

Key data			
Sector	Real Estate		
Market Cap	Rs23.6bn/US\$0.6bn		
52 Wk H/L (Rs)	656/90		
Avg. daily vol. (6 month)	4,586,700		
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BSE Code	532837		
NSE Code	ORBITCORP		
Bloomberg	ORB IN		
Reuters	ORCP.BO		
<hr/>			
Sensex	19,059		
Nifty	5,670		
<hr/>			
Shareholding pattern (%)			
	30-Jun-07		
FII's NRI, ADR/GDR	5.7		
MFs and institutions	4.5		
Promoters	59.6		
Others	30.2		
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Absolute returns (%)			
	1mth	3mth	12mth
Orbit Corporation	31.0	100.9	#VALUE!
Sensex	22.1	24.5	47.4

Orbit Corporation (OCL)

Accumulate **Current Price: Rs652** **Target price: Rs680**

Results were considerably above our estimates

Figure 1: Actual Vs Religare Estimates

	Q2FY08A	Q2FY08E	Difference (%)
Net sales	976	700	39%
EBITDA	483	287	68%
EBITDA margins (%)	49.5	41.0	850bps
PAT	399	194	106%
PAT margins (%)	41	28	1,294bps

Source: Religare Institutional Equity Research, Bloomberg

Financial highlights

- **Net sales** for Q2 FY08A are Rs975.5mn as compared to Rs1915mn for the full year FY07. Since the company was listed in April FY07 the quarterly numbers for the corresponding quarters are not available. However sequentially net sales increased by 53%.
- **EBITDA** for the quarter increased by 1000bps sequentially on account of reduction in acquisition cost in Orbit Plaza BKC. This is one time and going forward net margins will normalize to 28-30%
- **Adjusted PAT for Q2FY08E** is Rs398mn as compared to Rs183mn for Q1FY08E. The PAT margins for the quarter is 40.6% increase of 1200bps

Valuations and Recommendation

At the CMP of Rs652, the stock trades at 9.6x FY08E earnings and in line with our DCF estimates. However this estimate is based on 1.4mn sq ft of incremental projects which is lower than the guidance of 2.1mn sq ft that the company gave in its post result conference call. Incorporating the additional 0.6mn sq ft in our DCF model we arrive at a target price of Rs680 which is close to the current market price. We are revising our rating from **Buy** to **Accumulate** to reflect the recent run up in the share price, which now largely captures the value of the projects on hand (existing 1.1mn +planned 2.1mn). We remain positive on the company's prospects. Further price movement will be driven by new announcements, as the company bags new projects.

Quarterly Performance

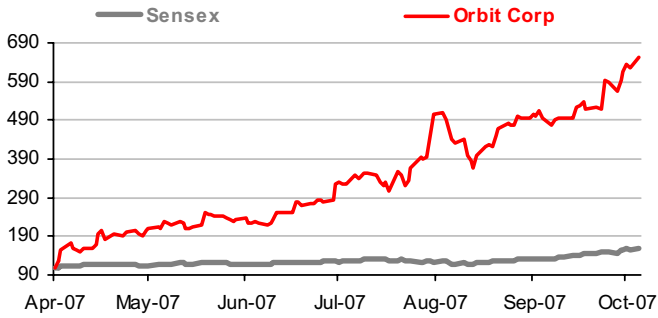
	FY08		FY07	
	1Q	2QA	FY07	FY08E
Net Sales	636	976	1,915	8,500
Change %			1,020.6	343.9
EBITDA	251	483	744	3,570
EBITDA margin (%)	39.5	49.5	38.8	42.0
Change (%)			967.7	380.0
Depreciation	2	3	8	10
Other Income	8	6	7	0
Interest exp/(inc)	18	30	90	320
PBT	240	456	736	3,560
PBT margin (%)	37.2	46.4	38.4	41.9
PBT growth (%)				
Extraordinary exp/(Inc)				
Tax	57	57	77	810
Effective tax rate (%)	24%	12%	12%	25%
PAT reported	183	399	572	2,430
Adjusted PAT *	183	399	572	2,430
Adj PAT margin (%)	28.4	40.6	29.8	28.6
Change (%)			861.0	324.7
Equity Capital (Rs mn)	363	363	272	363
Adj EPS	5.0	11.0	22.4	68.4

* Excluding extraordinary

Stock performance

Orbit Corporation

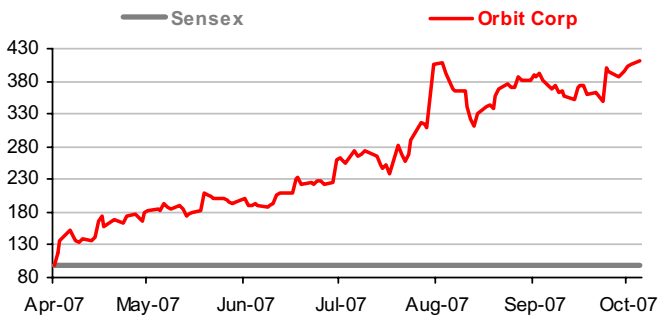
Absolute Perf. From Apr 07



Relative Perf. From Apr 07



Relative Perf. From Apr 07

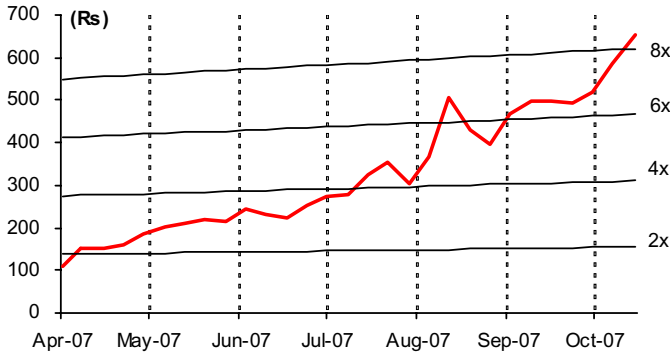


Source: Bloomberg, Religare Institutional Equity Research

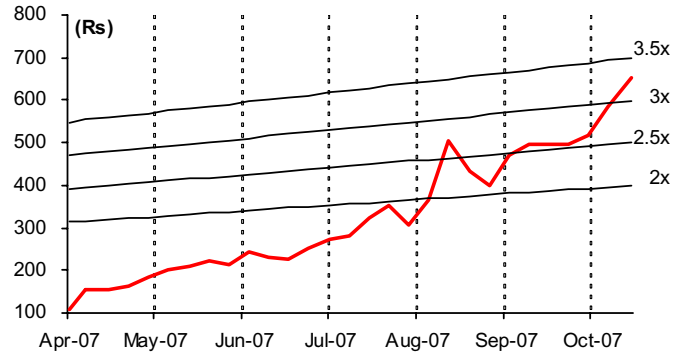
12 month forward rolling band charts

Orbit Corporation

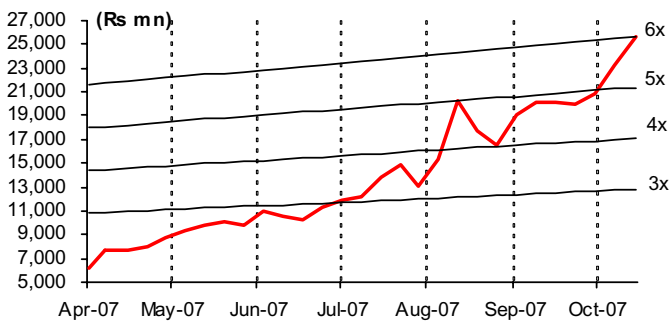
P/E Band



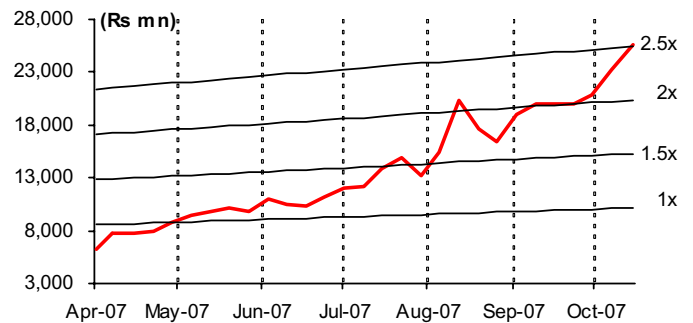
P/BV Band



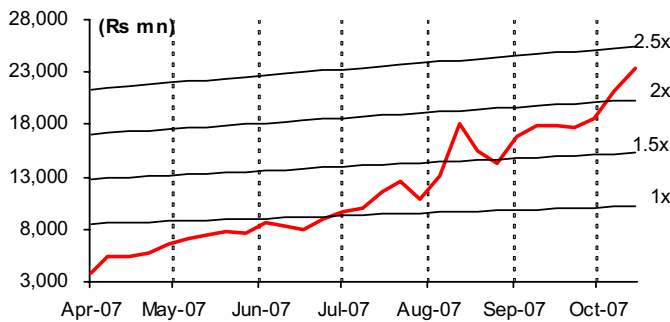
EV/EBITDA Band



EV/Sales Band



Mkt cap/Sales Band



Financials

Income statement

(Rs mn)

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
Net sales	171	1,915	8,500	11,500	13,250
EBITDA	70	744	3,570	4,830	5,565
EBITDA margin (%)	40.8	38.8	42.0	42.0	42.0
Depreciation	1	8	10	11	13
EBIT	69	736	3,560	4,819	5,552
Other income	2	7	-	-	-
Interest Exp/(Inc)	10	90	320	537	553
PBT (operating)	61	653	3,240	4,282	4,998
PBT margin (%)	35.1	33.8	38.1	37.2	37.7
Extra ord (inc)/exp	-	-	-	-	-
Taxes	1	77	810	1,199	1,499
Minority interest					
PAT(Reported)	60	576	2,430	3,083	3,499
Less: Extra ordinary income / Others	0	0	0	0	0
Adj PAT	60	576	2430	3083	3499
Adj PAT margin (%)	34.4	29.8	28.6	26.8	26.4

Quarterly – Financials

(Rs mn)

(Rs mn)	Q1FY08	Q2FY08
Net sales	636	975.5
Changes (%)		
EBITDA	251	482.9
Changes (%)		
Margin (%)	39.5	50
PAT	183	399
PAT adj	183	399
Changes (%)		
Margin (%)	28.4	40.6
EPS adj (Rs)	5.0	11.0
EPS dil (Rs)	5.0	11.0

Ratios

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
Growth					
Net sales (%)	9.1	1,020.6	343.9	35.3	15.2
EBITDA (%)	58.1	967.7	380.0	35.3	15.2
PAT adjusted (%)	108.3	861.0	324.7	26.9	13.5
EPS adjusted (%)	29.9	313.2	206.0	24.2	(3.3)
EPS diluted (%)	29.9	313.2	206.0	24.2	(3.3)
EPS Consl and diluted (%)					

Valuations

	FY06	FY07	FY08E	FY09E	FY010E
P/E (x)	120.5	29.2	9.5	7.7	7.9
P/BV (x)	6.7	5.4	4.2	2.8	1.7
EV/EBITDA (x)	208.4	22.5	7.3	5.3	4.6
EV/Sales (x)	85.0	8.7	3.0	2.2	1.9

Profitability

	FY06	FY07	FY08E	FY09E	FY010E
EBITDA margin (%)	40.8	38.8	42.0	42.0	42.0
Adj PAT margin (%)	34.4	29.8	28.6	26.8	26.4
RoE (%)	9.8	27.5	56.5	44.0	28.3
RoCE (%)	6.6	25.9	52.5	43.1	33.3
RoIC (%)*	7.3	40.5	71.9	52.1	48.3

B/S ratios

	FY06	FY07	FY08E	FY09E	FY010E
Inventory days	2,349.5	318.8	275.0	285.0	285.0
Creditor days	50.1	34.4	34.4	34.4	34.0
Debtor days	117.6	206.9	175.0	175.0	175.0
Working Capital days	3,166.7	393.3	329.8	336.6	333.7
Net debt/equity	0.6	0.3	0.7	0.5	0.3

* ROIC is calculated on post tax basis.

Balance sheet

(Rs mn)

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
Liabilities					
Equity share capital	216	272	363	363	454
Total Res. & Surplus	852	2,822	5,144	8,147	15,775
Total Shareholders' fund	1,068	3,093	5,507	8,509	16,228
Convertible Debt					
Others Debt	596	918	4,000	4,265	4,250
Total Loans	596	918	4,000	4,265	4,250
Deferred tax liability (net)	-	-	-	-	-
Total liabilities	1,664	4,011	9,507	12,774	20,478
Assets					
Net fixed assets & others	23	42	59	71	80
Capital WIP & others	-	-	-	-	-
Total non-current assets	23	42	59	71	80
Total investments - non current	1	1	1	1	1
Current assets					
Inventories	1,100	1,673	6,404	8,979	10,346
Sundry debtors	55	1,085	4,075	5,514	6,353
Cash & cash equivalents	156	1,891	1,754	2,083	8,271
Cash	156	1,891	1,754	2,083	8,271
<i>Liquid investments</i>					
Other current assets	594	1,090	2,911	3,938	4,538
Total current assets	1,905	5,740	15,144	20,515	29,507
Total current liabilities	261	1,702	4,890	6,615	7,613
Total provisions	5	83	821	1,210	1,509
Net current assets	1,639	3,955	9,433	12,689	20,385
Misc. expenditure	3	14	14	14	14
Total assets	1,664	4,011	9,507	12,774	20,478

Cash flow

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
Cash from operations					
PBT	61	649	3,240	4,282	4,998
Tax paid	(1)	(77)	(810)	(1,199)	(1,499)
Dep & amortization	1	8	10	11	13
Working capital changes	(1,116)	(581)	(5,616)	(2,926)	(1,508)
Others	10	89	320	537	553
Net cash from operations	(1,045)	89	(2,856)	705	2,558
Cash from investments					
Capital expenditure	(20)	(27)	(27)	(22)	(23)
Sale/purchase of inv & others	0	0	0	0	0
Net cash from investments	(20)	(27)	(27)	(22)	(23)
Cash from financing					
Issue of shares & share premium	858	1,452	64	0	4,323
Dividend paid	0	0	(81)	(81)	(101)
Debt change	323	322	3,082	265	(15)
Others	(10)	(101)	(320)	(537)	(554)
Net cash from financing	1,170	1,673	2,746	(353)	3,653
Net change in cash	106	1,735	(138)	330	6,188

Per share data

Y/E, 31st March	FY06	FY07	FY08E	FY09E	FY010E
EPS adjusted	5.4	22.4	68.4	85.0	82.2
EPS diluted - wtd	5.4	22.4	68.4	85.0	82.2
EPS Consl and diluted					
CEPS	5.5	22.8	68.7	85.3	82.5
Book value	97.1	120.9	155.1	234.6	381.2
Dividend	0.0	0.0	2.0	2.0	2.0
O/s shs.-actual (mn)	21.6	27.2	36.3	36.3	45.4
O/s shs.-diluted (mn)	21.6	27.2	45.4	45.4	45.4
O/s shs wtd / diluted (mn)	11.0	25.6	35.5	36.3	42.6

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Rating definition

Buy	: > 15% returns relative to Sensex	Accumulate	: +5 to +15% returns relative to Sensex
Sell	: > (-)15% returns relative to Sensex	Reduce	: (-) 5 to (-) 15% returns relative to Sensex
Hold	: Upto + / (-) 5% returns relative to Sensex		

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