

Rolta India Ltd.

Value Play

CMP: INR 219

Target Price INR 275

BUY

Sensex:	11,778
S&P Nifty:	3,435
52 Wk High INR:	285.0
52 Wk Low INR:	124.0
Face Value: INR:	10
Equity INR Mln.:	799.2
Mkt Cap: INR Mln.:	17,590.4
Financial Year End:	June

Codes

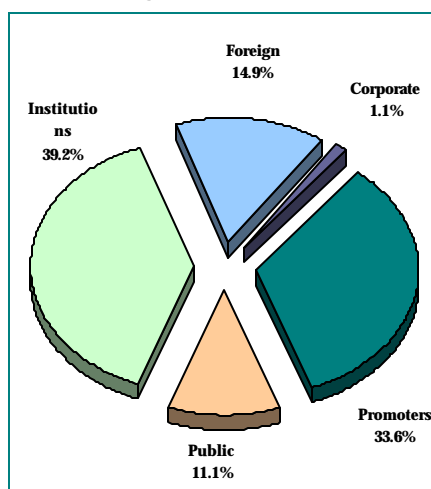
BSE Code:	500366
Bloomberg Code:	RLTA@IN
Reuters Code:	ROLT.BO
NSE Code:	ROLTA
BSE Group:	A

Group:	Indian - Private
Industry:	Computers - Software - Medium / Small

Listings

BSE, NSE, London

Shareholding Pattern (%)



Source: Cline, as on June 30, 2006

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Company Background: Rolta is India's leading provider and developer of Digital Map based GeoSpatial Information Systems (GIS) and Engineering Design Automation Solutions and one of the major providers of such services worldwide. In partnership with Stone & Webster, the Company has also established a Joint Venture, to provide Engineering, Procurement & Construction Management (EPCM) services to meet end-to-end project requirements of Power, Oil, Gas and Petrochemical sectors. In the area of eSolutions, Rolta provides consulting, application development, testing, network and eSecurity services, to worldwide customers. It is headquartered at Mumbai, with worldwide operations, and has executed projects in 35 countries.

Investment Rationale

- ✓ Leadership position in GIS, EDA market
- ✓ Strong order book, Debt free balance sheet
- ✓ JV with global leaders - creates vast opportunities, increases breadth of service offerings
- ✓ Growing demand
 - Huge core infrastructure development in India with increased use of geospatial technology
 - Opening up of Indian defense sector - increased private participation
 - Growing demand for advanced GIS applications for urban planning and utility management, globally
 - Growing demand for "As-Built" digital plant models
 - Fixed capacity addition targets of 1,07,000 MW by 2012 in order to ensure 'Power on Demand by 2012'
 - Increasing demand for IT security & network management world over
- ✓ Entering new markets
 - Planning to set up subsidiaries in Qatar, Abu Dhabi and expand presence in Asia-pacific region
 - In advance stage discussion to expand relation with CA
- ✓ Wider reach - Well networked marketing offices
- ✓ **Triggers to watch: Opportunities arises from,**
 - Proposed Indian National Map Policy
 - Indo-US nuclear co-operation deal

Valuation: We expect Rolta's revenue and net profit to grow, respectively, at 25% and 20% CAGR over next two years. The stock is currently traded at 11x FY07E earnings. Our target price of Rs. 275 is at a target PE of 14x FY07E earnings with a 1-year investment horizon. **We are initiating coverage on Rolta with a BUY recommendation.**



INVESTMENT RATIONALE

<i>Order Book</i>	The company has received confirm orders worth of Rs. 5.5 billion. The confirmed orders will be executed over next 2-2.5 years, out of which about 50% will be executed in the current financial year. The company announced tentative orders of about 10 billion under negotiations.
<i>A market leader with a unique combination of solutions and services</i>	Rolta offers customized solutions to clients by combining knowledge of geospatial, plant and mechanical design engineering, Internet and e-security services and solutions that gives the company a competitive advantage over the competitors.
<i>Wider Reach</i>	<p>Rolta has a network of 12 marketing offices in India and seven subsidiaries located in the key markets across the globe. The wide network of marketing offices is well supported by a sales force of over 150 employees and a technical marketing team of over 350 employees providing technical assistance and support including on-site assistance to the clients. The company plans to expand its presence in the Asia-Pacific and Middle East region (particularly Australia, Japan, Singapore, Qatar and Abu Dhabi).</p> <p>At present, the company has development and delivery centers in India (Mumbai), the Middle East (Riyadh), and the USA (Atlanta). The company plans to expand its European operations by establishing a development and delivery centers in the UK. A wide network of marketing offices, global presence through subsidiaries and development and delivery centers give the company proximity to clients that helps the company to respond faster to the customers and also addressing specific requirements of clients effectively.</p>
<i>Alliances and Partnership</i>	Rolta enjoys trusting and long-standing partnerships with major technology companies that include global leaders like Intergraph, Z/I Imaging, PTC, IBM, Microsoft, Oracle, Computer Associates and others. The Company also has agreements with the Dow Chemicals Company (USA) and Bateman (Israel) for the provision of IT engineering services. The long-standing relationship with these companies gives Rolta access to their latest technologies and a broad customer base. Rolta provides a unique customized solution to its customers at the higher end of the value chain with the expertise of these alliances in their respective areas and their knowledge repositories.
<i>Blue chip and diversified Client Base</i>	Rolta has longstanding relationships with blue chip clients spread over 35 countries and across the industries from defence to utilities to telecommunication. Its clientele includes amongst others, Bateman, Bear Stearns, Bechtel, British Telecom, Cingular, Citigroup Technology, Dow Chemicals, Dubai Municipality, HSBC, IOC, MasterCard, Ministry of Defence (India), Military Survey Department (UAE), National Grid (USA), Nuclear Power Corporation, ONGC, Qwest, Reliance Industries, Saudi Telecom, Telus and Verizon.
<i>Pursuing strategic joint venture and acquisition opportunities to boost growth</i>	Rolta is actively pursuing strategic JV and acquisition opportunities to enhance its domain expertise, expand the range of service offerings, and provide a foothold in newer geographies. Rolta has announced 2 joint ventures in the recent past with global leaders in their respective business area and looking for companies for acquisitions, strategic in nature. Rolta has entered into an agreement to incorporate JV with Thales in last month. The JV will provide Command, Control, Communications, Computers, Intelligence, Surveillance, Target Acquisition and Reconnaissance (C4ISTAR) information systems for domestic and export markets. Rolta has established JV with Stone & Webster to provide high quality engineering services worldwide and undertakes turnkey refinery, petrochemicals and power projects in India.



Stone & Webster has access to proprietary technology for developing, engineering and construction of nuclear power generation projects and petrochemical refinery projects. Stone & Webster enjoys 80% market share in US nuclear power market. We believe that Rolta is in a favorable position to grab opportunities arises from opening up of Indian defense sector for private participation and Indo-US nuclear co-operation deal with its experienced and technically sound JV partners.

Growing Opportunities

Initiatives taken by the government in the recent past and appropriate action-taken by other industry majors to take advantage of these initiatives will create immense opportunities for the company.

- ✓ India's sixth round of New Exploration Licensing Policy (NELP-VI) offers 55 exploration blocks (25 onshore, 6 shallow water and 24 deepwater blocks beyond 400m bathymetry).
- ✓ Indo-US nuclear co-operation deal: Indian government has raised its nuclear power target of 20,000 MW by 2020 to 40,000 MW by 2030.
- ✓ Power on Demand: The government has fixed capacity addition targets of 1,07,000 MW by 2012 in order to ensure 'Power on Demand by 2012'. This amounts to nearly doubling the existing capacity of about 1,00,000 MW with total investment of over Rs. 8 lacs crores.
- ✓ Recently, The Union cabinet gave its approval to New National Map policy and it has yet to get legislative status.
- ✓ Private participation in Indian defense sector

Concerns:

Growing Competition:

The company encounters competition from local and international players such as ESRI, ERDAS, Fugro N.V., Infotech Enterprises and L&T Infotech in both domestic and overseas markets and level of competition in the domestic market is expected to increase, with the expected liberalization of the Indian National Map Policy and increased demand for "As-built" engineering services.

Scalability:

Rolta is looking to expand its employee strength to 5000 by the end of FY 2008. Rolta operates in the niche segment and with increasing competition for skilled IT employees; we see the addition of skilled employees as a challenge for the company.



VALUATION

Rolta is well positioned to tap opportunities arising from the core infrastructure development and increased usage of geospatial data in the infrastructure development projects. Rolta is moving up in the value chain by offering services at the high-end with the help of partners, global technology leaders, like CA, NIIRS10, Z/I, Intergraph etc. Recently Rolta announced its plan to set up subsidiaries in Australia and Middle East (Qatar, Abu Dhabi) to serve local clients effectively and to tap growing opportunities in those markets. Rolta is increasing its client base steadily with entering new markets and adding new service offerings.

Recently, Rolta has announced JV with Thales to address growing needs of Indian defence and homeland securities markets. We believe, Rolta is well poised to address the growing demands from process, petrochemicals and power sectors through its JV with Stone & Webster. The rising input cost, primarily wage cost, could impact margins going forward, however, we believe the gains arises from improvement in employee productivity and redeployment of IPRs would offset impact to some extent. We expect Rolta's revenue and net profit to grow, respectively, at 25% and 20% CAGR over next two years. The stock is currently traded at 11x FY07E earnings. Our target price of Rs. 275 is at a target PE of 14x FY07E earnings with 1-year investment horizon. **We are initiating coverage on Rolta with a BUY recommendation.**



COMPANY BACKGROUND

Company Profile

Rollta is India's leading provider and developer of Digital Map based GeoSpatial Information Systems (GIS) and Engineering Design Automation Solutions and one of the major providers of such services worldwide. In partnership with Stone & Webster, the Company has also established a Joint Venture, to provide Engineering, Procurement & Construction Management (EPCM) services to meet end-to-end project requirements of Power, Oil, Gas and Petrochemical sectors. In the area of eSolutions, Rollta provides consulting, application development, testing, network and eSecurity services, to worldwide customers. It is headquartered at Mumbai, with worldwide operations, and has executed projects in 35 countries.

The company is primarily engaged in providing CAD, CAM, Automated Mapping (AM), Facilities Management (FM), GIS and Photogrammetry services and solutions, PDA and MDA solutions and engineering services in the plant and mechanical domains. It also offers specialized IT/software services and solutions relating to e-Business. The Company has organized its business into three Strategic Business Groups ("SBGs"): GeoEngineering/GIS, Engineering Design Automation and eSolutions.

GeoEngineering/GeoSpatial information Systems

The GeoEngineering/GIS Strategic Business Group provides specialized services and solutions in implementing map-based GIS. Rollta is India's leading provider and developer of digital map-based geographic information systems and one of the major providers of such services in the world for segments such as defence, environmental protection, utilities, emergency services and public planning. The Company also offers specialized solutions for fleet management and disaster planning for public safety agencies such as police, fire and ambulance services.

The company has made significant progress in the domestic market by securing large orders for providing turnkey solutions to Telecom/Electric distribution companies, Public Safety & Home Land security agencies (Police), Urban Development and Town Planning departments. The company has executed large projects for 3D city modeling using high end Photogrammetry technology and created digital networks for telecom, electric, gas & water companies across the world which would reaffirm its standings as leading providers of these services in the world. Recently, the Company completed a turnkey mapping project for the Dubai Municipality, where it undertook large scale mapping of the entire city through aerial photography and digital Photogrammetry, to create and update an intelligent GIS database for use in municipal planning.

The Company's customer base for the GEG/GIS SBG is spread over 17 countries with multi-million dollar projects executed in various parts of the world. The Company's customers and end-users include British Telecom (UK), Dubai Municipality (UAE), Ministry of Defence (India), Military Survey Department (UAE), National Grid (USA), Qwest (USA), Saudi Telecom (Saudi Arabia), Telus (Canada) and Verizon (USA), etc.

Engineering Design Automation ("EDA")

The Engineering Design Automation Business Group provides computer-aided plant design and mechanical design services. The Company provides design automation tools and services for a variety of facilities, including power plants, oil refineries and petrochemical plants. The Company provides state-of-the-art Plant Design Automation (PDA) and Mechanical Design Automation (MDA) solutions and services covering a wide range of plant-data, product-data and plant/product lifecycle management requirements in the Indian market and a broad spectrum of services for consulting and engineering in Plant Information Management and mechanical design globally.



The Company offers services for the creation of “As-Built” Digital Plant Models by using Lasergrammetry and Photogrammetry techniques. Rolta also provides engineering design services for a range of other applications including industrial design and shipbuilding.

The company has enhanced its leadership position in India and secured large contracts for providing engineering design automation solutions and design services to major EPCs and Owner operators. Internationally, the company executed large contracts in plant Information management for customers in USA, Europe and the Middle East. The company has also ventured into providing specialized services in the area of ship design. Company’s customer base for the EDA SBG is spread over 21 countries with over 500 projects executed in various parts of the world.

In anticipation of the increased demand and to move up the value chain in the engineering domain, the Company has established a 50:50 joint venture with Stone & Webster Inc., called SWRL. The JV company SWRL provides engineering design services for S&W projects globally, and has also executed engineering, design, procurement and construction management projects for large refineries and petrochemical companies in India. Stone & Webster being one of the leaders in Nuclear energy technology, the company through its JV is well placed to participate in the potential business opportunities from Indo-Nuclear treaty.

eSolutions

It offers eBusiness and eSecurity solutions including services for identity and access management, security information management, service support and delivery management, network and IT resource management, rapid application development, software packaging, software testing, Internet access, RFID, high-end gaming and smart cards. Rolta provides network and eSecurity implementation services in partnership with CA worldwide. The Company’s customer base for the eSolutions SBG is distributed over 18 countries, with over 350 projects executed in various parts of the world.

CA relationship: Rolta entered into definitive agreement to provide expert implementation, customization and integration services to CA customers across North America. As per the agreement, Rolta's onshore and offshore resources will supplement services provided by CA Technology Services' internal staff across the full spectrum of CA's data security, network and systems management and service management solutions.

Strategic Alliances and partnership

Rolta enjoys partnerships with major technology companies that include global leaders like Intergraph, Z/I Imaging, PTC, IBM, Microsoft, Oracle, Computer Associates and others.

Company Name	Business Space
Intergraph	GeoSpatial Technology, Plant Design Automation
Z/I Imaging	Photogrammetry and Imaging
PTC	Mechanical Design Automation and Product Lifecycle Management
Oracle	eBusiness and eCommerce
Computer Associates	eSecurity and Network Management
Dow Chemicals	IT engineering services
Bateman	IT engineering services

Source: Khandwala Research, Company



Competition

GeoEngineering/GIS	Solutions- Local operations of ESRI and ERDAS, CMC, Tata Infotech, Speck systems
	Services- ASI, Avineon, Byers, CH2M Hill, Furgo N.V., Genesis, Infotech Enterprise, RMSI, Speck systems, QC Data
EDA	PDA Solutions Aveva, Bentley - local operations
	MDA Solutions Catia, Solidworks, UG
	Service Avineon, L & T Infotech
	SWRL Joint Venture Bechtel, EIL, Kvaerner, L & T Chiyoda, Technimont-ICB, Technip, UHDE
	eSolutions Netcom, Vaayu, CMC, L&TITL

Source: Company



INDUSTRY OVERVIEW

Geospatial Information Systems – GIS

Proposed Indian National Map Policy (INMP)

In early 2005, The Union Cabinet gave its approval to the New National Map Policy brought out by the Ministry of Science & Technology which has the potential to open a new door of opportunities for various sectors.

The New Policy envisages two series of maps- the Defence Series Maps (DSMs) and the Open Series Maps (OSMs). The policy regarding the use of DSMs will be determined by the Ministry of Defence whereas the Policy on OSMs will be the responsibility of Survey of India/Department of Science and Technology. The DSMs will be for exclusive use for defence forces and authorized Government Departments. The OSMs (Digital or Analogue) can be disseminated by Survey of India through an agreement to any agency for specific end use. The user can make value addition to these maps and can share the information under initiations to the Survey of India. OSMs will be available to the public, and, as a result, accurate and updated spatial data will be available for personal and commercial use for the first time. It is expected to open up significant opportunities for businesses, government, planning and resource management.

Creation of National Spatial Data Infrastructure

Recently, the Union Cabinet approved the proposal for creation of National Spatial Data Infrastructure (NSDI). The government approved liberalized map policy in 2005 and recent launch of NSDI appears to be step forward in the same direction. A Resolution by the Government of India to this effect will be issued shortly.

NSDI is a kind of soft infrastructure to be built at the national level for coordination, acquisition, processing, storage, distribution and improved utilization of spatial (geographic location) data. This is sought to be achieved primarily by leveraging the data assets of major data generating agencies through the process of standardization, creation of metadata and internet enabled access. NSDI, when put in place shall synergies the work of all data producing agencies by eliminating duplication of their efforts. It shall also minimize the huge “transaction costs” now encountered by any potential user of spatial data.

Growth Drivers

- ✓ Growing demand for advanced GIS applications for urban planning and utility management, globally
- ✓ Huge core infrastructure development in India with increased use of geospatial technology
- ✓ Implementation of the proposed INMP
- ✓ Opening up of Indian defense sector - increased private participation

Market Size

Worldwide GIS Revenue Forecast to Top \$3.63-bln in 2006, up 10% over 2005

Daratech has estimated the total GIS/Geospatial core-business revenue to grow by 10% y-o-y to USD 3.63 billion in 2006. Core-business revenue includes software, hardware, services and data products.

Geospatial technology market in India expected to touch US\$ 613-mln mark by 2010

According to the survey conducted by Geospatial Today and Spatial India the market (domestic + export) is expected to record a potential growth from USD 209 million in the year 2005 to USD 613 million by 2010 at a CAGR of 14.5 per cent for Geospatial industry. The study focused on different parts of geospatial Industry including geospatial data, services (including remote sensing), products and export of geospatial services from India. The domestic market estimates for these services in India amounts



to about USD 122 million in fiscal 2005 and is expected to reach USD 396 million by 2010, at a CAGR of 17.57 per cent per annum.

Engineering Design Services – EDS

Growth Driver

- ✓ Growing demand for “As-Built” digital plant models
- ✓ Refining, Petrochemicals, Pipelines & Storage capacity addition:
 - The demand for petroleum products is growing faster, leading to a need for higher refining capacities, and rising crude oil price, and so improved margin environment, has resulted in flow of investments for expansion cum modernization
 - India’s aim to become the hub for export of petroleum products
- ✓ Large addition to Power generation capacity
 - Power generation capacity is projected to increase from 115,000 MW to 245,000 MW by 2017, through conventional methods
 - Recent Indo-US nuclear agreement will open vast opportunities for turnkey nuclear power projects

Market Size

Outsourced Engineering Design Services

According to IDC estimates, the worldwide market for outsourced engineering solutions was worth US \$ 69.8bn in 2001 and is forecast to grow at a five year CAGR of 12.2% to touch US\$ 123.9bn in 2006. The worldwide market for outsourced engineering design services is estimated to be \$12.4 billion in 2006.

Plant Design Market Tops \$700 Million in 2005; Growth Forecast at 11% in 2006

According to Daratech, Plant design software and services is expected to register robust growth of 11% to \$800 million in 2006. Partly as a result of robust demand for oil and other forms of energy, process and power owner/operators and EPC firms are projected to step up their investments in IT solutions that enable the quickest time to product, and to control the total lifecycle cost of the asset.

NASSCOM and Booz Allen Hamilton Study on engineering service market opportunities

Global spending on engineering services is large and rising – constituting about 2% of global GDP, and companies are increasingly moving these high-value services to emerging markets as the next step in globalization, according to a study by NASSCOM and Booz Allen Hamilton.

The key outcomes of the study conducted by NASSCOM and Booz Allen Hamilton:

- ✓ Spending on engineering services was \$750 billion in 2004 and is projected to increase to \$1.1 trillion by 2020.
- ✓ CEOs are increasingly viewing offshoring as a way to counter market forces that are exerting pressure on engineering services.
- ✓ While today only \$10-15 billion of engineering services is offshored, the market is expected to grow to \$150-225 billion by 2020.

India’s current revenue base in the offshored engineering services market is about \$1.5B. India is well positioned to increase its market share of engineering offshoring from 12% to 30% by 2020. The potential engineering market in India could exceed \$60 billion by 2020.



e-Security

As per Gartner estimates, the total security information and event management software/appliance market grew 32.2 percent to more than \$288 million in 2005.

According to a study by **AMI Partners**, the global spending on IT security by small and medium businesses (SMBs) is expected to reach USD 11.4 billion in 2006.

Growth Drivers:

- ✓ Increasing demand for IT security & network management world over
- ✓ Growing IT security expenditure by the SMBs
 - Increasing awareness of electronic threats
 - Increasing reliance on IT
 - Growing volume of business-critical data
- ✓ Growing use of broadband Internet connectivity
- ✓ Increasing volume of electronic transactions with customers and suppliers
- ✓ Expanding into newer markets – The company is in advanced discussions to expand the scope of agreement with CA to Europe and Asia



RECENT DEVELOPMENTS

JV with Thales

Rolta has announced its Joint Venture with Thales, France on August 17, 2006. The management termed it as win-win partnership seeing that JV will leverage the broad spectrum of cutting-edge technologies, systems and solutions from Thales, and Rolta's leadership position in the Indian market. Rolta and Thales own 51% and 49% stake respectively in the JV. The JV will take advantage of technology transfer from Thales for developing state-of-the-art Command, Control, Communications, Computers, Intelligence, Surveillance, Target Acquisition and Reconnaissance (C4ISTAR) information systems, for domestic and international markets.

Management Comment:

The JV will cater mainly to domestic customers in India. The JV will focus on requirement of defence forces (army, Navy & Air Force) and Home land security agencies. Apart from this since this JV is a part of Thales international JV network, whatever is developed by Indian JV would be offered internationally to the customers in other countries. Further, management expects the JV to achieve cumulative revenue of USD 500 million in the next five years starting from 2nd year onwards.

Rolta provides services and solutions to the India Defence for last many years and thus has developed good understanding of the needs of the customer. With the latest technologies from Thales and Rolta's Geospatial expertise and experiment and ability to integrate the geo-spatial database with Thales' command, control or data fusion technologies and products, the JV will be a unique player of its kind in the market.

Major growth drivers:

- ✓ Private participation in Indian Defence Sector
- ✓ Increasing IT spent by Ministry Of Defence and Govt. of India
- ✓ Latest technology from Thales



FINANCIALS

Profit & Loss Account:

Particulars (Rs. Mln)	Jun 2005	Jun 2006	Jun 2007E	Jun 2008E
Revenue	4,145.9	5,349.0	6,788.6	8,380.2
Growth	18.3%	29.0%	26.9%	23.4%
Material cost	1,316.7	1,393.1	1,770.0	2,200.0
Manpower cost	899.0	1,221.2	1,630.0	2,100.0
Gross Profit	1,930.2	2,734.7	3,388.6	4,080.2
Other expenses	456.6	506.1	705.0	880.0
PBIDTA	1,473.6	2,228.6	2,683.6	3,200.2
Depreciation	488.6	746.7	1,020.0	1,230.0
PBIT	985.0	1,481.9	1,663.6	1,970.2
Interest	115.8	146.9	1.2	1.2
Other income	111.0	84.9	98.0	105.0
PBT	980.1	1,419.9	1,760.4	2,074.0
Provision for tax	86.1	146.8	193.6	228.1
PAT	894.0	1,273.2	1,566.7	1,845.9

Balance Sheet:

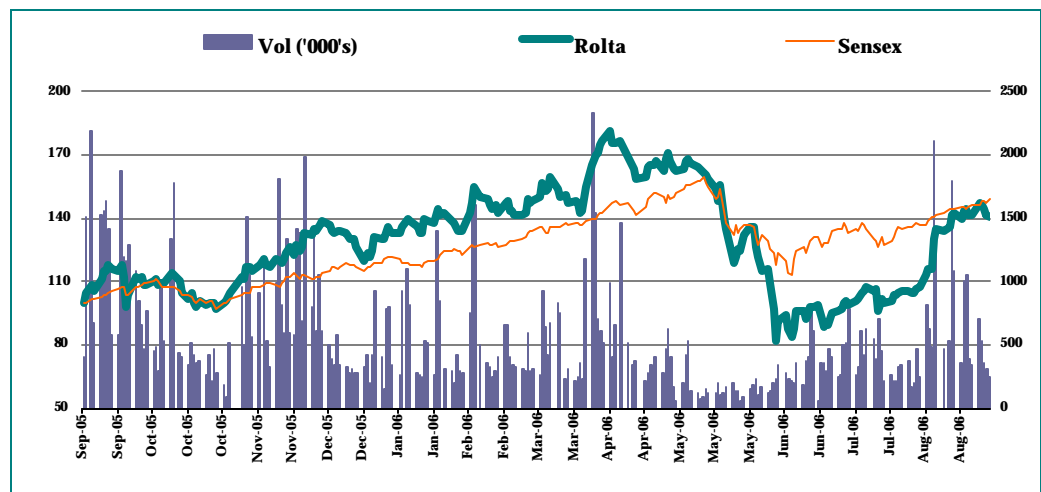
Particulars (Rs. Mln)	Jun 2005	Jun 2006E	Jun 2007E	Jun 2008E
Sources of Funds				
Share Capital	636.9	799.2	799.2	799.2
Reserves & Surplus	3,929.3	8,738.4	9,895.0	11,239.7
Shareholders' Funds	4,566.3	9,537.5	10,694.2	12,038.9
Loan Funds	1,862.5	15.0	15.0	15.0
Deferred Tax Liability	171.8	172.0	172.0	172.0
Total	6,600.6	9,724.5	10,881.2	12,225.9
Application of Funds				
Net Fixed Assets	3,633.7	4,481.3	4,811.3	5,556.3
Goodwill on consolidation	64.6	64.6	64.6	64.6
Curr. Assets and Loans & Adv.				
Inventories	190.7	350.0	440.0	545.0
Sundry Debtors	2,889.2	3,280.0	4,070.0	4,780.0
Cash & Bank balances	330.6	2,148.6	2,340.2	2,369.9
Other Current Assets	30.6	45.0	50.0	60.0
Loans & Advances	548.1	650.0	695.0	750.0
	3,989.2	6,473.6	7,595.2	8,504.9
Current Liab. and Provisions				
Current Liabilities	656.2	800.0	1,015.0	1,210.0
Provisions	431.1	495.0	575.0	690.0
	1,087.3	1,295.0	1,590.0	1,900.0
Net Current Assets	2,901.9	5,178.6	6,005.2	6,604.9
Miscellaneous Expenditure	0.3	-	-	-
Total	6,600.6	9,724.5	10,881.2	12,225.9

**Cash Flow:**

Particulars (Rs. Mln)	Jun 2005	Jun 2006E	Jun 2007E	Jun 2008E
Cash flow from Operating activities				
PAT	894.0	1,273.2	1,566.7	1,845.9
Depreciation	488.6	746.7	1,020.0	1,230.0
Interest	(115.8)	(146.9)	(1.2)	(1.2)
Other income	(111.5)	(84.3)	(98.0)	(105.0)
Change in Working Capital	1,000.4	(458.7)	(635.0)	(570.0)
Cash Generated from operating activities	2,155.7	1,330.0	1,852.5	2,399.7
Cash flow from Investing activities				
Purchase of fixed assets	(1,857.2)	(1,594.3)	(1,350.0)	(1,975.0)
Proceeds from Investments	62.9	-	-	-
Other income	109.2	84.9	98.0	105.0
Net cash used in Investing activities	(1,685.1)	(1,509.4)	(1,252.0)	(1,870.0)
Cash flow from Financing activities				
Proceeds from issuance of share capital	-	4,062.6	-	-
Proceeds from borrowings	(509.4)	(1,847.5)	-	-
Interest	115.8	146.9	1.2	1.2
Dividend incl. dividend tax	(254.2)	(364.5)	(410.1)	(501.2)
Net Cash used in Financing activities	(647.8)	1,997.4	(408.9)	(500.0)
Net Inc/(dec) in Cash and Cash equivalent	(177.1)	1,818.0	191.7	29.7
Cash and Cash equi. at the beginning of the period	507.7	330.6	2,148.6	2,340.2
Cash and Cash equi. at the end of the period	330.6	2,148.6	2,340.2	2,369.9

**Key Financial Ratios:**

Particulars	Jun 2005	Jun 2006	Jun 2007E	Jun 2008E
Gross Margin	46.6%	51.1%	49.9%	48.7%
PBIDTA	35.5%	41.7%	39.5%	38.2%
PBITM	23.8%	27.7%	24.5%	23.5%
PBTM	23.6%	26.5%	25.9%	24.7%
PATM	21.6%	23.8%	23.1%	22.0%
Revenue Growth	18.3%	29.0%	26.9%	23.4%
PAT Growth	43.1%	42.4%	23.1%	17.8%
EPS Growth	43.1%	13.5%	23.1%	17.8%
EPS	14.0	15.9	19.6	23.1
CEPS	21.7	25.3	32.4	38.5
BVPS	71.7	119.3	133.8	150.6
Dividend per share	3.5	4.0	4.5	5.5
Sales/ Fixed assets	0.6	0.7	0.7	0.8
DSO	250.9	220.8	215.8	205.3
CMP		220.0	220.0	220.0
P/E		13.8	11.2	9.5
P/CEPS		8.7	6.8	5.7
P/BVPS		1.8	1.6	1.5
PEG		1.0	0.5	0.5

Share Price Movement:

Source: Comline Products



INDIA

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