

Investment ideas

OnMobile Global Ltd

BUY
CMP Rs447

Market size pegged at US\$1.6bn

Mobile Value Added Services (VAS) has evolved in to a US\$1.6bn ancillary industry to the Indian wireless market. Voice offerings such as Ring back tones (RBTs) and Voice portals are dominant in the domestic non-SMS space. VAS accounts for 8-9% of wireless revenues which leaves ample scope for market expansion. For instance, international operators, like Vodafone, derive ~20% of its total sales from SMS & data products.

OnMobile dominates the market with 12.3% share

OnMobile Global has emerged leader in a fragmented industry with a 12.3% market share in the non-SMS segment. It enjoys several early-mover advantages. Firstly, long-term relationships with major telecom operators are in place as its servers are embedded in the operators' core network. Secondly, pan-India reach allows repeat deployment of successful products with other operators. Moreover, a deal with Vodafone to roll-out RBTs and voice portals across the latter's network can ramp up international revenues, especially after FY11, from the current 20%.

OPM likely to stay in narrow band

Upfront content development cost and relatively fixed staff and other expenses have led to margin drop of over 14ppts over FY07-09. However, as the company indicated in its Q4 earnings call, content cost, which has edged higher in the past few quarters, is likely to stabilize at current levels. We forecast OPM to stay within a narrow band of 30-33% in the next two years.

EPS CAGR of 32.3% over FY09-11E; BUY with TP Rs530

The company enjoys dominant status in the VAS market given the twin advantages of long-term relationships with wireless operators and full coverage of major Indian telecos. In effect, the company has arguably become the de-facto VAS provider to the domestic market. We forecast revenue and earnings CAGR of 43.2% and 32.3% respectively over FY09-11 and recommend BUY.

Financials

Y/e 31 Mar (Rs m)	FY08	FY09	FY10E	FY11E
Revenues	2,618	4,064	6,011	8,328
yoy growth (%)	96.9	55.2	47.9	38.6
Operating profit	1,048	1,274	1,875	2,640
OPM (%)	40.0	31.3	31.2	31.7
Reported PAT	603	852	1,108	1,491
yoy growth (%)	76.2	41.3	30.1	34.6
EPS (Rs)	10.5	14.7	19.2	25.8
P/E (x)	42.6	30.4	23.3	17.3

Source: Company, India Infoline Research

Share price chart



Source: Company, India Infoline Research

Shareholding pattern

March-09	(%)
Promoters	57.1
Foreign & institutions	25.6
Non promoter corp hold	5.1
Others	12.2

Indiabulls Real Estate

BUY
CMP Rs225

Plans to launch ~10mn sq ft in FY10

During FY09 Indiabulls Real Estate (IBREL) launched residential projects of ~9.5mn sq ft, concentrating in tier 2/3 markets. Some of the key launches were in Indore (2.1mn sq ft), NCR (2mn sq ft), Chennai (1.3mn sq ft). In addition to this, it plans to launch another ~10mn sq ft of residential projects during FY10. Majority of this will be in the NCR region. With the company launching more of affordable housing, which has attracted significant response, margins are expected to remain under pressure. Apart from residential projects in FY10, it also plans 2 IT projects in Gurgaon and Panvel.

Expected to be launched in FY10

Region	Nature of project	Area (mn sq ft)
Northern Region	Residential	5.8
Western Region	Residential	2.6
Southern Region	Residential	1.4

Source: Company, India Infoline Research

Powering growth

IBREL, through its subsidiary Sophia Power Company is developing 3 thermal power projects with an aggregate capacity of 3.3GW. These include Phase I of 1,320MW Amravati Thermal Power Project, Phase I of 660MW of Nasik Thermal Power Project and 1,320MW Bhaiyathan Thermal Power Project. The first unit is expected to commission by June 2012. It has acquired land for 1,980MW and is negotiating for the Bhaiyathan Project. It has also received fuel linkages for all of the projects, thus enhancing visibility.

Valuations attractive at 1.1x FY11E book

IBREL, is placed better relative to its peers with a net cash position of Rs42bn (inclusive of the Rs26bn QIP). We estimate IBREL's FY11 NAV at Rs247/share from its real estate business (Rs90/share), cash and cash equivalents (Rs68/share), power business (Rs42/share) and IPIT (Rs47/share). The stock trades at 9% discount to its FY11E NAV and 1.1x FY11E book. Recommend BUY.

Financials

Y/e 31 Mar (Rs m)	FY08	FY09	FY10E	FY11E
Revenues	1,407	2,086	2,964	6,957
yoy growth (%)	na	48.3	42.1	134.7
Operating profit	(20)	(570)	649	1,997
OPM (%)	(1.4)	(27.3)	21.9	28.7
Reported PAT	4,002	295	504	1,044
yoy growth (%)	na	na	70.8	107.1
EPS (Rs)	16.6	1.1	2.0	4.0
P/E (x)	13.6	204.9	115.4	55.7

Source: Company, India Infoline Research

Share price chart



Source: Company, India Infoline Research

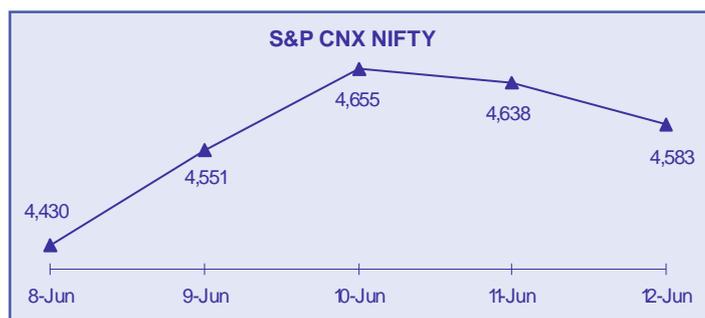
Shareholding pattern

March-09	(%)
Promoters	26.1
Foreign & institutions	43.6
Non promoter corp hold	6.3
Others	24.0

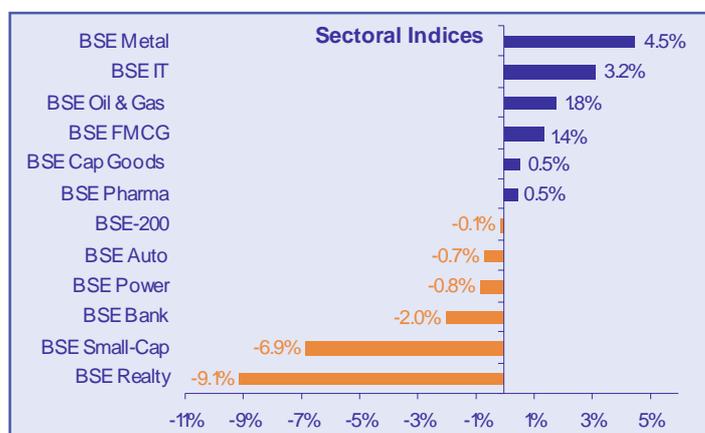
India Infoline Weekly Wrap

Market review

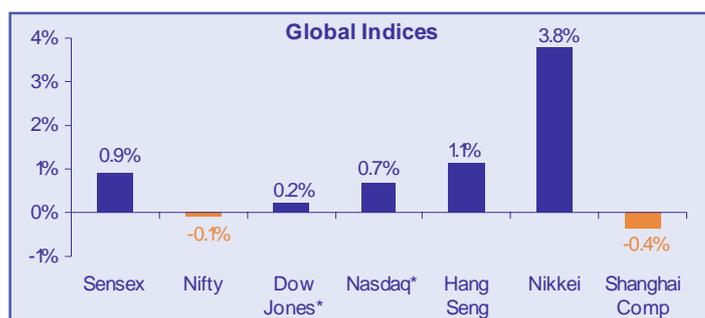
A weak start and a weak end but all in all it was an action-packed week. The PM's projection of 8-9% GDP growth target in next two-three years boosted sentiment on Dalal Street. This lifted the BSE Sensex for the 14th consecutive week, the longest winning streak in the past four years. Better-than expected IIP data and lower inflation figure were among the positive macro data points. But, profit booking limited the gains. The Sensex rose 0.9% to end at 15,238 and the NSE Nifty shut shop almost flat at 4,583.



The IT sector was in the limelight after reports stated that the government was considering extending tax benefits under the STPI scheme for three more years till 2013. Metals stocks also ended with shining gains tracking the surge in the LME metal prices. The auto stocks were under pressure as the domestic sales of passenger cars were a bit subdued as compared to the previous month. The refinery stocks ended with losses as crude oil surged to US\$73/bbl.



Globally, the markets were buoyant on the whole on account of positive economic reports in China, the US and elsewhere in the world. Equity markets advanced in the Japan, as GDP fell by 3.8% in Q1, which was lower than initially expected. The continued surge in commodity prices led to a rally in commodity stocks.



*As per previous close

FII & MF activity

(Rs cr)

Date	FII Net Investment	MF Net Investment
4-Jun	671	(427)
5-Jun	1,417	(55)
8-Jun	295	(912)
9-Jun	991	320
10-Jun	718	950
Total 2009	26,255	881

BSE Sensex & BSE 200 Top Five Gainers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
Tata Power	1,178	9.0	Sesa Goa	203	29.4
Hindalco	101	8.4	JSW Steel	707	20.7
HDFC Bank	1,528	7.7	Satyam Comp	81	20.7
Cipla	251	7.3	HCL Tech	197	12.5
RIL	2,362	6.7	Aurobindo Ph	479	11.2

BSE Sensex & BSE 200 Top Five Losers

BSE Sensex			BSE 200		
Company	CMP (Rs)	% Chg	Company	CMP (Rs)	% Chg
SBI	1,637	(10.0)	Jai Corp	271	(22.6)
DLF	369	(9.7)	Dish TV	42	(21.2)
Tata Motors	357	(8.3)	United Breweries	185	(21.1)
JP Associates	213	(7.7)	Aban Offshore	1,008	(18.8)
HDFC	2,281	(5.7)	Essar Shipping	67	(17.0)

Bulk deals

Date	Institution	Scrip name	B/S	Qty (lacs)	Price
8-Jun	Citigroup Glo	Aban Offshore	S	2.0	1,235
10-Jun	Glaxo	ICICI Pru	S	8.1	940
10-Jun	SREI Infra	T. Rowe Price	S	15.8	73
11-Jun	Allied Digital	Black Rock	B	1.0	359
11-Jun	Merrill Lynch	CHI Invest	S	1.3	41

Insider trades

Company	Name	B/S	Qty ('000)
Kolte Patil	Satish Lal	B	2.0
Alkyl Amines	Yogesh M. Kothari	B	50.0
Sel Manufac	Ritu Saluja	S	400.0

Book closures and record dates

Company	Date	Purpose
Hyderabad Ind	18-Jul-09	100% dividend
JSW Steel	01-Jul-09	10% dividend
Lanco Ind	22-Aug-09	10% dividend

India Infoline Weekly Wrap

Technical ideas

Jayshree Tea **BUY** CMP Rs180



On the daily chart (as seen above), the stock has been trading in a rising channel from a low of Rs60 in early March 2009 indicating a strong demand. In fact, a detailed study of the daily chart suggests that the stock has given a breakout past its critical resistance line with heavy volumes and has breached the previous 52-week high during the last trading session (June 12 '09).

The stock is witnessing strong accumulation at current levels, which suggests that it may eventually result into an upward breakout. A breakout above Rs190 could lead to a fresh move in the upward direction.

The daily RSI is already in strong buy mode. The stock has closed above all its key daily moving averages. Keeping in mind the above-mentioned evidences, we recommend high risk traders to buy the stock between the range of Rs175-182 with a stop loss of Rs163 for target of Rs210 and Rs220.

Jet Airways **SELL** CMP Rs286



The stock has seen a strong rally in the past three months since its 52-week low of Rs108 on March 9 '09. Since then, it has appreciated significantly to touch a high of Rs363 on June 4 '09.

Daily chart suggests that the price movement since March 2009 till date has taken place on rising channel trend. We believe the support lies at Rs265 and stock is most likely to correct to this level as the stock has failed to hold on to the crucial support level. The momentum indicators like RSI and MACD are exhibiting negative divergence supporting our argument.

A bounceback is likely at lower levels but we expect the stock to come down to the levels of Rs265-268. Traders can sell the stock at current levels for a short-term target of Rs265. It is advisable to maintain a stop loss of Rs302 on all short positions.

Positive open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
Hindustan Zinc	7.2	48.5	4.8
JSW Steel	11.1	45.8	125.4
Union Bank	4.4	42.3	13.0
Maharashtra Seamless	1.4	22.8	3.6
Jindal Steel	5.3	22.7	11.3

Negative open interest build-up

Company	Price % chg	OI % chg	Vol (lacs)
Network 18	(4.7)	31.6	2.8
Bank of Baroda	(1.5)	19.6	7.7
HCC	(7.1)	15.4	87.4
SBI	(3.5)	10.7	37.2
Tata Chemical	(5.6)	9.9	21.2

Technically strong

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
IDFC	126	130	18.1	17.8
SAIL	136	131	15.9	7.8
Allahabad Bank	85	82	1.4	0.8
Dabur India	106	103	4.2	1.3
Bharat Forge	318	309	3.8	2.2

Technically weak

Company	CMP (Rs)	10 days Moving Average (Rs)	Total Traded Qty (lacs)	10 days Average Traded Qty (lacs)
Sun Pharma	995	1,021	0.4	0.8
Hero Honda	670	685	0.3	0.3
Mphasis BFL	315	321	1.2	2.0
HPCL	261	266	1.8	2.3
Orchid Chem	245	249	0.2	1.0

India Infoline Weekly Wrap

Mutual fund round-up

India Infoline picks

Mutual Funds	Assets (Rs Cr)	NAV (Rs)	Absolute return (%) as on Jun 11, 2009							
			1wk	1mth	3mth	6mth	1yr	2yr	3yr	5yr
DSP-BR Top 100 Equity Fund - (G)	1,620	75.6	0.5	25.2	59.0	51.6	7.1	21.5	92.8	300.4
HDFC Top 200 Fund (G)	3,315	146.4	0.9	28.1	82.5	62.4	13.0	26.2	86.8	318.4
Kotak Opportunities Fund (G)	910	35.2	(0.1)	33.6	75.5	52.7	(4.1)	15.3	71.8	--
SBI Magnum Tax Gain (G)	4,053	48.2	0.5	29.9	75.0	57.2	0.3	5.2	62.7	479.0
Sundaram BNP Select Midcap (G)	1,483	104.8	(1.3)	47.8	114.7	76.1	9.2	13.1	49.9	385.9

Fund this week: Sundaram BNP Paribas Select Midcap Fund

Fund snapshot		Asset allocation (%)	
Fund Manager	Srividhya & S. Ramanathan	Equity	96.1
Latest NAV	Rs104.8	Debt	0.0
NAV 52 high/low	Rs107/49	Cash/call	3.9
Latest AUM	Rs1,483	Top 5 holdings (%)	
Type	Open-ended	Hindustan Construction Company Ltd	4.2
Class	Equity - Diversified	JaiPrakash Associates Ltd.	4.0
Options	Growth & dividend	GVK Power & Infrastructure Ltd.	3.8
Min investment	Rs5,000	Indiabulls Real Estate	3.7
Entry load	2.25%<Rs5cr	Nagarjuna Construction Company Ltd	3.4
Exit load	1%<Rs5cr<1yr	Top 3 sectors (%)	
Benchmark	BSE Mid Cap	Housing & Construction	19.6
No. of stocks	56	Banks	12.3
Expense ratio	1.9%	Oil & Gas, Petroleum & Refinery	7.9

NFO update

Fund Name	Close	Type	Class
Reliance Infrastructure Fund	23-Jun	OE	Equity - Div
Baroda Pioneer Treasury Advtg	23-Jun	OE	Debt
-	-	-	-

Dividend update

Mutual Fund	Dividend %	Record date	Class
IDFC Imperial Eq Plan B	12.0	15-Jun	Equity - Div
UTI Master Value Fund	20.0	15-Jun	Equity - Div
UTI Mid-Cap Fund	20.0	15-Jun	Equity - Div

Commodity, debt and currency graphs



* As per previous close

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