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Take Five

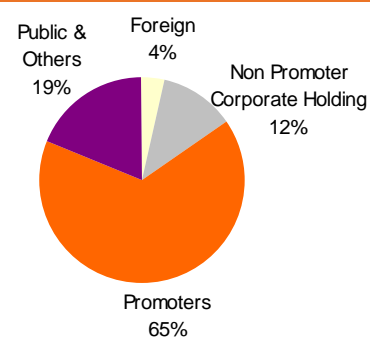
Scrip	Reco Date	Reco Price	CMP	Target
♦ Aban Loyd	03-Mar-05	330	1,225	*
♦ Alphageo	27-Dec-05	81	113	135
♦ Indian Hotels	17-Nov-05	766	1,289	1,474
♦ Orient Paper	30-Aug-05	214	289	335
♦ TCS	06-Mar-06	1,705	1,830	1,980

*Target under review

ORG Informatics

Emerging Star
Stock Update
Order worth Rs255 crore announced
Buy; CMP: Rs138
Company details

Price target:	Rs194
Market cap:	Rs162 cr
52 week high/low:	Rs181/28
BSE volume: (No of shares)	28,109
BSE code:	517195
Sharekhan code:	SARAELE
Free float: (No of shares)	0.41 cr

Shareholding pattern

Price chart

Price performance

(%)	1m	3m	6m	12m
Absolute	-13.7	-1.7	-10.4	212.6
Relative to Sensex	-19.4	-16	-32.2	93.9

ORG Informatics has announced that it has bagged an order worth Rs255 crore from Bharat Electronics Ltd (BEL) for the convergent billing system that is being implemented for the state-owned Mahanagar Telephone Nigam Ltd (MTNL). The order largely involves the supply and integration of the hardware related requirements of the project. Consequently, the margins are likely to be lower than the double-digit margins reported by the telecom business segment currently. The order is to be executed over the period of the next 24 months.

However, as part of the MTNL deal, the company expects another order worth over Rs100 crore that will have higher-end services work and would also include the high-margin maintenance business. The second part of the order is likely to be announced in the next couple of weeks and a considerable portion of the maintenance revenues will be spread over a period of seven years.

With this deal, the current confirmed order book of the company stands at around Rs425 crore (including maintenance contracts), which amounts to around five times its FY2005 consolidated revenues and 2.5x its current market capitalisation.

We had anticipated the order and factored in the same in our estimates. Consequently there is no revision in our estimates.

Valuation

At the current market price the scrip trades at 26.6x and 11.9x FY2006 and FY2007 estimated earnings respectively. We maintain the Buy call on the stock.

Key financials

Year ended 31st March	FY2004	FY2005	FY2006E	FY2007E
Sales (Rs cr)	53.4	85.5	161.7	298.3
Net profit (Rs cr)	1.4	2.7	7.1	15.9
Shares in issue (cr)	0.8	1.1	1.4	1.4
EPS (Rs)	1.8	2.4	5.2	11.6
% y-o-y change	-	32.9	116.3	123.9
PER (x)	76.4	57.5	26.6	11.9
Price/BV (x)	13.8	13.8	7.9	3.6
EV/EBIDTA(x)	48.5	28.0	15.4	7.3
Dividend yield (%)	0.0	0.0	0.0	0.0
RoCE (%)	14.3	18.7	29.8	36.2
RoNW (%)	18.1	23.9	29.6	30.2

The author doesn't hold any investment in any of the companies mentioned in the article.

Evergreen

HDFC Bank
 Infosys Technologies
 Reliance Industries
 Tata Consultancy Services

Apple Green

Aditya Birla Nuvo
 Associated Cement Companies
 Bajaj Auto
 Balrampur Chini Mills
 Bharat Bijlee
 Bharat Heavy Electricals
 Container Corporation of India
 Corporation Bank
 Crompton Greaves
 Emco
 Godrej Consumer Products
 Grasim Industries
 Hindustan Lever
 Hyderabad Industries
 ICICI Bank
 Indian Hotel Company
 ITC
 Mahindra & Mahindra
 Marico Industries
 Maruti Udyog
 McDowell & Company
 MRO-TEK
 Lupin
 Nicholas Piramal India
 Omax Auto
 Ranbaxy Laboratories
 Satyam Computer Services
 Sintex Industries
 SKF India
 State Bank of India
 Tata Motors
 Tata Tea
 Unichem Laboratories

Vulture's Pick

Esab India
 Mahanagar Telephone Nigam
 Orient Paper and Industries
 WS Industries India

Emerging Star

3i Infotech
 Aarvee Denim and Exports
 Aban Loyd Chiles Offshore
 Alok Textile Industries
 Alphageo India
 KSB Pumps
 Marksans Pharma
 Navneet Publications (India)
 New Delhi Television
 Orchid Chemicals & Pharmaceuticals
 ORG Informatics
 Solectron Centum Electronics
 Television Eighteen India
 Thermax
 Tube Investments of India
 UTI Bank
 Welspun Gujarat Stahl Rohren
 Welspun India

Ugly Duckling

Deepak Fertilisers & Petrochemicals Corporation
 Genus Overseas Electronics
 HCL Technologies
 ICI India
 Jaiprakash Associates
 JM Financial
 KEI Industries
 Nelco
 Numeric Power Systems
 Punjab National Bank
 Ratnamani Metals and Tubes
 Sanghvi Movers
 Saregama India
 Sun Pharmaceutical Industries
 Surya Pharmaceuticals
 UltraTech Cement
 Union Bank of India
 Universal Cables
 Wockhardt

Cannonball

Balmer Lawrie & Company
 Cipla
 Gateway Distriparks
 International Combustion (India)
 JK Cements
 Madras Cement
 Shree Cement
 Transport Corporation of India

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