

ORBIT CORPORATON LTD

BUY

April 3rd, 2010

C.M.P:
Rs.273.85

Target Price:
Rs.315.00

1 Year Comparative Graph



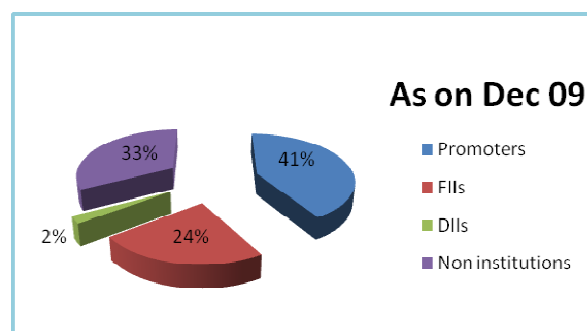
ORBIT CORPORATION LTD

BSE SENSEX

Stock Data

Sector	Realty
Face Value	Rs.10.00
52 wk. High/Low (Rs.)	Rs.356.05/57.20
Volume (2 wk. Avg.)	301000
BSE Code	532837
Market Cap	14508.85

Share Holding Pattern



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SYNOPSIS

- We initiated the coverage of Orbit Corporation Ltd and set a target price of Rs.315.00 for medium to long term.
- Orbit Cybertech Limited was formed under which the real estate development was conducted. This was rechristened Orbit Corporation Limited in 2006. It builds unique, modern and high quality living and working spaces.
- The company has developed properties spanning over 1.5 million square feet worth several hundred crore, in the prime areas of south Mumbai like Babulnath, Tardeo, Worli, Prabhadevi, Gamdevi.
- The Company currently has one slum rehabilitation project in progress in Santa Cruz, which is estimated to Complete in 2012.
- Orbit Corporation Ltd has raised total of Rs. 150 Crores from the financial Institutions against the security of pledge of shares of promoters of the Company, which constitute 30.58% at the total paid up capital of the Company.

Financials	FY08	FY09	FY10E	FY11E
Net Sales	7055.35	2835.35	5652.15	6386.93
EBIDTA	2933.16	1371.92	2041.09	2437.85
PAT	2357.74	355.16	1035.57	1317.51
EPS	65.00	9.79	19.55	24.87
P/E	8.37	27.97	14.01	11.01

Financials	Dec09	Dec08	% Change
Net sales	1496.08	482.83	210%
PAT	320.23	30.23	959%
EPS	6.04	0.83	625%

❖ **Grant of Options under ESOP**

Orbit Corporation Ltd has grant of options to the extent of 188,000 Equity Shares (One Lacs Eighty Eight Thousand Equity Shares) to the eligible participants under Employee Scheme Option Plan 2009 (ESOP).

Investment Rationale

❖ **Raising of Fund**

Orbit Corporation Ltd has raised total of Rs.150 Crores from the financial Institutions against the security of pledge of shares of promoters of the Company, which constitute 30.58% at the total paid up capital of the Company.

❖ **Investment Agreement**

Orbit Corporation Ltd has pursuant to an Investment Agreement with IL&FS Trust Company Ltd., IIRF India Realty X Ltd., Moltana Holdings Ltd., (collectively, "Investors"), have agreed to make an investment of upto 165,00, 00,000/- (Rupees One Hundred Sixty Five Crores only) in Orbit Highcity Pvt. Ltd. a wholly owned subsidiary Company of the Orbit Corporation Ltd., Mumbai. The Investment would be used to develop township projects at Mandwa in Mumbai Metropolitan Region.

Valuation

At the current market price of Rs.273.85, the stock is trading at 14.01 x FY10E and 11.01 x FY11E respectively. Price to Book Value of the stock is expected to be at 2.18 x and 1.82 x respectively for FY10E and FY11E. Earning per share (EPS) of the company for the earnings for FY10E and FY11E is seen at Rs.19.55 and Rs.24.87 respectively. On the basis of EV/EBITDA, the stock trades at 7.11 x for FY10E and 5.95 x for FY11E. We expect that the company will keep its growth story in the coming quarters also. We recommend **'BUY'** in this particular scrip with a target price of Rs.**315.00** for Medium to Long term investment.

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