Rolta India Ltd.

BUY

CMP: Rs.171 | **Target Price:206** | **Industry: Information Technology (IT)**

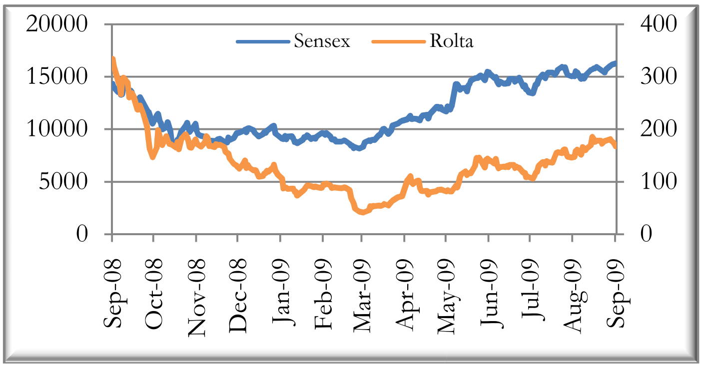
Stock Info	
Market Capital	Rs.2760 cr
Equity Capital	Rs. 161cr
Avg. Trading Vol.	326429 (Qtly)
52 WK High/Low	317/40.7
Face Value	Rs. 10

BSE Group	A
BSE Code	500366
NSE Symbol	ROLTA
Bloomberg	RLTA IN
Reuters	ROLT.BO
BSE Sensex	16677
NSE Nifty	4958

Shareholding Pattern (30th June'09)	
Promoters	41.9%
Domestic Institutions	3.7%
Foreign Institutions	25.5%
Corporate	5.1%
Public & Others	22.5%
Govt. Holdings	0.0%

Key Investment Positives

- **Large domestic presence:** Rolta derives 55 per cent of its revenues from services rendered in India. This provides a safety band to Rolta's earnings as it becomes relatively insulated against the turmoil of the US economy on which most of the Indian IT companies are dependent. This has helped cap extreme downside to the company's revenue.
- **Better revenue visibility:** Rolta's gets almost 65% of its revenue from maintenance and only 35% from new orders. The nature of services that the company delivers are also such that there would be constant upgrades and maintenance required, thus providing it with a steady stream of revenues.
- **Strongly placed in the GIS segment:** Rolta enjoys strong leadership position in India's GIS market with a market share of 70%, and an even greater market share of 95% in the defence geo-spatial market of India and is therefore very well-placed to grab a large chunk of the growing GIS requirements of the future.
- **Robust order book position:** Currently, the company's order book stands at Rs.16bn—70% of which is executable in FY10 giving good visibility for the current fiscal. Moreover, a number of orders are in the pipe-line, many of which are at an advanced stage of finalization.
- **JV with global majors:** Rolta has entered into joint ventures with prominent companies like Stone & Webster (50:50 JV) and Thales (51:49) which will help the company not only to get new clients but also better technologies.
- **Piocon acquisition will be value-accretive:** The Piocon acquisition brings along with it operational intelligence and equipment reliability for the oil and gas industry which will help the organization in a major way to grab projects in the oil and gas sector.
- **Impressive client base:** Rolta boasts of an impressive client base consisting of all the three arms of India's defence force, other govt. organizations and many prominent clients which provides it with a reliable stream of revenues.
- **New facilities coming up:** The new facilities coming up at Gurgaon will help the company to cater better to the growing demand of its services.
- **Valuation:** We initiate coverage on Rolta India with a BUY rating based on a DCF based target price of Rs.206 per share with an 'upside risk'. We base our revenue growth estimates on a strong order book position—with a number of deals in the pipe-line and additional potential contribution in the future from JVs with large international partners.



Particulars(Rs. in cr)	FY08	FY09	FY10 (E)
Net Revenue	1089	1442	1619
Growth (%)	51%	32%	12%
Net Profit	231	294	360
Growth (%)	34%	27%	22%
EPS	14.4	18.2	21.6
P/E	11.9	9.4	7.9
P/BV	2.7	2.2	1.8

Background

Rolta India Ltd., promoted by Mr. Kamal K.Singh was incorporated in the year 1989 at Mumbai. After attaining the Certificate of Commencement of business in the same year, the company made its Initial Public Offering (IPO) in 1990.

Headquartered in Mumbai, Rolta is an Indian Information Technology company. The Company provides IT-based Geospatial and Geographic Information (GIS) solutions & services, Engineering & Design services (EDS) and Enterprise Information & Communication Technology (EICT) services to customers across the world. The company has grown significantly over the years and at present operates through a network of 15 branch and regional offices across India. Besides, the company also has ten subsidiaries located in the USA, Canada, UK, Netherlands, Germany, Saudi Arabia, United Arab Emirates and Australia.

The company has also established a 50: 50 Joint Venture company named Stone & Webster Rolta Limited with Shaw, Stone & Webster Inc USA and a 51:49 Joint Venture Company called Rolta Thales Limited with Thales Group of France. These joint ventures not only bought in new clients for the company but also newer technologies which has benefitted the company to a very large extent and has the potential to be of even greater benefits in the future.

The company has been consistently producing exceedingly good results over the years. Both its net profit and sales have grown at a CAGR of more than 35 per cent over FY06-'09.

A unique feature of this company is that unlike other IT companies of India which derives a majority of their revenues from foreign countries (mainly US), Rolta gets a majority of their income from domestic sources. This has provided a sort of safety cap to any downside risk to the company's revenue. Moreover, the fact that the BFSI segment which took the maximum beating during the recession contributes as a whole less than 5 per cent of revenue puts the company in a better position to weather through the global slowdown.

Business Model

Rolta's business can be mainly divided into three segments. They are as follows:

- Geospatial and Geographic Information System (GIS)
- Engineering & Design Services (EDS)
- Enterprise Information & Communication Technology (EICT)

The majority of Rolta's revenue comes from the GIS segment. In the earlier years, the amount of revenue from GIS as a percentage of total revenue was as high as 60 per cent.

However, with the other two segments doing well and gaining steady momentum over the years, the proportion of revenue from GIS has been showing a constant decline. This can be seen from the adjoining graph.

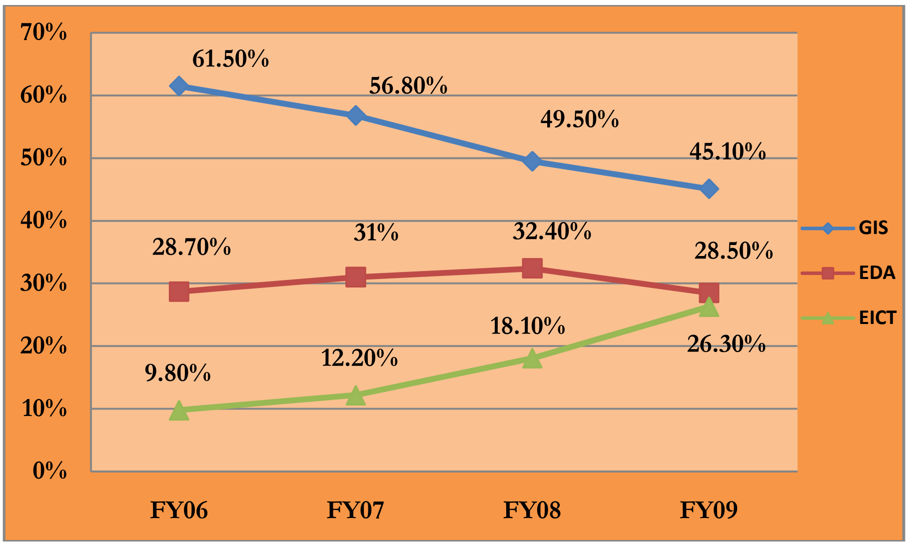


Fig: Segmental revenue as a percentage of total revenue

The three different segments of Rolta's business is unique in their own way and caters to different verticals. The following diagram illustrates the main verticals that the three business segments of Rolta caters to.

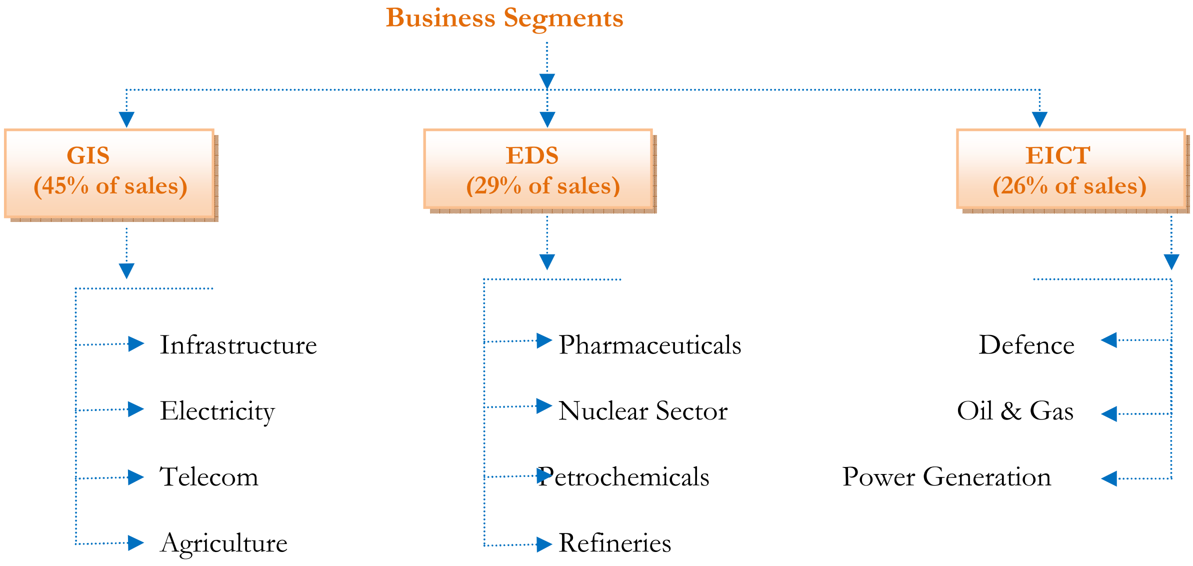


Fig: Verticals catered to by the 3 segments of Rolta

Strategic and Technical Know-how

Below we have given a brief description of the three business segment, their underlying technologies and also an analysis of its future prospects.

1. Geospatial/Geographic Information Systems (GIS)

Rolta is a leading provider and developer of state of the art and field proven Geospatial/GIS solutions and services for core segments like telecom, electricity, airports, urban development, infrastructure, town planning and environmental protection to clients world-wide. The GIS services provided by Rolta include technical consulting, GIS database design & development, map creation/updation & finishing, data migration/conversion & format translation, software development & customization and systems integration.

Rolta has the distinction of completing multi-million dollar projects in over 20 countries. In India, the company enjoys a leadership position with a market share of over 70 per cent in the GIS segment.

Rolta also has been the dominant market leader in providing GIS solutions for the three arms of the Indian defence force. The joint venture that the company has with Thales coupled with the Transfer of Technology (ToT) agreement with it has enabled it to offer customized products and solutions covering the entire range of Command, Control, Communications, Surveillance, Target Acquisition and Reconnaissance (C4ISTAR) systems to meet the most stringent and unique requirements of Defence Forces. We believe that the JV with Thales will continue to leverage Rolta's dominant position in the Indian defence market.

The company also has been continuously developing newer solutions in the GIS segment. After the successful launch of Rolta Geospatial Fusion TM, the company recently launched Rolta OneView TM—a solution that enables plant management to make decisions that can save them millions of dollars.

Fig: GIS Mapping

2. Engineering & Design Automation (EDA)

In the EDA domain, Rolta enjoys a market share of over 85 per cent in India and is also one of the major service providers worldwide. Rolta has been successful in leveraging the strengths of its strategic joint venture with the Shaw Group and has been able to transform itself to address the concept-to-completion needs of the oil and gas, petrochemical and refining, conventional and nuclear power sectors, and now provides complete Engineering, Procurement and Construction Management (EPCm) services.

The NSG waiver and the signing of the Indo-US Nuclear Treaty, has the potential to bring in deals worth millions of dollars in the coming years. With the Shaw Group's 115 years of experience in nuclear technology with them, the company is well placed to execute any nuclear power projects in India in the near future.

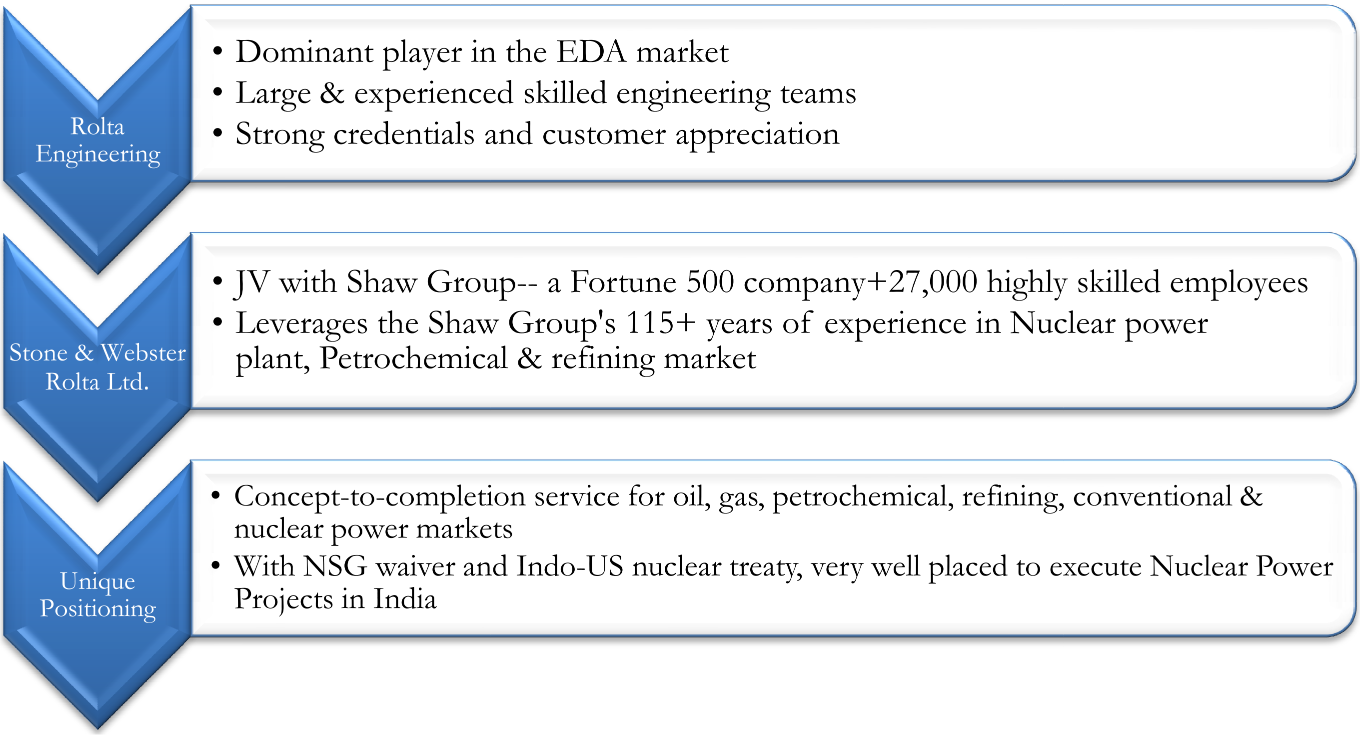


Fig: Positives of the EDA segment

The long-term strategic business partnership that Rolta enjoys with world leaders like Intergraph for solutions in the process, power and ship building industries, and with PTC for their range of product development solutions, provides Rolta with high level of expertise in this segment. The technological partnership with Intergraph in India has existed for over 20 years.

Globally as well as domestically, the Engineering, Procurement and Construction (EPC) companies are perhaps finding their workload at the highest levels ever experienced. Further, the expected increase in consumption of petroleum products in India as well as internationally will create huge demands for optimization and de-bottlenecking of existing facilities. Owners/ Operators (O/O) have started to realize the benefits of using modern information technology tools. Owner-Operators are, therefore, seeking services to not only obtain digital models of their plants, but also to have their engineering design systems integrated with other enterprise-level systems. The benefits of integrating such enterprise wide systems across disparate databases and heterogeneous platforms are pushing up the demand for a comprehensive and integrated solution to address this need.

Rolta, with its years of domain experience and armed with the right kind of specialized knowledge tools and technology is uniquely positioned to address these requirements. Rolta's experience and expertise in providing concept-to-completion services to its clients has put Rolta at the upper-end of the engineering and design value chain. We can therefore expect the company to reap huge benefits in this segment once the global economy comes out of its present slump.

3. Enterprise Information & Communication Technology (EICT)

The EICT division offers eBusiness and eSecurity solutions for seamless integration of diverse Information and Communication Technology applications.

In recent years, owing to the heightened security threat, IT infrastructure and network security have gained worldwide prominence. This calls for implementation of a well-planned and robust IT security and management process, because if not handled sensibly, it can bring down the complete network infrastructure, and entire operations of a company to a standstill, resulting in huge loss of valuable data and information. Rolta's extensive expertise and understanding of geospatial and engineering domains puts it in a strong position to tailor ERP solutions for customers across these segments.

This segment of the company has shown improvement in leaps and bounds. Though in the recent times the EICT division has come under severe pricing pressure owing to the global slowdown, we can expect this division to be a major revenue garner for the company in the future.

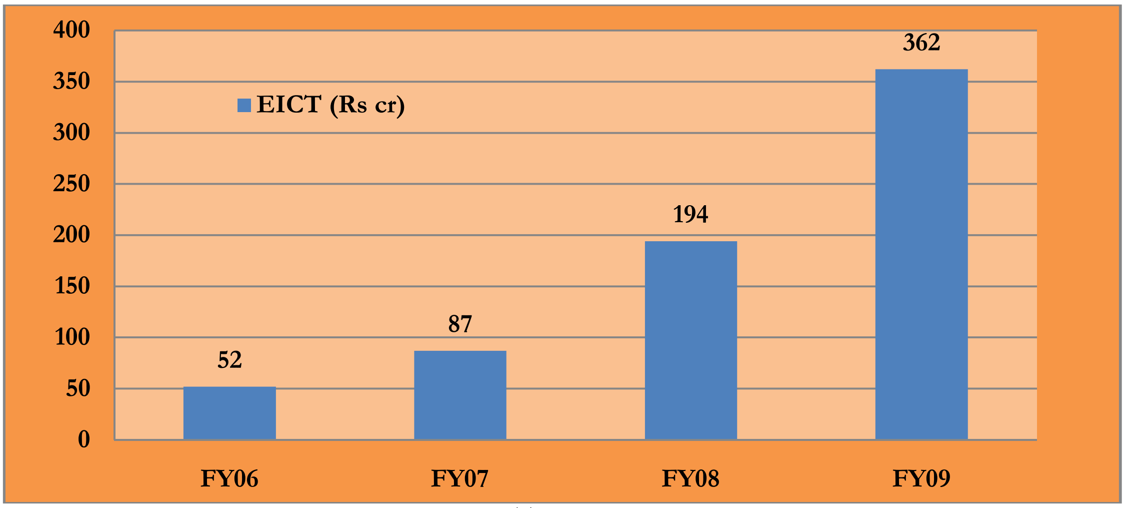


Fig: Growth of EICT

However, it is to be noted that among the three business segments of Rolta, the EICT division commands the lowest margins. This fact can be gauged from the figure given below.

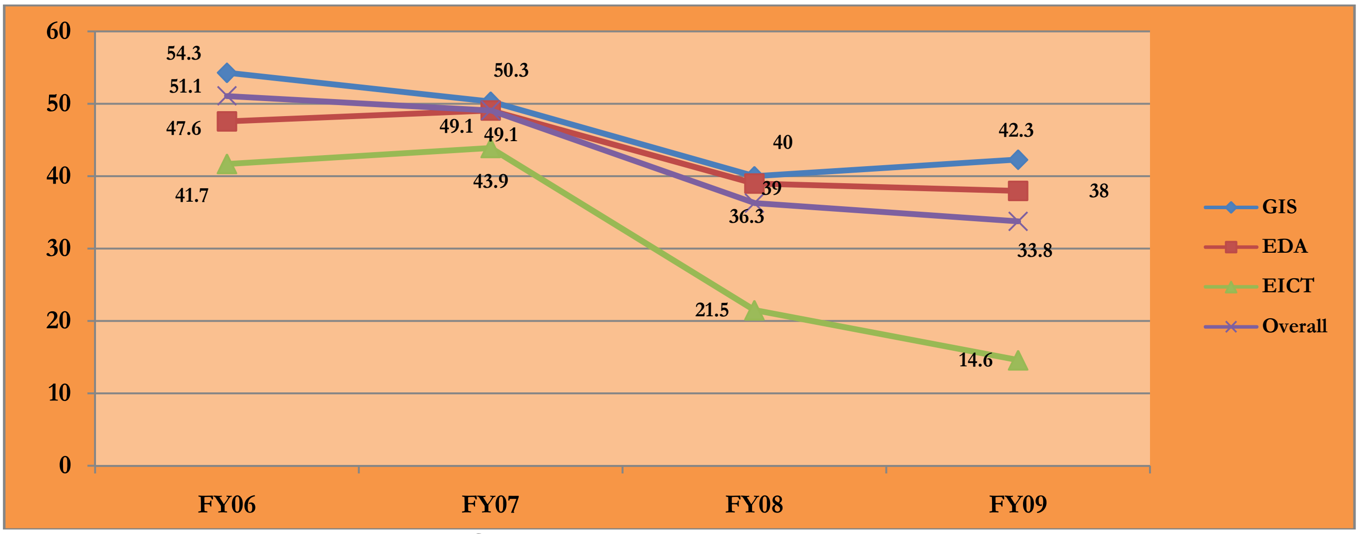


Fig: Gross profit margins of the 3 segments of Rolta

A major reason for this might be due to that fact that the company has to face tough competition even from the biggies of Indian software industry to win deals in this segment. Therefore, this might result in the company compromising on the pricing front in order to win projects. We believe that as the company starts developing better solutions and gain further expertise with time, it will be able to do better on the margins front as well.

Industry Scenario

The Indian software industry is a US$60bn industry and is mainly export-driven, with exports contributing to more than 50 per cent of the revenue in this sector. According to estimates of National Association of Software and Services Companies (NASSCOM), total revenues from software and services during FY'08 were more than US$50 bn—an increase of more than 30 per cent over the total revenues of FY'07. A large English speaking population and low employee costs as compared to other countries have been the foundation upon which the Indian software sector has evolved over the years.

The following table illustrates the growth of the Indian IT sector:

	2005-'06	2006-'07	*Growth(%)*	2007-'08	*Growth(%)*	2008-'09	*Growth(%)*
Exports	24.2	31.8	31.4%	40.9	28.6%	47.3	15.7%
Domestic	13.2	16.2	22.7%	23.1	42.6%	24.3	5.2%
Total as % of GDP	4.6	5.2	13.1%	5.5	5.8%	5.8	5.5%

*Source: Nasscom (2008-'09 figures are revised estimates) in $bn

There are a number of factors that goes into determining the revenue generated by an IT company. Below we illustrate the revenue model of an IT company:

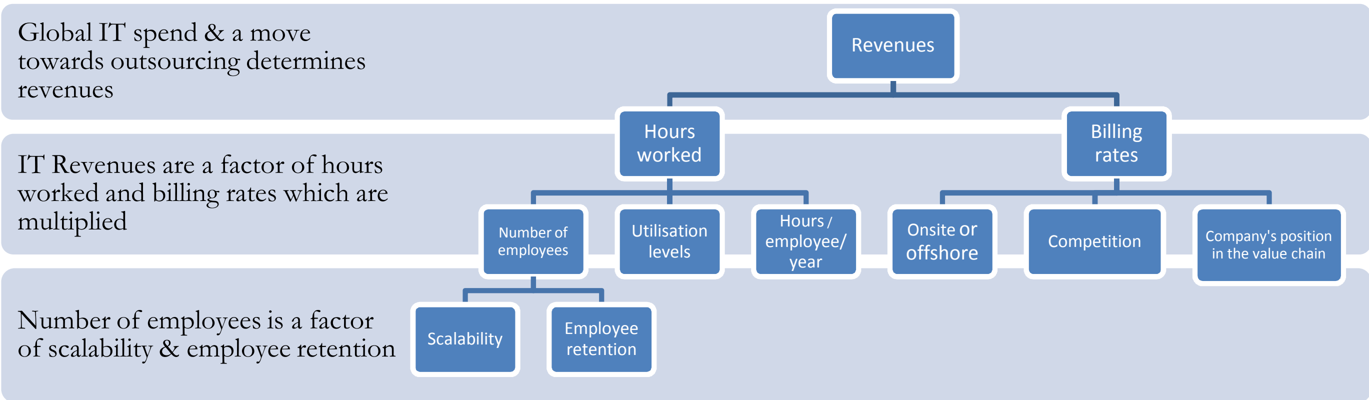


Fig: Business model of IT company

The major expense that is incurred in this sector is the **wage-bill** of the employees, which generally constitutes 40 per cent or more of the total expenses of any software company in India.

A software company can increase revenues by adding employees and/or by increasing **utilisation** i.e. number of employees actually working on projects as a percentage of total employee base. The ability to add new employees will however depend on the company's scalability i.e. the ability to absorb and train the new employees. For this purpose, the company also must have good physical infrastructure in place and also an experienced management with good vision, so that the cost incurred on the new employees added can be recovered at the earliest. The IT sector has seen a steady rise in jobs even in a year that saw job-cuts in other sectors. Since employees are the most prized possession of an IT company, retaining quality employees becomes a major issue for them.

In the recent times, owing to the global slowdown, the IT sector has taken a beating. The massive re-organisation in the US financial services has led to closures, bailouts and mergers of companies under this sector. This is likely to result in lowered down spending by the financial companies of the US. Since a third of the revenues of the Indian software sector come from the Banking, Financial Services and Insurance (BFSI) vertical, it can be safely said that the revenues of the Indian IT companies will come under pressure in FY'10.

However, going forward owing to the low base effect of FY'10 we believe that there is significant opportunity for the numbers to demonstrate better growth in FY'11. Also, once the global recovery happens the Indian IT companies will benefit the most and will definitely give excellent returns.

Investment Rationale

1. Large domestic presence

Rolta derives 55 per cent of its revenues from services rendered in India. The company provides geospatial information to prominent domestic clients such as the Armed Forces, DRDO, Survey of India, Airports Authority of India and a host of other government nodal agencies. This has provided a safety band to the company's revenue against any downward pressure on it due to the global slowdown. As the US contributes only about 30 per cent of its revenues, it is relatively insulated against the current slow-down in the US economy.

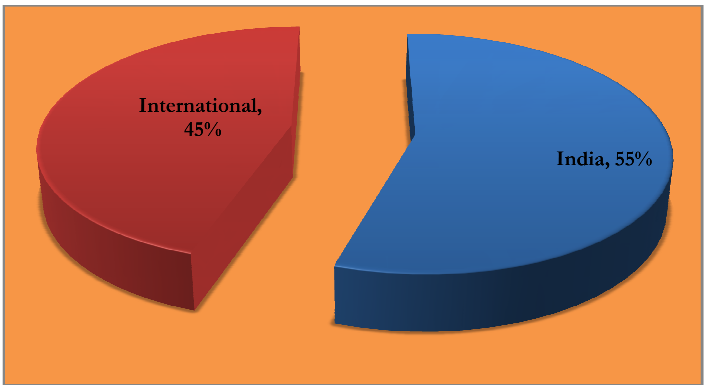


Fig: Revenue break-up

Moreover, the fact that the troubled BFSI segment as a whole contributes less than 5 per cent puts the company in a better position to weather through the global slow-down.

2. Better revenue visibility

Of the total revenue that Rolta receives, 65 per cent of it is for maintenance and only 35 per cent of it comes in the form of new orders. The nature of services that the company delivers are also such that there would be constant upgrades and maintenance required, thus providing a steady stream of revenues. The management has also informed us that there has been no cancellation of orders, though there has been a reduction in the billing rates in the range of 5-6 per cent in the just concluded quarter i.e. June quarter. The segment which is facing the highest pressure on the pricing front is the EDA segment.

3. Strongly placed in the GIS segment

The demand for GIS application is growing at a fast pace the world over. The requirement of better planning and also better security—both internal and on the borders of the country, has made the use of GIS a necessity. Infact, owing to the major problems that India is facing due to the terrorist attacks as also cross-border infiltration, the application of GIS to tackle these problems can increase many-fold over the coming years. Rolta which already enjoys strong leadership position in India's GIS market with a market share of 70 per cent, and an even greater market share of 95 per cent in the defence geo-spatial market of India is very well-placed to grab a large chunk of various GIS requirements in the future.

4. Robust order book position

The company announced that at the end of 4Q'09 their order book stood at Rs.16bn, of which Rs.7.8bn is for GIS, Rs.4.6bn is for EDA and Rs.3.7bn is for EICT. The management has also announced that out of the Rs.16bn order book, around 70 per cent is executable in FY10, which gives good visibility moving into the current fiscal. We can infact expect the order book to go up further as the management has indicated that a number of orders are in the pipe-line with many of them at very advanced stages. The management is also expecting a back-ended recovery like most of their peers in the software sector. They expect revenues to ramp up only from the third quarter. New orders are also expected to pick up then.

5. Joint ventures with global majors

To consolidate its leadership position in the engineering and GIS space, Rolta has entered into joint ventures with prominent companies like Stone & Webster (50:50 JV) and Thales (51:49) in France.

The new ventures set up in the form of Stone & Webster Rolta Ltd. has bought in expertise right from concept to end execution of technology intensive projects like nuclear reactor, power plants, refineries, etc. The JV will also help Rolta to capitalize on the opportunities arising out of the Indo-US nuclear deal. It is to be noted that the parent company of the joint venture partner has a 25 per cent stake in Westinghouse—one of the only three nuclear reactor manufacturers in the world. The JV with Thales will help the company to better address the needs of the defence and homeland security markets of India and abroad.

6. Piocon acquisition will be value-accretive in the long run

We believe that the recent acquisition of Piocon made by Rolta at the beginning of CY2009 will be value-accretive and will help the organization in a major way—particularly to grab projects in the oil and gas sector. The Piocon acquisition brings along with it operational intelligence and equipment reliability for the oil and gas industry. Besides refinery operations, the knowledge that came along with Piocon is also very relevant to other process industries like petrochemicals, mining, power and also for the highly regulated sectors of pharmaceuticals and nuclear power. Therefore, domestically, with refining capacities and power generation set to improve manifold over the next few years, the company will be well-placed to tap such opportunities for delivering its services.

7. Impressive client base

Rolta boasts of an impressive client base consisting of all the three arms of India's defence force i.e. the Army, Navy and the Air Force. Besides these it also has some prominent customers like Bahrain Telecom, British Telecom, DRDO, Mumbai Police, ONGC, etc. The fact that most of its client are government organization also brings confidence about the inflow of revenue.

8. New facilities coming up

The company has constantly upgraded its infrastructure and also built new ones in order to cater to the growing demand of its services. The company is infact coming up with two new facilities at Gurgaon and Kolkata to better equip itself for future orders.

Key Concerns

1. High dependence on government clientele

Rolta is having a high number of government clientele which means that as compared to other software companies, it will be having a higher debtor cycle. Besides, there are certain projects where complete payment is received only after the warranty period. This may place higher demands on working-capital requirements.

2. Delay in future projects

The benefit that the company is hoping to derive from the Indo-US nuclear deal will take time to materialize. One can safely expect any revenue to accrue from it only after 2011. Moreover, the crashing down of oil price has also resulted in the oil and refineries delaying their expansion plans. This may delay the expected growth in the revenue of the company.

3. Further pressure on billing rates

In the latest quarter, Rolta had to face pricing pressure due to which billing rates were lowered in the range of 5-6 per cent. Going further on though it is widely expected that billing rates will atleast remain flattish if not increase slightly, however if the global scenario doesn't improve or deteriorates further due to some unforeseen events, Rolta may have to endure further pricing discount.

4. Victim of rumours

Rolta in the past has been a victim of rumours which often resulted in its stock price taking a heavy beating. However, the company has taken care to wade off such rumours as and when they arose.

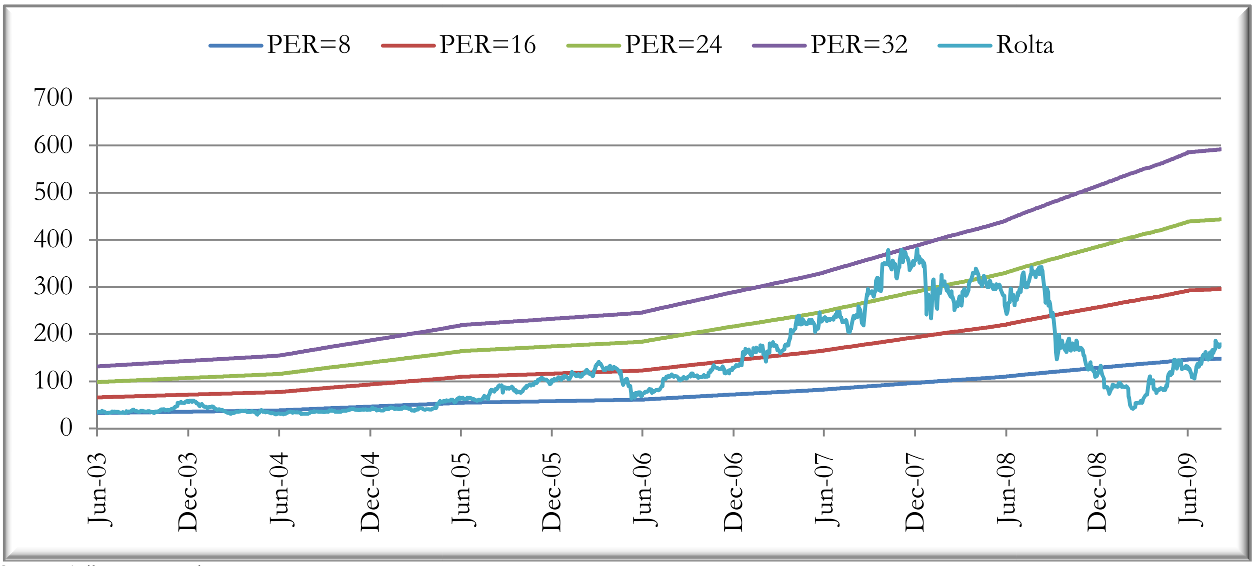
Valuation

Rolta trades at a sharp discount as compared to its peers in the IT sector. While the biggies like Infosys, Wipro and TCS trades at PEs of more than 20x and even mid caps like 3i Infotech and Tech Mahindra are trading between PEs of 12x to 16x, Rolta is trading at around 10x. This is not only cheap as compared to the broader market but also the software sector as a whole. We believe such cheap valuations for a company whose revenue has grown at a CAGR of 35 per cent over the last 3 years is not justified.

The company has been quite successful in weathering through the global recession and have managed to put up stronger numbers as compared to its peers. Its healthy order book of 16 billion at the end of FY09 also gives us the confidence of its future revenue. Moreover, the JVs that the company has signed with international majors brings along with it newer technologies which will be a source of major revenue in the future.

The company's revenue guidance indicates a growth of 12-15 per cent with gross margin of 33-35 per cent. We believe that the company is very well poised to achieve this target. With the risk of erring on the side of caution and conservatism, we have assumed a 12 per cent revenue growth for FY10. Therefore, based on a WACC assumption of 12.6 per cent and a terminal value of 3 per cent, our DCF model has yielded a one year target price of Rs.206. At the target price, the stock will be available at 9.5xFY10E earnings. We believe Rolta with its strong business model has the capability to achieve this target price in less than a year's time once the overall business scenario improves further. We therefore would like to associate an 'upside risk' to our target price.

PE Band



Source: Arihant Research

Q1FY10 result analysis

Rolta reported subdued performance for the final quarter of FY09. The slowdown in the world economy took its toll on Rolta's results. On a Q-o-Q basis, even though net sales remained flat, there was a decline of more than 10 per cent in its total income. This was mainly due to the sharp decline in other income over the quarters. The revenue that was earned by each segment were also more or less the same as compared to the previous quarter.

The company also fared badly on the gross profit margin front in the current quarter as compared to the previous quarter, as the company had to give in to pricing discount pressure from its customers. On an average, these discounts were in the range of 5-6 per cent.

The following table illustrates the latest quarter results of Rolta:

Rs. Cr	Q4'09	Q3'09	QoQ (%chng.)	Q4'08	YoY (%chng.)
Net Sales	332.7	332.03	0.2%	321.1	3.6%
Other Income	36.4	92.1	-60.4%	-13.4	-371.7%
Total Income	**369.1**	**424.2**	**-12.9%**	**307.7**	**19.9%**
Total Expenditure	**220.2**	**225.6**	**-2.4%**	**208.9**	**5.4%**
EBIDT	148.9	198.6	-25%	98.8	50.8%
Interest	5.7	5.8	-1.6%	0	100%
EBDT	143.2	192.8	-25.7%	98.8	45%
Depreciation	57.8	49.8	16.2%	37.8	52.8%
Minority Interest Before NP	0	0	0%	0	0%
Tax	9.4	10.1	-7%	10.9	-14.4%
Reported Profit After Tax	76.1	132.9	-42.8%	49.9	52.2%
Minority Interest After NP	-0.2	-0.2	0%	-0.9	-79.3%
Net Profit after Minority Interest	**76.2**	**133.1**	**-42.8%**	**50.8**	**49.9%**
Extra-ordinary Items	0	78.1	-100%	0	0.00%
Adjusted Profit after extra-ordinary item	**76.2**	**55.1**	**38.4%**	**50.8**	**49.9%**
EPS (Unit Curr.)	*4.7*	*8.3*	*-43.4%*	*3.2*	*46.9%*
EBIDTA Margin (%)	*40.3%*	*46.8%*		*32.1%*	
PAT Margin (%)	*20.7%*	*12.9%*		*16.5%*	

On a Y-o-Y basis however, the total income increased by almost 20 per cent in 4Q09. The net profit on the other hand increased by a whopping 50 per cent. The EPS for the quarter stood at Rs.4.7—an improvement of 46.9 per cent Y-o-Y.

At the end of the June quarter, Rolta's order book stood at Rs.16bn . With a number of projects in the pipeline, Rolta looks well-placed to put up better results in the future.

Profit and Loss Statement (consolidated)

Y/E June (Rs. in cr)	FY08 A	FY09A	FY10E
Net Sales	**1072**	**1373**	**1539**
YoY%	*50.7*	*28.1*	*12.1*
Other Inc.	17	69	80
Total Inc.	**1089**	**1442**	**1619**
Manpower cost	320.1	548.7	560
Interest	0	12.6	15
Depreciation	138.3	186.7	239
Total Exp.	**820.7**	**1108.6**	**1224**
YoY%	*55.6*	*35*	*10.4*
PBT	268.4	333.3	394.5
PBT%	24.7	23.1	24.4
Tax	38.8	40.2	48
Tax Rate%	*14.5*	*12.1*	*12.2*
PAT	**230.6**	**293.8**	**347.2**
YoY%	33.6	27.4	18.1
PAT%	**21.2**	**20.4**	**21.4**
EPS	**14.4**	**18.3**	**21.6**
Diluted EPS	**14.2**	**18.2**	**21.6**
Cash EPS	**22.9**	**29.9**	**36.4**

Balance Sheet (consolidated)

Y/E June (Rs. in cr)	FY08A	FY09E	FY10E
Sources of Funds			
Equity Capital (FV Rs.10)	160.9	161.01	161.01
Reserves	1023.3	1260.8	1533.9
Shareholder's Equity	**1184.1**	**1421.8**	**1694.9**
Minority Interest	**1.54**	**2**	**2**
Total Debt	**693.8**	**1000**	**1000**
Deferred Tax Liability	45.9	50	55
Total Liabilities	**1925.3**	**2473.8**	**2751.9**
Application of Funds			
Gross Block	1109.2	1370.9	1638.6
Less : Accumulated depreciation	439.9	526.6	665.7
Net Block	669.3	844.3	973
CWIP	172.9	200	200
Investments	281.6	300	400
Current Assets			
Inventories	21.5	24	30
Debtors	501.8	590	700
Cash and equivalent	259.8	170	200
Loans and Advances	94.5	102	110
Other current assets	21.6	24	25
Current Liabilities			
Creditors & other liab	199.8	221.5	235
Provisions	84.1	83.5	88.5
Net Current Assets	**615.2**	**605**	**741.5**
Total Assets	**1945.3**	**2156.3**	**2522.5**

Important Ratios

Y/E June	FY08 (A)	FY09 (E)	FY10 (E)
Du Point Analysis			
PAT/Sales	0.2	0.2	0.2
Net Sales/Assets	1.2	1.5	1.4
Assets/Equity	0.8	0.6	0.6
ROE (%)	19.9	20.3	20.5
Other Ratios			
ROCE (%)	13.9	13.5	14.2
BV (Rs. Cr)	63.6	78.3	96.4
P/BV	2.6	2.1	1.7
Sales/share	66.6	85.3	95.6
Current Ratio	3.2	2.9	3.3
Enterprise Value (EV)(Rs. Cr)	4656.6	2858.6	5025
EV/EBIDTA	17.4	8.6	12.7
Market Cap(Rs. Cr)	3963	2028.6	4025

Technical Outlook

Daily Averages (SMA)	
30 Moving Average	166
50 Moving Average	155
100 Moving Average	135
200 Moving Average	115

Support & Resistance - Daily	
Support - 1	163
Support - 2	150
Resistance - 1	190
Resistance - 2	210

Stock Trend	
Short Term Trend	Up
Medium Term Trend	Down
Long Term Trend	Up

The stock was trading at Rs.171 on 17th Sep. 2009. It has made a 52-week high at Rs. 312.80 on 15th September 2009 and 52-week low of Rs. 32.00 on 12th January 2009. The 200 Days moving average of the stock is currently at Rs.115.

From the charts of Rolta, we note that it has been in an uptrend from its March 2009 trough of Rs. 43 to its August 2009 month high of Rs.191. However, in the daily chart the stock has formed a **Channel Line Pattern** ROLTA has strong support at 163-150 (significant long-term support level). The daily relative strength index (RSI) is trading in a bullish zone and the MACD has also entered into positive territory. . Investor's with mid to long term perspective can buy and accumulate ROLTA at around Rs. 172-165 with closing below stop loss of Rs. 150 for a target price of Rs. 190-210.

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Stock Rating Scale

		Absolute Return
BUY	:	>20%
ACCUMULATE	:	12-20%
HOLD	:	5-12%
REDUCE	:	<5%

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