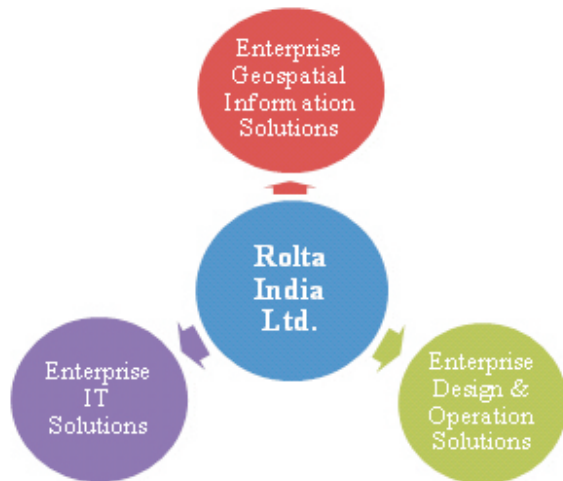


The Company:

Rolta India Limited or “Rolta” is a market leader in providing specialized Technology Solutions and Services for the Geospatial, Defense & Homeland Security and Engineering sector. It operates in different verticals through three business segments, namely Enterprise Geospatial Information Solutions (EGIS), Enterprise Design & Operation Solutions (EDOS) and Enterprise IT Solutions (ETIS). Over the last few years, the company has transformed its Business model from Services centric to Solutions centric by developing and acquiring extensive Intellectual property that have enabled it to launch innovative solutions in each lines of its Business.

The company offers these services on its own and with the help of its Subsidiaries, which include Rolta International Inc. (RUS), Rolta Middle East FZ LLC UAE (RME), Rolta Saudi Arabia Limited (RSA), Rolta UK Limited (RUK) and Rolta Thames Limited (RTL) and Shaw Rolta Limited.



Enterprise Geospatial Information Solutions (EGIS)

The company enjoys a market share of over 70% in India in this segment by furnishing comprehensive solutions to verticals such as Infrastructure, Telecom, Electric, Airports, Urban Development, Town Planning and Environmental Protection. To strengthen its foothold in GIS, Rolta has acquired technology and established long-term strategic business partnerships with Industry leaders of the segment. Other than this, to cater to the ever increasing demand

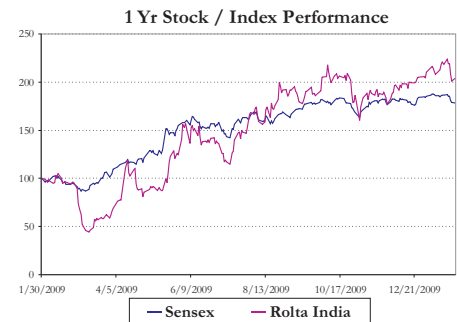


Industry: IT Software and Products

Price Target	252
% Upside	23%

Last Traded Price	204
BSE Sensex	16358

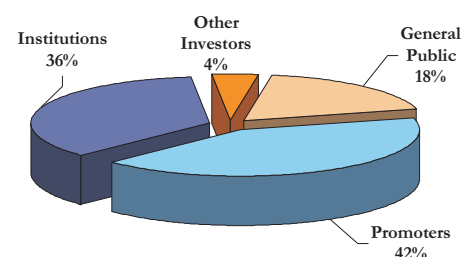
Market Price	204
Market Cap (Cr.)	3289
Reuters Code	ROLT.NS
BSE Scrip Code	500366
NSE Scrip Code	ROLTA
52 Week High	210
52 Week Low	41
FV/Share	10
Book Value/Share	88



Company	FY 08	FY 09	FY 10E	FY 11E
Net Revenue	1072.2	1372.8	1608.1	1941.8
Operating Exp.	682.5	909.3	1021.6	1216.0
EBITDA	389.7	463.5	586.5	725.8
Profit after Tax	229.7	293.1	275.8	350.4
EPS	14.3	18.2	17.1	21.8

* EPS based on Current Equity Share Capital

Share Holding Pattern as on Dec 31, 2009



integrated solutions, the company has established a unique approach and architecture for its Geospatial offering by developing “Rolta Geospatial FusionTM”. With this solution, Rolta is uniquely positioned to take advantage of the growth in the GIS market World-wide.

Rolta also maintains a dominant position in providing Geospatial based 'Operations' and 'Intelligence' solutions for the Indian Armed Forces. The company's JV with Thales, France; Rolta Thales Ltd is gearing up to address the large Multi-Million Dollar modernization programs of Indian Defense and Security Agencies with advanced military off-the-shelf solutions and next generation government systems.

Enterprise Design & Operation Solutions (EDOS)

In this segment, Rolta enjoys a market share of over 85% in India and is one of the major service providers, worldwide. By leveraging the strengths of its strategic JV with The Shaw Group, USA; Rolta has transmuted itself to address the concept-to-completion needs of the Oil & Gas, Petrochemical & Refining, Conventional & Nuclear Power sectors and now provides complete Engineering, Procurement and Construction Management (EPCm) services. Rolta has moved up the value chain and has launched a unique Engineering Enterprise solution, “Engineering FusionTM” thereby strengthening the company's position as a world class service provider, for Owner-Operators.

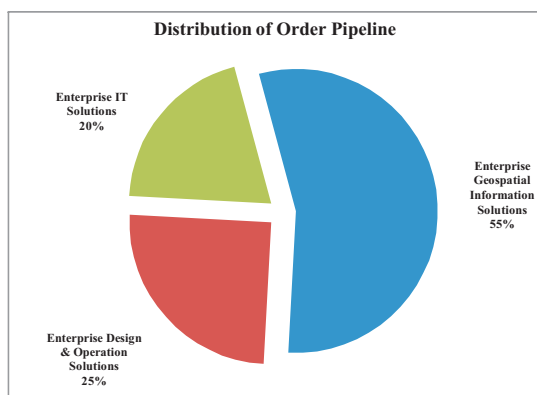
Enterprise IT Solutions (EITS)

Under this business segment, Rolta provides comprehensive solutions and services covering high end enterprise requirements of Data Security & Security Management, Database Foundation, Enterprise Application and Business Intelligence. Added, the company is employing its leadership position in EGIS and EDOS segments to address key large accounts with innovative solutions like “Rolta iPerspectiveTM”. And with the economy seen stabilizing post the slump in late 2008 and early 2009, the segment is expected to witness proficient growth in the future.

Investment Rationale

Order pipeline of more than Rs 5000 Crore to trigger future growth

Rolta has a strong near-term Order pipeline of more than Rs 5000 Crore which is well diversified across segments in different verticals. These are those orders where Rolta has submitted bids and where the management expects the pipeline to get fructify into order backlog in the foreseeable future. Out of the total submitted bids, 50-55% comprises of EGIS, 20-25% constitutes the EDOS segment while the balance is in the ETIS segment.



Source: Company Data, JRG Research

FCCB Buy-back at discount to prune additional Interest burden, Equity dilution

During the previous quarter, Rolta has repurchased \$15 Mln worth of its FCCBs at 15% discount taking the total FCCB Buy-back till date to \$53 Mln, where company has been able to gain approximately \$14 Mln (Rs 66.5 Crore). Post this Buy-back the total outstanding FCCBs come as \$97 Mln which are due in June 2012. The gain of Rs 13 Crore in the previous quarter was appropriated into Other Income (Rs 0.40 Crore) & Reserves (Rs 12.60 Crore). The RBI deadline for FCCB Buy-back which ended Dec 31st, 2009 has helped Rolta reduce its FCCB loans by around 40%. This will help in trimming the Interest costs while also result in lesser equity dilution in the future.

Rolta's concentration upon complex Engineering coupled with Revival of General Engineering Business to boost EDOS Business going forward

A lot of organizations which had postponed their Capex exercises due to the economic slowdown are taking up their projects once again, leading to an increasing the demand for services and solutions related to Enterprise Design & Operations. The improved demand in the EDOS segment coupled with the Rolta's concentration in services like Rocket engine design and Nuclear reactor design, etc. from just a pure Retail engineering service provider has

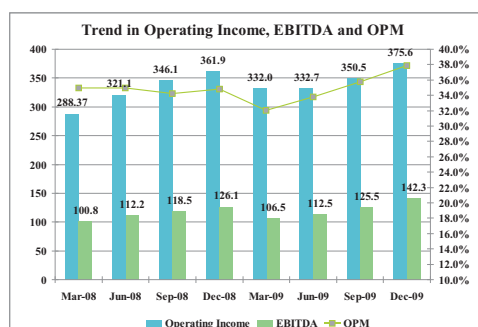
helped it to move up the value chain. The products developed by the company for specific Engineering segments are getting a lot of acceptance in the market place, lately, as like the Rolta OneView™ Solution, for Refineries which helps them plan lots of things right from crude selection to planning their shutdown etc. The resurgence in engineering activity due to revival of the global economy, mending of Capex projects and amelioration of the Oil & Gas segment is expected to drive the Revenue in the Engineering segment of the company in the future.

Quarterly Financial Performance Review and Analysis

Quarterly Financials - Rolta India Limited					
Units: in Rs Crore	Dec 09	% Growth	Dec 08	% Growth	Sep 09
Operating Income	375.6	3.8%	361.9	7.2%	350.5
Other Income	8.0	-16.3%	9.5	-19.7%	9.9
Sub-Contract cost	68.0	15.8%	58.7	29.2%	52.6
Employees Cost	126.9	-6.6%	135.8	-2.4%	129.9
SG & A Expenses	35.9	-5.1%	37.9	-11.2%	40.5
Total Expenditure	233.3	-1.1%	235.8	3.7%	225.0
EBITDA	142.3	12.8%	126.1	13.4%	125.5
OPM	37.9%	-	34.8%	-	35.8%
Depreciation	67.0	62.1%	41.3	7.8%	62.1
Interest	11.5	904.4%	1.1	37.6%	8.3
Tax Expense	9.2	-9.2%	10.1	2.0%	9.0
Adjusted Net Profit	62.8	-24.6%	82.8	11.9%	56.1
NPM	16.3%	-	22.4%	-	15.5%

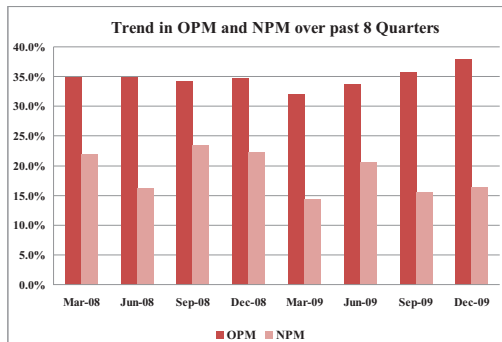
** Adjusted Net Profit - Excluding Gains/Losses on Exceptional Items

With the improving sentiments and ameliorating business conditions in the global economy, the Operating Income of the company grew modestly by 3.8% on YoY basis and 7.2% on a QoQ basis from Rs 351 Crore (Q1, 10) and 362 Crore (Q2, 09) to Rs 376 Crore (Q2, 10). While the Operating income rose moderately, the company has clocked healthy EBITDA growth on both YoY and sequential basis. The EBITDA jumped to Rs 142 Crore (Q2, 10) gaining by 12.8% YoY and 13.4% (QoQ). This was a cumulative result of lower Employee costs compared to previous quarters and accrued benefits of rationalizing exercise, practiced in the past 6-8 months.



Source: Company Data, JRG Research

Operating Margins of the company are retracing back to 40% level after witnessing lows of 32% levels in Mar, 09. During the quarter under review, the OPM's surged by more than 300 bps on YoY basis and 200 bps on QoQ basis. This is due to efficient movement of costs and appended with higher solutions Revenue as a % of Operating Income.



Source: Company Data, JRG Research

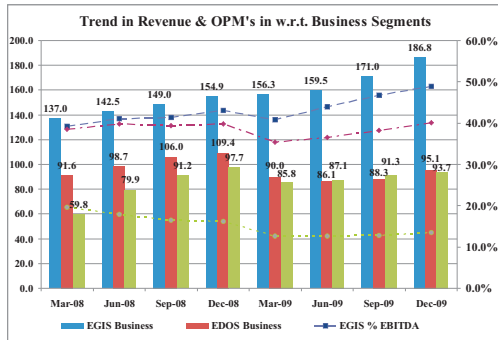
The Bottom-line of the company slipped by two-tenths of a % on YoY basis, while, it recorded a growth of 12% on QoQ basis. The Net profit came in at Rs 63 Crore (Q2, 10) from Rs 83 Crore (Q2, 09) imputed by high depreciation costs due to the starting of the SEZ facility in SEEPZ and Interest expenses which were almost nil in the Dec quarter, previous year. No doubt, the NPM slipped from 22.4% (Q2, 09) to 16.3% (Q2, 10) while moved up from 15.5% (Q1, 10).

Segmental Quarterly Performance

Segment-wise Quarterly Performance - Rolta India Limited					
Units: in Rs Crore	Dec 09	% Growth	Dec 08	% Growth	Sep 09
Revenue					
EGIS Business	186.8	20.6%	154.9	9.2%	171.0
EDOS Business	95.1	-13.1%	109.4	7.7%	88.3
EITS Business	93.7	-4.1%	97.7	2.7%	91.3
EBITDA and Margin					
EGIS Business	91.5	37.1%	66.7	14.3%	80.0
EGIS OPM	49.0%	-	43.1%	-	46.8%
EDOS Business	38.1	-12.5%	43.6	12.8%	33.8
EDOS OPM	40.1%	-	39.8%	-	38.3%
EITS Business	12.7	-19.7%	15.8	9.1%	11.6
ETIS OPM	13.6%	-	16.2%	-	12.8%

On the Segmental basis, EGIS Business which generally contributes around 50% of the Total Operating Income of the company; topped the charts once again with strong growth on both YoY and QoQ basis. The Segmental revenue stood at Rs 187 Crore while the EBITDA accelerated from Rs 67 Crore (Q2, 09) and Rs 80 Crore (Q1, 10) to Rs 92 Crore (Q2, 10). The margins under the segment too, continued to expand and are nearing their all-

time highs of 50% after declining to around 40% levels in Mar 2009.



Source: Company Data, JRG Research

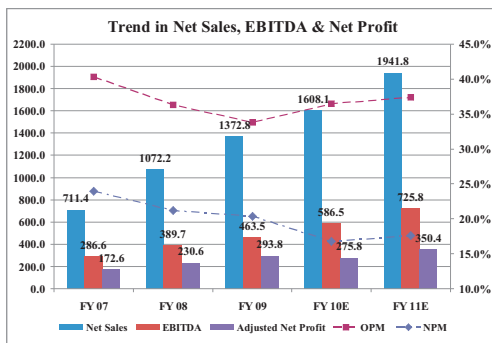
Revenue in the EDOS Business segment fell on YoY basis, but was firm when compared sequentially. The Operating Income came in at Rs 95 Crore (Q2, 10) from Rs 109 Crore (Q2, 09) and Rs 88 Crore (Q1, 10). The EBITDA was Rs 38 Crore (Q2, 10) while the Operating margins regained the 40% levels after falling down to 35% levels in Mar 2009.

Valuations and Financial Projections

Financial Projections - Rolta India Limited				
Units: in Rs Crore	FY 08	FY 09	FY 10E	FY 11E
Operating Income	1072.2	1372.8	1608.1	1941.8
Other Income	17.0	69.0	38.5	44.6
Total Income	1089.2	1441.9	1646.6	1986.4
Total Expenditure	682.5	909.3	1021.6	1216.0
EBITDA	389.7	463.5	586.5	725.8
% Growth	36.0%	18.9%	26.5%	23.7%
Depreciation	138.3	186.7	266.5	313.1
Interest	0.0	12.6	40.8	51.2
Tax Expense	38.8	40.2	42.7	56.8
% of Tax Expenses	14.4%	12.1%	13.5%	14.0%
Net Profit	229.7	293.1	275.8	350.4
% Growth	33%	27.6%	-7.4%	28.7%

With the Activity levels for Submission of Bids and Proposals witnessing healthy improvement over the past few quarters, Rolta is expected to register good growth in the Top as well as the Bottom-line for the next few years.

The Net Sales of the company is seen rising at a CAGR of 18.9% from Rs 1373 Crore (FY 09) to Rs 1942 Crore (FY 11E) while the EBITDA is set to increase at a CAGR of 25.1% to Rs 726 Crore (FY 11E) from Rs 464 Crore (FY 09). The Operating margins during the same period are anticipated to expand by more than 360 bps to clock 37.4% (FY 11E). This is the result of the rationalization of the operations of the company, Increasing Revenue share of Solutions business and lower growth in Employee expenses as the overall business becomes more Non-Linear.



Source: Company Data, JRG Research

With the commencement of SEZ facility in SEEPZ the Depreciation costs are expected to grow at a higher rate than normal while the Interest cost are also seen going up compared to the same in FY 09. Due to the additional cost burden, the Bottom-line is ascertained to witness a marginal contraction in FY 10E while record a significant turnaround in FY 11E to clock a YoY growth of more than 27% and move to Rs 350 Crore.

Financial Ratios - Rolta India Limited				
Units: in Rs Crore	FY 08	FY 09	FY 10E	FY 11E
OPM	36.3%	33.8%	36.5%	37.4%
NPM	21.2%	20.4%	16.7%	17.6%
EPS	14.3	18.2	17.1	21.8
P/E	14.3	11.2	12.0	9.4
P/B	2.8	2.3	2.0	1.7
RoE	19.6%	20.6%	16.8%	18.2%

Recommendation

Rolta together with its subsidiaries is primarily engaged in providing specialized Technology Solutions and Services for the Geospatial, Defense & Homeland Security and Engineering sector in India and abroad. Over the years, the company is developing and acquiring licensed IP to move up the Value chain and hence, transform its Business to Solutions Centric from Services Centric.

At the trailing market price of Rs 204, Rolta is trading at 9.4x and 1.7x its FY11E; EPS and Book Value of Rs 21.8 and 119.3 respectively. Geospatial, Engineering Design and Defense are segments which possess huge Investment opportunit and considering the fact that Rolta is the market leader in the Technology based Solutions and Services in these segment in India, **We Recommend to “Accumulate” the stock with a Target of Rs 252 in 12 Months.**

JRG

Corporate Office: JRG Securities Ltd, JRG House, Ashoka Road, Kaloor, Kochi, Kerala – 682017, Tel: 91-484-2796211-332

E-mail: jrg.research@jrg.co.in

Institution Desk: JRG Securities Ltd., Universal Industrial Estate, 210/211, 2nd Floor, J.P. Road, Near Wadia High School, Andheri (W), Mumbai – 400058; Tel: 91-22- 26711059/26719939

Disclaimer:

This document has been prepared by JRG Securities Ltd. and is meant for the recipient for use as intended and not for circulation. The information presented in this document is not an offer/recommendation to buy or sell securities. Opinions expressed in this article are the independent views of the author(s). The information/s, opinions and analysis contained are collected from sources believed to be reliable, but no representation, expressed or implied, is made as to its accuracy, completeness or correctness. Neither JRG Securities Ltd., nor any person connected with it, accepts any liability arising from the use of this document. It should be noted that price and value of the security/ies referred to in this report may go up or down and that past performance is not a guide for future performance. Investors are urged to exercise their own judgment before investment as security/ies discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis. We will be updating you in due course about the positive or negative developments, directly or indirectly affecting the security/ies discussed in this report. But, it should be noted that JRG Securities and its associated companies, their directors and employees do not undertake any obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent JRG Securities from doing so. JRG Securities Ltd., may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to security/ies mentioned herein or inconsistent with any recommendation and related information and opinions.