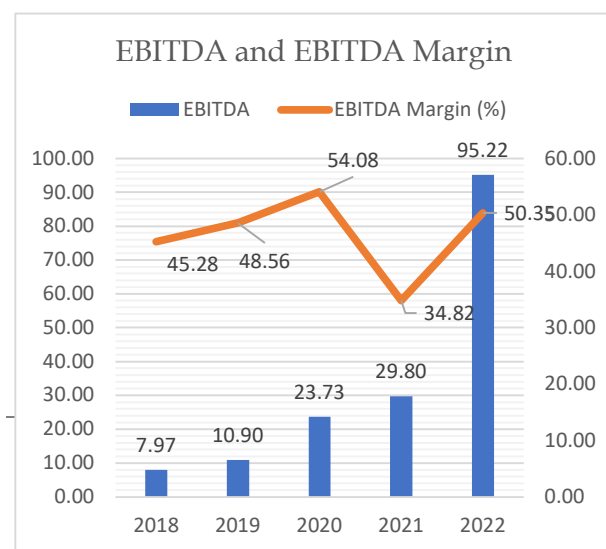


ORBIS FINANCIAL CORPORATION LIMITED

Company Data

Market Cap (₹ in Cr)	801
Industry	Financial Service
Book Value	23.47
Net Worth (₹ in Cr)	223.02
Last Traded Price	85
EPS as on 31st Mar 22	5.41
P/E	15.71
P/B	3.62
ROE	21.12%
ROCE	42.25%



Major Shareholder as on 31st March 2022

Name of the shareholder	% of Holding
Atul Gupta	28.12%
Arpit Khandelwal	21.30%
Orbis Foundation	7.18%
Plutus Wealth Management	8.00%
Multi-Act Equity Trust	9.73%
Shyamsunder Agarwal	5.56%

About Company:

Orbis Financial Corporation Limited formed in 2005 is an established Financial Services Company which is committed towards Investor servicing in inter-related verticals. Some of these verticals comprise of:

- **Custody & Fund Accounting services:** These services include the accounting of investments on purchase of shares, income and expense accounting, valuation of the securities held and reporting to regulatory authorities.
- **Equity and Commodity derivatives clearing:** This process involves the clearing and settlement of any trades taken on the stock exchange and the commodity exchange.
- **Currency derivatives clearing:** The service involves clearing trades when dealing with foreign currency in relation to the Indian rupee.
- **Registrar and Transfer Agency:** This function helps maintain detailed records of the transaction done by investors. It is usually done for the convenience of the mutual fund houses.
- **Trustee services:** Orbis Financial Corporation acts in the interest of beneficiaries by being an independent custodian of assets.

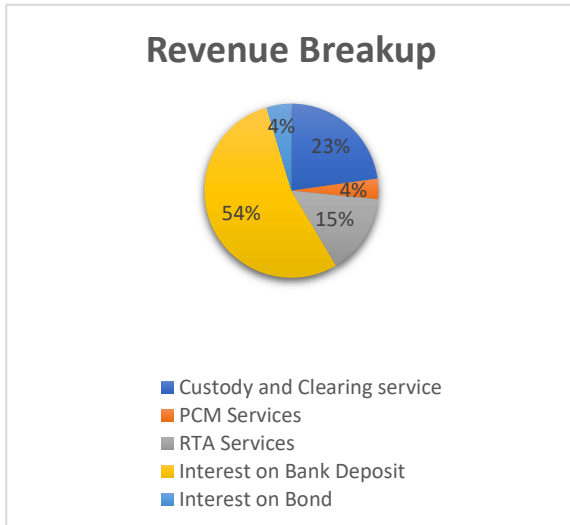
In last 4 years (FY19-FY22) Revenue of the company has grown at a **CAGR of 112%** and Profits has Grown at a **CAGR of 112.6%**

The company looks forward to becoming an end-to-end solutions provider to a broad range of institutional and retail investors. These may include but are not limited to Foreign Portfolio Investors, Foreign Direct Investments, Mutual Funds, Endowments and Trusts, HNIs, AIFs, Stock Brokers, Private Banks and Portfolio Managers.

Valuation and view

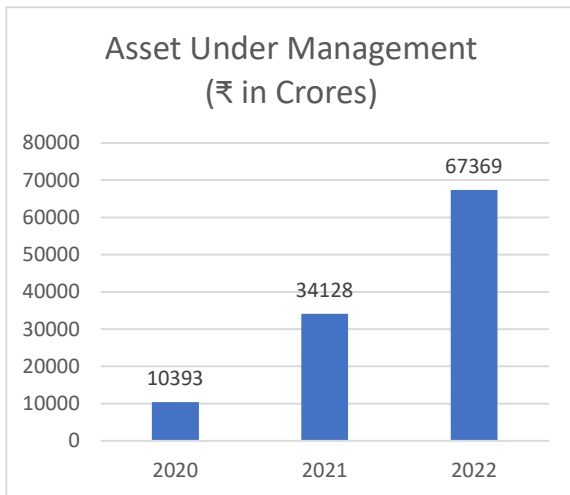
Orbis Financial is a SEBI-registered custodian which primarily offers end-to-end capital market related services such as custodial, fund accounting, clearing, depository, trusteeship and other allied services. Its net operating income mainly comprises treasury-related income followed by custodial & clearing income. The company's fee income remains annuity based (depending on AUC) and transaction oriented linked to clearing volumes. Orbis is constantly growing at a healthy pace over the years, they recently raised equity through Right Issue which will further help them in growth. The Company is trading at P/E of 15.7x on FY22 Earning, looking at the past growth and future growth prospects trading at reasonable valuation.

Business Model:



The company is headquartered in Gurugram Haryana and has its marketing and sales offices in Mumbai. Orbis Financial Corporation operates on a 'Zero conflict' business model in relation to its clients, offering a complete package of services ranging from non-broking services that include clearing services, monitoring corporate benefits, fund accounting, custody services, depository services, etc. The 'zero conflict' business model means that each service provided by the company does not intersect at any point and operates in all fairness and responsibility towards the clients.

The company basically acts as a house to settle complete transactions of individual and corporate investors. When an individual or a corporation executes a trade, Orbis Financial Corporation acts as a clearing member who will be responsible for credit or debit shares and maintaining records in the account. The depository service that the company provides helps to hold the securities of investors in electronic form.



Orbis Financial Corporation is looking to provide all non-broking services and broking services under one roof, right from the settlement of trades executed to fund accounting and the mark-to-market valuation of securities.

In addition to the above, the major contributor to the jump in the return-on-investment ratio was the funds invested. It contributed to a 65% jump in the returns made on investments. The largest customer amounted to Rs. 23.14 crore of contribution displaying distinct diversification.

Management:

The management consists of members with strong experience and credentials.

The company is led by **Mr Atul Gupta** the Executive Chairman and the Whole Time Director of the company. A qualified Chartered Accountant by profession, Mr Gupta has over three decades of experience in Indian financial markets.

The Managing director and CEO of the company **Mr Shyamsunder Agarwal** is a Chartered Financial Analyst and a Chartered Accountant with nearly 20 years of experience in custody and capital markets. Before joining Orbis Financial Corporation, Mr Agarwal headed the custody and capital markets division at ICICI Bank.

Operations and Vision:

The management has been extremely aggressive in growing the business and expanding its reach. The management of the company looks to continue and advance on its journey of continuous and sustainable growth with compliance and corporate governance ranking foremost in its priority list. The incessant investment in people and processes has enabled Orbis Financial Corporation to stay updated and ahead in a dynamic environment of the ever-changing regulations. The company has also opened a branch office in the Gujarat International Finance Tec-City (GIFT City) to extend its trusteeship services and strengthen its global presence.

SWOT Analysis:

Strengths:

- The company largely caters to the high-end institutional clients viz., Foreign Portfolio Investors (FPI), Domestic Institutional Investors (DII), Foreign Direct Investment (FDI), Portfolio Management Services (PMS). The presence of these prominent clients will considerably reduce the volatility in the revenues generated by the company.
- Biggest strength of Orbis is its financial performance, company revenue is growing at a healthy pace, and their profits margin are also increasing.
- Capital Market trend in India is gaining traction, runway for growth is huge as only 6-7% of the people have demat account in India which will gain momentum going forward.
- They have quite a diversified client base as their dependence on single client is low.

Weaknesses:

- The cost to income ratio for Orbis Financial Corporation is higher amongst its competitors. The profitability of the company can be volatile subject to regulatory changes.
- The industry remains dominated by bank custodians, particularly the FPI segment which accounts for 34% of the overall industry AUC in the country, given their size it gives advantages to established franchises.

Opportunities:

- With the company reporting stellar profit growth numbers, the opportunity to capitalise on this growth is evident. With higher profits, the company can look to aggressively grow its business and market share.

Threats:

- The company also faces threats due to its limited diversification. Larger players offer more convenience and a plethora of services under one roof and on a single platform.

Industry outlook and government initiatives:

The industry has been propelled by the advent and progress of digitization. Several government initiatives have enhanced the favourable prospects of the industry. In November 2021, Government think tank Niti Aayog had introduced a discussion draft on digital banking. In this draft, suggestions had been put forward by the Niti Aayog towards the RBI permitting SEBI to allow non-bank custodians to hold proprietary and client funds under a power of attorney in addition to issuing an AD-I licence.

Digitization has helped the capital markets thrive. Brokerages and exchanges have witnessed unparalleled and unprecedented growth in the number of accounts opened and the transactions done. The industry is well-positioned to capitalize on this momentum. With an anticipated compounded annual growth rate of 13.6%, for the next 25 years, the potential for growth is immense. Conservatively, we can project the growth of the industry using empirical data at 13.6%. The significant development in government initiatives and the increase in the number of amendments of stricter and more conservative regulations will further enhance the growth prospects of this industry.

Financial Snapshot:

Profit & Loss

₹ in Crores

Year	2022	2021	2020	2019	2018
Net Sales	152.93	65.88	33.72	15.92	12.09
Other Income	36.19	19.71	10.16	6.53	5.52
Total Income	189.12	85.59	43.88	22.45	17.61
Employee Benefit Expense	22.23	20.25	10.53	8.03	6.82
Other Expenses	71.67	35.54	9.62	3.52	2.82
Total Expenditure	93.90	55.79	20.15	11.55	9.64
EBITDA	95.22	29.80	23.73	10.90	7.97
Depreciation	1.30	1.15	0.89	0.57	0.51
EBIT	93.92	28.65	22.84	10.33	7.46
Interest	30.23	9.93	6.51	1.29	0.13
PBT	63.69	18.72	16.34	9.04	7.33
Tax	16.94	3.38	4.77	1.83	-
PAT	46.75	15.35	11.57	7.22	7.33
EPS (Basic)	5.41	1.99	1.77	1.10	1.10

Balance Sheet:

₹ in Crores

Year	2022	2021	2020	2019	2018
Shareholders' Funds:					
Equity Paid up	94.31	87.62	65.50	65.50	65.50
Reserves and Surplus	127.04	66.87	13.95	2.03	-5.19
Net Worth	221.36	154.49	79.45	67.53	60.31
Non-Current Liabilities					
Long Term provisions	-	0.80	0.67	0.59	0.51
Deferred Tax Liabilities	-	-	0.93	0.94	-
Current Liabilities:					
Trade Payables	31.09	16.40	2.30	0.59	0.44
Other Current Liabilities	3,669.01	2,128.57	409.55	260.01	151.85
Provisions	-	0.35	0.20	0.59	0.05
Total Liabilities	3,922.34	2,300.61	493.11	330.25	213.16
Non-Current Assets					
Tangible Assets	9.63	10.14	10.61	12.10	11.72
Non-Current Investments	97.06	160.33	-	1.00	1.00
Non-Current Assets	4.51	0.51	0.83	14.18	35.51
Total Non-Current Assets	117.39	175.86	14.84	33.88	52.33
Current Assets					
Trade Receivables	8.35	11.87	9.49	3.89	4.12
Cash and Bank Balance	3,167.28	873.94	195.09	108.19	4.83
Other Current Assets	626.93	565.30	36.51	2.56	0.52
Total Assets	3,922.34	2,300.61	493.11	330.25	213.16

Cash Flow Statement:

₹ in Crores

Year	2022	2021	2020	2019	2018
Cash Flow from Operations	1,535.34	1,226.93	159.47	104.44	66.62
Cash Flow from Investing	-1,208.23	-1,017.99	-81.54	-18.09	-1.61
Cash Flow from Financing	-10.66	49.49	-4.88	-0.07	-0.01

Key Ratios:

Year	2022	2021	2020	2019	2018
Current Ratio	0.87	0.75	1.11	0.48	0.54
ROCE (%)	42.43	18.55	28.75	15.17	12.27
RONW (%)	21.12	9.93	14.56	10.69	12.16
EBITDA Margin (%)	50.35	34.82	54.08	48.56	45.28
PAT Margin (%)	24.72	17.93	26.37	32.14	41.64
CPM (%)	25.41	19.27	28.40	34.68	44.54
Acid Ratio	0.87	0.75	1.11	0.48	0.54
Operating Profit Margin (%)	61.42	43.50	67.75	64.92	61.71

INVESTMENT RATIONALE

- Attractive Valuation
- Biggest strength of Orbis is its financial performance, company top line in FY22 has doubled and Profits has grown three times to previous year.
- Capital Market trend in India is gaining traction, runway for growth is huge as only 6-7% of the people have demat. account in India which will gain momentum going forward.
- They have quite a diversified client base as their dependence on single client is low.
- Company fee Income remains annuity based (depending on AUM) which limits market risks