announced. The first question comes from Mr. Ashi Anand from Kotak India Focus Fund. Your line is unmuted, you may go ahead and ask your question.

Ashi Anand: Good afternoon to the management. The first question is actually with relation to the fact that if you look at the last three or four years of OnMobile, different investments made in inorganic-kind of companies haven't really gone as were planned. I just wanted the confirmation that additional cash flows which are generated by the Company going forward are unlikely to be used for large acquisitions. Also the cash flows could be used for shareholder value creation through dividends or buybacks.

Rajiv Pancholy: I can confirm to you that we have no immediate plans for any acquisitions.

Ashi Anand: Okay. And in terms of usage of cash flows? The cash generation should be attractive going forward as Cash will not be used for inorganic initiatives. Could cash flows be used for buybacks or to increase dividend payouts?

Rajiv Pancholy: That's an ongoing evaluation process and, you know, what will be in the future will what will be. Also, I think as you would probably know, we did actually offer a fairly healthy dividend for the past financial year.

- Ashi Anand:** Okay. Secondly, our margins have come down quite significantly. Firstly, are there any one-offs in this particular quarter? And secondly, could you just give the path and the timelines by which you could get back to the 20-25% EBITDA margins that we used to operate at earlier?
- Praveen Kumar:** There have been no one-offs in this quarter, except for some revenues which got pushed to the next quarter. To reach our historical EBITDA performance, we would take about three to four quarters. Three quarters may be i.e. by the end of this financial year.
- Ashi Anand:** So by the end of this financial year, say in Q4, what kind of EBITDA margins would we be targeting?
- Praveen Kumar:** We will try and reach our historical EBITDA percentages, which were on a standard basis, maybe, around 18 to 22%. That's our focus. We will see how it goes in the next three quarters.
- Ashi Anand:** Great. Sir, could you just give some kind of an outlook? One, in terms of growth, especially in the domestic market because it's been kind of declining and has now stabilized. When do you see it getting back to growth? Also, please provide some kind of commentary on growth expectations across the different international markets.
- Sanjay Bhambri:** Hi, this is Sanjay. As Praveen said, we have stabilized the India revenues. And if you take off the one-times, we have started to see the revenue growth happening in India. Though those are not high growth rates, but the green shoots are already there and few of the accounts are already on the growth path. So that's we've already seen that today. On the global front, when Rajiv started the call, he did say that there's a focus on meaningful growth. And specifically there's a renewed growth focus with which we are looking at Europe. So effectively, those are the two critical areas we are focussing on.
- Ashi Anand:** So if I am looking at the Company, say from a 2 to 3 growth perspective, what kind of a revenue CAGR would we be looking at or targeting? Just want to understand what kind of growth we could expect as investors.

- Rajiv Pancholy:** I think the answer to that point is not available today. As I had mentioned in my opening remarks, we are looking at basically renewal of our products and with that will come a new engagement strategy. Only at that point, we will be able to give you any kind of meaningful guidance for the next few years.
- Ashi Anand:** Thanks a lot, sir.
- Moderator:** Thank you very much. Before we move on to the next question, I would like to repeat – participants, should you wish to ask any question, you may please press “0” and “1” on your telephone keypad and wait for your name to be announced. We have the next question from Mr. Raj Mohan. He is a professional investor. Your line is unmuted, you may go ahead and ask your question.
- Raj Mohan:** Thanks for taking my question and welcome Rajiv to the call. I wanted to get a vision statement from the new management which basically comes with the track record in entrepreneurship and mergers and acquisitions. With the present capabilities within OnMobile, would we see the management entertaining hopes in new products which are scalable, especially in the Mobile Internet space? Or would it always be wearing the cap of a Venture Capitalist waiting for an exit opportunity?
- Rajiv Pancholy:** I am not sure I understand your question because we certainly don’t see ourselves as being Venture Capitalists. We are a publicly listed Company with a clear product focus, so I don’t know what precisely the question is.
- Raj Mohan:** What I was trying to say was that the major shareholder is a Venture Capitalist. But primarily what I wanted to understand is whether you have seen capabilities within the Company which would help you generate new product ideas with existing resources? Product ideas which are scalable, especially in some interesting areas like Mobile Internet? Those areas wherein we could see new product development apart from relying on the legacy products like Ring-Back Tones over the next two to three years?
- Rajiv Pancholy:** As I said in my opening comments, we are looking at product renewal which meant that, products that are historical products like the ring-back tones product have to evolve and keep pace with the times. In terms of capabilities, we certainly have a lot of talent within

OnMobile. And, in general, if we feel the need for getting some additional talent, we will go acquire it. That's not an issue for us and that will not hold us back.

Regarding where precisely we want to go and we should go, there's a lot of innovation, there's a lot of creative thinking within the Company and we certainly expect to capitalize on that.

Raj Mohan: Okay. Will you be able to give us some crystal clear ideas on the products which you conceptualise and which will make us think along those directions? How much time will possibly be needed for the Company and the new management to conceptualise some new ideas?

Rajiv Pancholy: The work is underway. So I think that's the only piece of information I can give you today. We are, of course, extremely careful about not arming the competition with our best ideas. So you will appreciate that we will actually unveil them publicly only once we are ready to introduce them to our customers.

Raj Mohan: Do you think it will be possible in this financial year?

Rajiv Pancholy: All I can tell you is the work is underway full-steam.

Raj Mohan: Okay. Coming to your European growth expectation, for which in your opening remarks, you mentioned you are putting in considerable efforts to improve the robustness. Is it hastening execution in the existing customers based in Europe or are they new engagements?

Rajiv Pancholy: It will be a combination of both. It will be certainly going back to our existing customers and offering them capabilities and features on existing products and also new engagements. So we are looking at market growth within Europe as well. By the way, not just in Europe, that's always been our objective to get new customers.

Raj Mohan: Okay. Coming to the domestic revenues for this quarter, the reason attributed to the fall in domestic revenues has been an one-time revenue which was there in the previous quarter. It seems material considering India was Company's mainstay not so long ago and generating robust margins. Could you quantify this one-time revenue and do you expect India business to have established a base at this level?

- Rajiv Pancholy:** I'll let Praveen and Sanjay talk about what's happening in the India market, but before we do that, let me just make one very clear sense of how we see ourselves as a Company going forward. We are not seeing ourselves by the prism of the Indian market. We are a global Company and we look at all markets globally. And if, in fact, you look at the trend, the growth on our global revenue outside of India is increasing as a proportion. I am not saying that India is not an important market. Of course, it's a very critical market for us. But certainly our viewpoint is that the ratio of revenues is changing and changing quite dramatically.
- Praveen Kumar:** Yeah. Raj Mohan, to answer your other question on India revenues, quarter one, yes can be considered as a good base for the rest of the year. On top of that, we expect this to grow, but, yeah, it's a good base to consider.
- Raj Mohan:** Okay. One final question – have you decided on how to deploy the cash that you've realized from the Voxmobili sale?
- Rajiv Pancholy:** No, we have not.
- Raj Mohan:** Okay. Thank you and all the best to Rajiv and other members of the management team.
- Rajiv Pancholy:** Thank you very much. Thank you.
- Moderator:** Thank you very much, sir. We have the next question from Mr. Srinivas from Deutsche Bank. Your line is unmuted, you may go ahead and ask your question.
- Srinivas Rao:** Hi, thank you very much. My first question is on your India business, there was a comment by a very large telecom Company this time in their concall that they are seeing more traction from the pull-based services on the VAS services side rather than the traditional push-based services like Ring-Back Tones. So in that context, just want to understand how actually you intend to grow your India revenues given the market doesn't seem to be very bright in terms of revenue outlook? That was my first question.

The second one would be on your Livewire acquisition. You did mention that you had scaled down your expectations. Where do we stand on that?

Sanjay Bhambri:

What is the second question?

Srinivas Rao:

On the Livewire acquisition, in the last conference call, the management did scale down or at least comment on the fact that there was a significant subscriber loss during the transition of some customers of Livewire. So, where are we on the Livewire acquisition, in terms of revenue rate or growth?

Sanjay Bhambri:

Hi, Srinivas, this is Sanjay. So your first question was on India that where do we see the growth coming from, based on some of the statements you heard. There are two elements to the growth. One is, there's a huge consolidation happening in the market, obviously, and we are seeing that we are on the right side of the consolidation. This is going to be helping us to grow the market from our standpoint. That's one. But the bigger thing is going to be, as Rajiv said, what we are doing is we will have a refresh of our products which will start moving it and making it more relevant to the current market space. That is another element which will start coming in terms of growth, but the first part will be from the consolidation. So these are the two elements which will help us and which are already showing us some signs in India. Sorry, I missed what you said on OLI, what was the question?

Srinivas Rao:

Where are we right now with the Livewire acquisition?

Sanjay Bhambri:

On Livewire, as we said in the last quarter, there were some issues on the migration front and that have all got settled. Now, we've reached a point where we are seeing a steady revenue pattern, which is one of the first key milestones from our standpoint. When we start seeing steady patterns, is that's when we start to plan how to build it back. So this quarter, we are already seeing a steady pattern in OLI. And we will be working together and see how we get the growth back in OLI over the next two quarters.

Srinivas Rao:

Understood. Thanks, I will come back with more questions.

Sanjay Bhambri:

Sure.

- Moderator:** Thank you very much. Before we move on to the next question, I would like to repeat – participants, should you have any question, you may please press “0” and “1” on your telephone keypad. We have the next question from Mr. Ashi Anand from Kotak India Focus Fund. Your line is unmuted, you may go ahead and ask your question.
- Ashi Anand:** Yes, sir. I just have a couple of follow-up questions. Could you just report on the progress on the MTN contract and how do you expect it to scale up going forward?
- Sanjay Bhambri:** All right. In the last call also, I had said that we were expecting the first country to go live this quarter. If you see the release, it says that we’ve gone live. So we’ve gone live with the first country, which is Rwanda. As stated earlier, we were looking at around four countries in total to go live in H1. We are on track and we may be able to do better than that. But at the moment, we are on track to get four countries live in H1. So, yeah, one country is live and we are expecting at least three more to go live within the next two months.
- Ashi Anand:** Great. Secondly, we have seen a lot of changes happening at the Board level. And some of the people who’ve come in seem to have reasonable industry experience. Could you provide any insights in terms of functioning of the Board going forward? Also, can some of the industry experience be used for growth in OnMobile? Any kind of insights that you can provide on the Board changes would be helpful.
- Rajiv Pancholy:** First of all, it’s part of any sort of governance process, there is a natural rotation of Board members and Directors that’s mandated and you are seeing part of that process basically unfold and we certainly expect to comply in letter and spirit with the regulatory requirements of how much time any Board member can serve on the board of a public company. But you rightly observed that the people we have been added recently namely Francois-Charles Sirois, Bruno Ducharme and Nancy Cruickshank. They actually have a lot of relevant business experience. These are highly, highly skilled and pedigreed people. And what we want to bring in the Board is not just a governance focus, but also a business focus in terms of our forward strategy. So that’s all I can offer you in terms of an insight.
- Ashi Anand:** Thanks a lot.

- Moderator:** Thank you very much. We have the next question from Mr. Aditya. He is an individual investor. Your line is unmuted, you may go ahead and ask your question.
- Aditya:** Hello, everyone. I come from an innovation industry and my question to the Board is do you have criteria to measure your success? I see a lot of things have been taken care by words and qualitative information, but I don't see anything measurable. So how does the management want to take it forward? And can you stress upon the last three years' performance and Returns on Equity? This is because how do you measure innovation? Is it always going to be theory? So this is my question to the Board.
- Rajiv Pancholy:** I am not sure how to answer your question. Innovation is a very, very broad term and it means many different things to many people, but let me try and address the issue. I think in the context of OnMobile, perhaps you are referring to innovation in the context of new products. In that narrow sense, I can tell you that new products are being conceived, prototyped, built and tested and the process is going on fairly strongly. The real key metric for innovation in a business is the commercial success that is achieved by that innovation. And I think that you will see only when the products are introduced and you will see the traction that we get in the marketplace. In addition, in general outside of innovation we do have very, very hard metrics and we do hold the management team accountable for achieving those goals.
- Aditya:** Can we have the metrics published because this is very vague. In every call we just come and discuss things and there are no metrics.
- Rajiv Pancholy:** Well, we stand measured by what we publish, which are our financial results and that is perfectly standard in terms of any Company like OnMobile.
- Aditya:** No. But when you come for an IPO, what you said and what you do now as we are just investors and we are just waiting for the things to turn around. But I think when we come back to you all, you are very vague in your answers. So that is the point you should take note of.
- Rajiv Pancholy:** We take note of the point. Thank you.

- Moderator:** Thank you very much. We have the next question from Mr. Srinivas from Deutsche Bank. Your line is unmuted, you may go ahead and ask your question.
- Srinivas Rao:** I just wanted to clarify if the Board reappointments of the previous Directors have been ratified by the shareholders?
- Rajiv Pancholy:** Well, this is the portion that actually refers to the AGM?
- Srinivas Rao:** Yes, so that's still pending, am I correct?
- Rajiv Pancholy:** Yeah. The AGM is planned for the 10th of September.
- Srinivas Rao:** Yes. So the previous Independent Directors such as Mr. Malhotra and Mr. Nagpal would be up for reappointment, is that correct?
- Rajiv Pancholy:** You will basically see there in the circular that we issue in a couple of weeks, I think.
- Srinivas Rao:** Okay. Understood. Understood. Thank you so much.
- Rajiv Pancholy:** Welcome, Srinivas.
- Moderator:** Thank you very much. I would like to repeat, participants, should you wish to ask any question, you may please press "0" and "1" on your telephone keypad. We have the next question from Mr. Gaurav from Unilazer Ventures. Your line is unmuted, you may go ahead and ask your question.
- Gaurav Maheshwari:** Hi. I just want to check regarding the margins as they have been pretty low. It looks like they are the lowest margins the Company has ever made. So any particular reasons for the margins being so low?
- Praveen Kumar:** Yeah. This quarter specifically, the margins have been low because of de-growth in revenues. But, as we mentioned at the beginning of the call, we are focusing immensely on the cost for the rest of the year and we will try and reverse the negative margins to positive margins by the end of the financial year.
- Gaurav Maheshwari:** Okay, sir. Is it mainly because of the lack of revenue growth? Because if I see the break up, it's basically the Content Fee which has gone up to a large extent, right?

- Praveen Kumar:** Content fee is stable. If we normalise for the revenue reversals that we did in the last quarter, Content Fee has not gone up significantly. as compared to the last quarter, But, yes, as compared to a year back, the content fee has gone up. That's essentially to do with the revenue mix. Revenue is coming from high Content Cost geographies, but that is going to remain at the current levels. What we are trying to do is focus more on the operating expenses to bring them down.
- Gaurav Maheshwari:** But if we see the operating expenses, they have not gone up significantly. Say, if we see the Employee Benefit Expenses, they are at 43% and Other Expenses are at 21% of Revenue and if you see for the full year, they were 41% and 23%. So I don't see where that expense is coming from.
- Praveen Kumar:** But if you see the revenues for the last three quarters, they have been at Rs. 225 crores which have dropped to Rs. 199 crores in this quarter. Right? We are not going by the benchmark of the current run rate of cost being sustained. We are looking at every cost line item that can be optimized. If there is a rationalisation that we can do, we will go for it.
- Gaurav Maheshwari:** So do you intend to say that the additional revenue more or less will flow towards the bottom line? Would the variable part be very low?
- Praveen Kumar:** It depends on what revenues we get in because we have multiple product verticals and each product vertical has a different cost structure. So depending on where the revenue growth will come from, the cost will depend on that.
- Gaurav Maheshwari:** Okay. My second question pertains to, again, the revenue part of it. So we have been seeing the domestic business has stabilised. But, again, we are seeing such a sharp fall over there, so what's the trend that we should be expected going ahead? And also on the operating margin, what could be a sustainable margin that can be expected for this year going ahead?
- Praveen Kumar:** On India, as Sanjay explained earlier, the drop that you see optically is because of the one-time revenues that came in the last quarter and the revenues that got pushed out to quarter two in this quarter. But on a KPI basis that we use for business measurement, we are seeing pockets of growth coming in the domestic market. On the operating

margins, right now we don't want to comment on a number. As we said, we will try and achieve our historical EBITDA margins by the end of the year and we will track this in the future quarters.

Gaurav Maheshwari: And when you say historical EBITDA margin, should we assume your margins in FY14?

Praveen Kumar: No. We mentioned it will be in the range of 18 to 22%. That's what our target is. It could be a couple of percentage points here and there, but that's the focus.

Gaurav Maheshwari: Okay. You've mentioned that you completed the Telefonica sale for \$26 million, so that's Rs. 156 crores. Can you just reconcile the cash balance that we had last time and this time?

Praveen Kumar: Okay. So this is not Telefonica, this is Voxmobili sale. The deal was closed in July, so the Cash balance that's reflected in the Balance Sheet today does not have the impact of the money coming in. You will see it in the next quarter.

Gaurav Maheshwari: Can you give the number that it is as of now?

Praveen Kumar: It is Voxmobili. We realised about 26 million dollars and there was an escrow. So the net money that we got in was \$24 million. And if you've been tracking this transaction, we also have to pay an IP settlement of \$6 million, out of which \$3 million was paid in March, the other \$3 million has been paid post the transaction. So it is essentially \$24 million minus the expenses and minus the \$3 million outflow. \$20 million is what you can see as an addition to the Cash balance when we declare our results in the next quarter.

Gaurav Maheshwari: Okay. So approximately Rs. 180 odd crores of cash?

Praveen Kumar: Yeah. I mean, that will be either up or down depending on the Working Capital requirements for the quarter.

Gaurav Maheshwari: So what are you plans of deploying this Rs. 180 odd crores because last time you said that the Board will take a decision on that?

Praveen Kumar: As Rajiv said, we have not decided on that yet. As and when we have concrete plans, we will inform the investors.

- Gaurav Maheshwari:** So, Rajiv, the question pertains to you that by when do we expect a concrete plan on that? I think that question has been delayed for almost last two, three quarters now. We have done transactions like Livewire with the surplus cash lying in the Company. I think most of the investors are not pretty happy about by how the numbers have been over there. So if you can give us some clarity, I think it will help us a lot.
- Rajiv Pancholy:** Well, all I can tell you is that we have absolutely no plans at this point in time to use that for any kind of acquisition, that I think we can rule out. Besides that, we have not made any decisions about what to do with the cash. It is not necessary for us to basically do anything with the cash if there are no obvious plans and there's nothing wrong with letting the cash sit there for a quarter or so. So that's the decision we will make in concert with what are our cash requirements to basically take the business to the next level. As I mentioned, we are working on new products the deployment of which we require Cash. So, this cash will be part of the plan for the next two to three years and we'll make the decision as we go along.
- Gaurav Maheshwari:** Okay. So do I understand that the plan of returning Cash to the shareholders doesn't exist as of now? Because if you are planning to utilize it for the growth plans for next two to three years, how would the entire Cash would go into that, right?
- Rajiv Pancholy:** If and when we have a plan like that, we will announce it.
- Gaurav Maheshwari:** Okay, got it. Thanks.
- Moderator:** Thank you very much. We have the next question from Mr. Subhankar. Your line is unmuted. You may go ahead and ask your question.
- Subhankar:** Hi. Good afternoon, sir. Thanks for taking my question. A few book-keeping questions – so after this Voxmobili deal closure, our Goodwill will be 0, is that the right assumption? I think we had Rs. 200 plus crores of Goodwill, so that will become 0 now, right?
- Praveen Kumar:** No. So the Goodwill that we had on the Balance Sheet – there were two components to that. One was the Goodwill that was for Voxmobili and then the other one was for Telisma. For Telisma, as you are aware, we took an impairment charge. Now after the

Voxmobili sale, you are right – most of the Goodwill should go away. If there is any residual Goodwill left on account of Telisma, that is what will show up, but it will be negligible.

Subhankar: Okay, so the majority is related to Voxmobili, right?

Praveen Kumar: Yeah. That's right.

Subhankar: Okay. Secondly, wanted to know, sir, what's your Capex plan for current financial year and next financial year?

Praveen Kumar: We can talk about the current financial year. In this quarter, we did about Rs. 7 crores of Capex and we expect that run rate to sustain for the rest of the year because we also have new deployments, as Sanjay was speaking, on the MTN coming up. For the next financial year, it's difficult to comment right now.

Subhankar: So you want to say Rs. 7 crores per quarter for the rest of the financial year?

Praveen Kumar: Yeah.

Subhankar: Third, sir, what is the DSO number, if you can share with me? At last quarter end, our DSO was close to 138, I think. What is the current DSO?

Praveen Kumar: The DSO has been stable from the last quarter. It has not changed much. As you can see from the Balance Sheet, our Receivables have come down, but the Unbilled Receivables have gone up slightly. So net-net, in terms of DSO, the number is stable from the last quarter. It is at 130 days.

Subhankar: 130?

Praveen Kumar: Yeah.

Subhankar: And, sir, finally what's your Effective Tax Rate going to be for the current financial year?

Praveen Kumar: What we will do is, as and when, I mean, the numbers turn positive, it will make more sense to look at the Effective Tax Rate because currently we have a loss on the financials and there is a tax expense.

It's very difficult to explain the Effective Tax Rate. So when the numbers turn positive, that's when we will start tracking the effective tax rate.

Subhankar: All right. And sir, wanted to confirm the Cash number. Cash and Cash Equivalents were Rs. 146 crores at the end of June. So, will we have to add back this \$20 million to get the September-end Cash balance?

Praveen Kumar: Yes. Yes. That's right.

Subhankar: All right, sir. Thank you so much.

Praveen Kumar: Yeah. Thank you.

Praveen Kumar: Can we take one last question,?

Moderator: Sure, sir. So we have the next question from Mr. Kamal. He's a professional investor. Your line is unmuted. You may go ahead and ask your question.

Kamal: Hello. Thanks for taking my question. Good afternoon Rajiv and wholeheartedly welcome you in the new team here. I just have a requirement which I would hope you would take positively and hopefully give me a positive answer. And I'm sure a lot of investors would look towards your answer. In my observation and experience, a lot of sound organisations with astute leadership put their money where the mouth is and issue guidance. While I understand and I'm listening to you, you've been optimistically cautious on the conversations on this call and I respect that fact because of the duration that you've spent in the organization. Is it possible for you to just give one date by which you believe the leadership team at OnMobile can come and give a guidance? Let it be 6 months or 6 years from today, it doesn't matter. But can you give us one date by which you believe the Company can come back and give us a guidance?

Rajiv Pancholy: We believe by the end of this financial year, we will have a very stable business plan for the next following years and as part of that, we will give you very, very accurate guidance.

Kamal: Sure. Can I take Rajiv Pancholy's and the Board's word that when you host a call somewhere around the 1st of May 2015, all investors like us

can actually look forward to a guidance from you for the next quarter?

Rajiv Pancholy: Yes.

Kamal: Thank you. Thank you so much.

Moderator: Thank you very much, Mr. Kamal. With this, we are ending the Q&A session and I would like to hand it over back to the management for any final comments. Over to you, sir.

Rajiv Pancholy: Thank you everybody on the call and we will look forward to talking to you same time next quarter. Thank you.

Sanjay Bhambri: Thank you.

Moderator: Thank you very much. I would like to thank all the analysts and investors for joining us today. With this, we conclude the conference for today. Wish you all a great day ahead. Thank you very much for joining.

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