

Current	Previous
CMP : Rs.67	
Rating : BUY	Rating : BUY
Target : Rs.101	Target : Rs.101

STOCK INFO

Index	S&P BSE SMALL CAP
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)	7,342
52w H/L (Rs)	98/26
Avg Daily Vol (BSE+NSE)	1,818,537

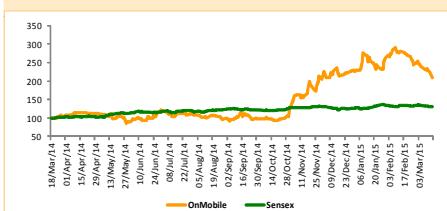
SHAREHOLDING PATTERN	%
(as on Dec. 2014)	
Institutions	6.5
Others, Incl Public	48.9
Promoters	44.6

Source: BSE

STOCK PERFORMANCE (%)	1m	3m	12m
ONMOBILE	-25	-4	110
SENSEX	0	2	30

Source: Capitaline, IndiaNivesh Research

ONMOBILE v/s SENSEX



Source: Capitaline, IndiaNivesh Research

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- We recommended BUY on OnMobile Global Ltd (OGL) at Rs.39/share on November 3rd 2014. The stock already yielded 151% return and touched 52 week high price of Rs.98/share on February 6th 2015.
- During Q3FY15, the company reported 9.3% Q/Q revenue growth with ~740 bps Q/Q expansion in EBITDA (to 20.5%) margin and turnaround at net profit (v/s net loss in Q2FY15) level. In our view, performance improvement does not look one-time; OGL demonstrated consistent improvement in EBITDA margin and reduced net loss from last three quarters.

Quarterly Analysis (Rs Mn)	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15	Q/Q %	Y/Y %	9MFY15	9MFY14	Y/Y %
Net Sales	1,897	2,250	2,255	2,251	1,988	2,075	2,268	9.3%	0.6%	6,330	6,402	-1.1%
Employee Expenses	752	911	929	925	850	726	621	-14.6%	-33.2%	2,197	2,591	-15.2%
Content Fee & Royalty	173	377	-	394	418	478	748	56.5%	NM	1,644	550	198.8%
Other Expenses	553	627	1,030	1,870	563	593	435	-26.6%	-57.8%	1,591	2,211	-28.0%
Total	1,478	1,915	1,959	3,189	1,831	1,797	1,803	0.3%	-8.0%	5,431	5,352	1.5%
EBITDA	419	335	296	-938	157	278	465	67.4%	57.4%	899	1,050	-14.3%
Interest	4	12	11	9	5	10	7	-36.9%	-42.0%	22	28	-22.1%
Other Income	123	126	-15	-79	21	157	25	-84.0%	-265.1%	202	233	-13.2%
Depreciation	296	360	343	368	371	362	349	-3.6%	1.9%	1,083	999	8.4%
PBT	241	89	-74	-1,395	-199	62	134	117.2%	-281.6%	-3	257	-101.1%
Tax	101	74	10	-3	40	74	60	-18.3%	516.3%	174	184	-5.4%
Net Profit	141	15	-84	-1,392	-239	-12	74	-709.9%	-188.2%	-177	72	-345.6%
EPS	1.2	0.1	-0.7	-12.2	-2.1	-0.1	0.6	-709.9%	-187.1%	-2	1	-365.0%
O/Shares	117	152	120	114	114	121	121	0.0%	1.2%	356	389	-8.5%
Margin %								BPS	Margin %	BPS	Margin %	BPS
EBITDA Margin %	22.1%	14.9%	13.1%	-41.7%	7.9%	13.4%	20.5%	712	740	14.2%	16.4%	-21.9%
PAT Margin %	7.4%	0.7%	-3.7%	-61.8%	-12.0%	-0.6%	3.3%	NM	NM	-2.8%	1.1%	NM
Tax Rate	41.7%	83.0%	-13.3%	0.2%	-20.2%	119.6%	45.0%	NM	NM	-6459.3%	71.9%	NM

Source: Company Filings, IndiaNivesh Research

- Despite this, the stock corrected 32% to Rs.67/share. As per our channel check, the underlying fundamentals remain intact.
- The management's announcement of business plan to add new service line or to enhance existing services remains the additional trigger for the stock. Additionally, the cash per share of Rs.17 also bring lot of cushion.
- In our view, the turnaround in operations post major restructuring looks sustainable and likely to deliver growth and profitability on back of robust business model. We recommend investors to be greedy and start accumulating.

Valuations

At CMP of Rs.67, the stock is trading at P/E multiple of 73.9x FY15E, 7.5x FY16E, and 6.6x FY17E earnings estimate. Based on the various available trigger and strong management team at the helm of the fair, we maintain 'BUY' with target price of Rs.101 (valuing 10x FY17E) on OGL.