

Current	Previous
CMP : Rs.70	
Rating : BUY	Rating : BUY
Target : Rs.82	Target : Rs.82

STOCK INFO

BSE	532944
NSE	ONMOBILE
Bloomberg	ONMB IN
Reuters	ONMO.BO
Sector	Telocom-Services
Equity Capital (Rs mn)	1,142
Face Value (Rs)	10
Mkt Cap (Rs mn)	7,980
52w H/L (Rs)	73/26
Avg Daily Vol (BSE+NSE)	1,818,537

SHAREHOLDING PATTERN

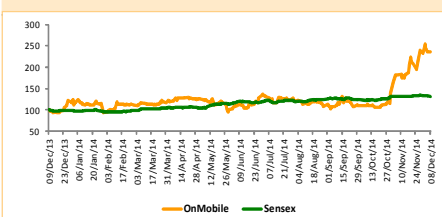
	%
<i>(as on Sep. 2014)</i>	
Institutions	6.4
Others, Incl Public	44.9
Promoters	48.7

Source: BSE

STOCK PERFORMANCE (%)	1m	3m	12m
ONMOBILE	29	101	136
SENSEX	1	6	32

Source: Capitaline, IndiaNivesh Research

ONMOBILE v/s SENSEX



Source: Capitaline, IndiaNivesh Research

OnMobile Global Ltd (OGL) board is likely to meet on Dec. 11. 2014, to consider and approve a proposal for share buy-back.

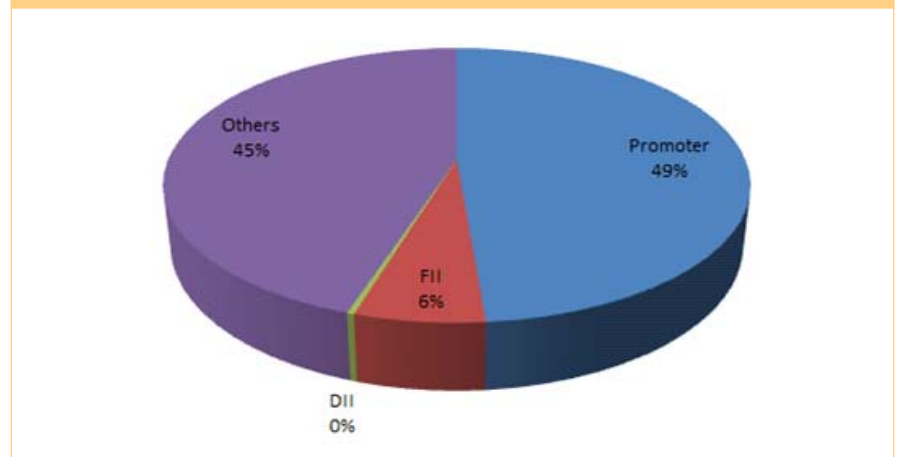
Our Take

On back of net worth of Rs.7,670 mn, OGL can maximum announce Rs.760 mn (10% of total net-worth) of share buy-back. As on 31 Mar-2014, the company's cash and cash equivalent stood at Rs.1,239 mn. Hence, the company has sufficient liquidity to execute the buy-back at full limit. At CMP of Rs.70 we expect company to buy-back ~11 mn shares (9.5% of total outstanding shares). This action would lead to reduction in outstanding shares and expansion in FY15E/FY16E EPS each by 10.5% to Rs.1.0/Rs.10.2 (v/s Rs. 0.9 and Rs.9.3 current).

Valuations

At CMP of Rs.70, the stock is trading at P/E multiple of 77.2x FY15E and 7.6x FY16E earnings estimate. In our view, OGL's financial results depend on corporate actions rather than only on supply and demand factors. As discussed, this is the story of the operational turnaround with major organizational restructuring along with top management reorganization. Going ahead revenue growth is likely to grow at 5.1% CAGR over FY14-16E, while EBITDA growth is likely to be higher at 335.1% CAGR on back of various restructuring initiatives. Based on the various available triggers and proven management at the helm of the affairs, we maintain 'BUY' with target price of Rs.82 (valuing at 9x FY16 EPS of Rs.9.3) on OGL.

Shareholding Pattern (as on 30 Sep. 2014)



Source: Company, IndiaNivesh Research

Daljeet S. Kohli
Head of Research

Tel: +91 22 66188826
daljeet.kohli@indianivesh.in

Amar Mourya
Research Analyst

Tel: +91 22 66188836
amar.mourya@indianivesh.in