

**ORBIS**



**RESEARCH  
REPORT**

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# About Company

1. Established in the year 2005 and headquartered in Gurugram, Haryana Orbis is a SEBI registered Custodian of Securities and a Clearing member in all the market segments in India having commenced commercial operations in 2009. It commenced its RTA services in 2019 as a SEBI accredited Registrar & Share Transfer Agent (R&T Agent) followed by Trustee services as a SEBI accredited Trustee services provider.
2. Orbis Financial Corporation Limited is a focussed financial services company dedicated towards Investor servicing in inter-related verticals namely Custody & Fund Accounting services, Commodity clearing, Equity derivatives clearing, Currency derivatives clearing, Share Transfer Agency and Trustee services.
3. OFCL operates as an independent custodian and provides end-to-end services such as FPI registration, custodial services, fund accounting, clearing, depository and trusteeship services to its clients.

# Clients of the Company

1. Orbis Financials largely caters to institutional clients like FPI, portfolio management services (PMS), foreign direct investment (FDI), Domestic Institutional Investor (DII), and alternative investment funds (AIFs), particularly through its custodial business, and also provides clearing services to TMs and FPIs.
2. As of November 2021, the company caters to ~250 FPIs , ~100 PMS, ~50 AIF's and ~1500 high net worth individuals(HNI)/non-resident individuals (NRIs).

# Products

- Fund Accounting and customer reporting services
- FX execution
- Orbisonline
- Designated depository participant services
- Custody and clearing services
- Derivative clearing services
- Trustee services
- Registrar and share transfer agency services (RTA services)

# How Orbis Financial Makes Money ?

Orbis Financial sources of revenue comprises of Treasury-Related Income, Custodial & and Clearing Income. The company's fee income remains annuity based (depending on AUC) and transaction oriented (linked to clearing volumes), which limits its exposure to market or credit risks to some extent.

## Risk in Orbit Financial Business

1. Modest scale of operations. It also has modest market share of 0.35% in FY21-22. So, we will have to check the performance once their size become big.
2. The custodial business is exposed to concentration risks with the top ten clients accounting for ~51% of the overall Asset Under Custody as of September 2021.
3. As a Professional Clearing Member, the company reported an increase in clearing volumes to Rs. 13.2 lakh crore in FY2021 from Rs. 3.04 lakh crore in FY2019. However, the market share in terms of total volumes cleared remains marginal with equity derivatives at 0.23%, currency derivatives at 1.16%, commodity derivatives at 3.28% and the cash segment at 0.32% as of September 30, 2021.
4. Orbis Financials generates income from the Capital market. So, revenue and profitability remain vulnerable to market performance.
5. Currently, there are ~20 SEBI-registered custodial service providers comprising 15 bank promoted custodians, 4 promoted by financial institutions, and 1 individual-promoted custodian Orbis Financials. The industry ,however, remains dominated by bank custodians.
6. To onboard new clients, Orbis Financial has to rely on partners networks. So, Cost-to-income ratio which is, by dividing the operating expenses by the operating income generated. The Cost to Income Ratio is 74%, which means for Rs.100 Income, the cost is Rs.75. This remain elevated as Orbis Financial is a small player.

# B) Financials of Orbis Financials

## 1. Balance Sheet

Particulars (in Lakhs)	FY21	FY20	FY19
<b>ASSETS - Non-current assets</b>			
Property, plant and equipment	893	905	918
Right-of-use assets	121	156	
Investment property	280	286	292
Other intangible assets	68	51	44
Intangible assets under development	2	3	7
Investments	16,033		100
Other financial assets	52,590	2,061	1,723
Deferred tax asset (net)	139		37
Non-Current Tax assets	51	83	162
<b>Total non-current assets</b>	<b>70,176</b>	<b>3,546</b>	<b>3,283</b>
<b>Current assets</b>			
Investments	67,364	23,717	17,078
Trade receivables and contract assets	1,187	949	389
Cash and cash equivalents	34,845	90,001	1,696
Bank balances other than cash and cash equivalents	52,549	10,508	9,123
Other financial assets	3,501	1,379	1,299
Current tax assets (net)	217	50	
Other current assets	222	161	94
<b>Total current assets</b>	<b>1,59,885</b>	<b>45,765</b>	<b>29,679</b>

**ASSETS - Non-current assets**

Total assets	2,30,061	49,311	32,961
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**EQUITY AND LIABILITIES****Equity**

Equity Share Capital	8,762	6,550	6,550
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Other Equity	66,687	1,395	233
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<b>Total Equity</b>	<b>15,449</b>	<b>7,945</b>	<b>6,783</b>
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**Liabilities****Non-current liabilities**

Lease Liability	97	127	
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Employee benefit obligations	80	67	59
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Deferred tax liability (net)		93	
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<b>Total non-current liabilities</b>	<b>177</b>	<b>287</b>	<b>59</b>
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**Current liabilities****Financial liabilities****Trade payables**

i) Total outstanding dues of micro enterprises and small enterprises	8	1	18
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ii) Total outstanding dues of creditors other than micro enterprise	1,632	212	58
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<b>Other financial liabilities</b>	<b>2,12,451</b>	<b>40,617</b>	<b>25,859</b>
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Lease Liability	30	27	
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Contract Liability	138	88	88
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Other current liabilities	141	96	54
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Current tax liabilities (net)			47
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Employee benefit obligations	35	20	12
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<b>Total current liabilities</b>	<b>2,14,435</b>	<b>41,079</b>	<b>26,119</b>
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<b>Total liabilities</b>	<b>2,14,612</b>	<b>41,366</b>	<b>26,179</b>
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<b>Total equity and liabilities</b>	<b>2,30,061</b>	<b>49,311</b>	<b>32,961</b>
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# Profit and Loss Statement

Particulars (in Lakhs)	FY21	FY20	FY19
<b>Revenue</b>			
Revenue	6,588	3,372	1,592
% Growth	95.38%	111.85%	
Other Income	1,971	1,016	653
Total Revenue	8,559	4,388	2,245
% Growth	95.05%	95.47%	
<b>Expenses</b>	6686.70	2754.36	1340.71
<b>Employees Expenses</b>	2,025	1,053	803
% of Revenue	30.73%	31.23%	50.44%
<b>Other Expenses</b>	3,554	962	352
% of Revenue	53.95%	28.53%	22.12%
<b>Depreciation</b>	115	89	57
% of PPE	12.84%	9.82%	6.20%
<b>Operating Profit</b>	2,865	2,284	1033
Operating Profit Margins	43.50%	67.75%	64.92%
<b>Finance Cost</b>	993	651	129
<b>PBT</b>	1,872	1,634	904
<b>Tax</b>	337	477	183
% of Tax	18.02%	29.17%	20.20%
<b>PAT</b>	1,535	1,157	722
<b>Net Profit Margins</b>	23.30%	34.32%	45.34%
<b>EPS (in Rs.)</b>	1.99	1.76	1.10

# Cash Flow Statement

Particulars (in Lakhs)	FY20	FY19
<b>Cash flow from operating activities</b>		
Profit before tax	1,872	1,634
Depreciation and amortization expenses	115	89
Finance cost	993	651
Remeasurement of net defined benefit liability (net of tax)	0.09	-3.55
Operating loss before working capital changes	2,980	2,370
<b>Changes in working capital</b>		
Increase in trade payables	1,411	170
(Increase) in trade receivables	-238	-560
Increase in other current liabilities	45	42
Increase in provisions	27	17
Increase in other financial liabilities	1,71,883	14,759
(Increase) in other financial assets	-52,652	-418
(Increase)/ Decrease in other non current/current assets	-29	12
Cash generated used in operations	1,23,428	16,391
Income tax paid	735	444
Net cash flows used in operating activities	1,22,693	15,947
<b>Cash flow from Investing activities</b>		
Purchases of property, plant and equipment and intangible assets	-78	-233
Addition to Intangible asset under development	0.95	4.3
Investment made (net)	-59,680	-6,540
Net proceeds from fixed deposits	-42,041	-1,385
Net cash flow from investing activities	-1,01,799	-8,154

# Cash Flow Statement

Particulars (in Lakhs)	FY20	FY19
<b>Cash flow from Financing activities</b>		
Proceeds from issuance of equity share capital	2,212	
Proceeds from Security Premium	3,757	250
Adjustment on Amalgamation		-78
Interim Dividend paid		-130
DDT on Interim Dividend		-34
Interest paid	-993	-651
Principal paid on lease liabilities	-27	154
<b>Net cash flow from financing activities</b>	<b>4,949</b>	<b>-488.41</b>

## D) Ratio Analysis

### Balance Sheet Ratio Analysis

Particulars (in Lakhs)	FY21	FY20	FY19
Debt/Equity	0	0	0
Current Ratio	0.75	1.11	1.14

### P&L Ratio Analysis

Particulars (in Lakhs)	FY21	FY20	FY19
Return of Equity	9.93%	14.56%	10.64%
Return on Capital Employed	18.34%	27.75%	15.10%
OPM	43.50%	67.75%	64.92%
NPM	17.93%	26.37%	32.14%



# Management Profile

## Management Team

## Qualification

## Designation

Atul Gupta	CA	Executive Chairman
Shyamsundar Agarwal	LLB	Managing Director and CEO
Manasi Gupta	LLB and B.Com	Non-Executive Director
Michael Johann		Non-Executive Director
S.A.R. Acharya		Non-Executive Director
R.C. Jain	Masters in Engineering & Business Management	Non-Executive Director
Shachindra Nath		Non-Executive and Independent Director
Pranay Kothari	CA,CS,CWA	Non-Executive and Independent Director

## Financial Services Industry Analysis

1. India has a diversified financial sector undergoing rapid expansion, both in terms of strong growth of existing financial services firms and new entities entering the market.
2. The Government of India has introduced several reforms to liberalise, regulate and enhance this industry. With a combined push by Government and private sector, India is undoubtedly one of the world's most vibrant capital markets.
3. Rising income is driving the demand for financial services across income brackets. With >2,100 fintechs operating currently, India is positioned to become one of the largest digital markets with rapid expansion of mobile and internet.

## Shareholding Pattern

Category

No. of Shares

% of holding

Promoters (Indian)

4,01,12,787

45.77%

Non- Institutions

4,75,11,213

54.23%

Total

8,76,24,000

100.00%

## Promoters Shareholding

Shareholder's Name

No. of Shares

% of shares

Atul Gupta

26491173

30.23

Rashmi Gupta

20130

0.02

Manasi Guta

1071632

1.22

Karan Gupta

521556

0.6

Atul Gupta  
(Trustee of Orbis Foundation)

12008296

13.7

Total

40112787

45.77

## Shareholding Pattern of top ten Shareholders

Shareholder's Name

No. of Shares

% of shares

Arpit Khandelwal

1,61,00,000

18.37

Plutus wealth management LLP

71,00,000

8.1

Multi-act Private Equity Investment Trust

56,63,986

6.46

A D Holdings Limited

24,00,000

2.74

Multi-Act Trade And Investments  
Private Limited

23,48,823

2.68

# MRFV Framework

No. of Shares

% of holding

Management  
Quality

4.5

60%

Revenue Growth

3

10%

Free Cash Flow

3

10%

Valuation

2

20%

**Average Scoring**

**3.7**



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