



# Rolta Ltd

16<sup>th</sup> April 2010

ACCUMULATE

Industry	IT/ITeS
CMP (INR)	184
52 week H/L (INR)	210/72
Market Cap (INR MN)	29625
1M Avg. Daily Volumes	1049703

## Strong Q3FY10; Impressive order book

**Rolta India posts a 5.1% revenue growth in INR terms aided by 5.3% growth in EGIS segment and 7% growth in EDOS segment. The company's order backlog at INR 17.7bn currently is building up strong and makes us optimistic of the revenue visibility in FY11. We are also positive of the opportunities flowing in from the completion of the strategic acquisition of OneGIS.**

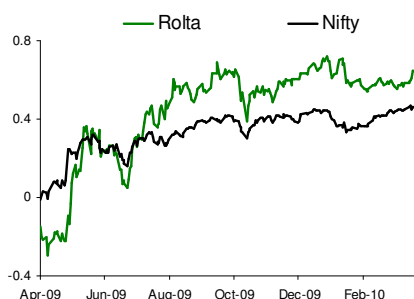
### Shareholding Pattern (%)

Promoters	41.94
FII	32.80
FI/MFs	2.65
Others	22.61

### IP play to come in ...

Rolta has invested in developing its own Intellectual Property for various solutions which helped diversify the range of its portfolio offerings. This model would result in increasing annuity revenues as opposed to the traditional service based revenues. Also, with the IP led solutions and deepening domain expertise, the company is well positioned to tap the opportunities in its core areas of Defence, Security, Industrial and Government.

### Stock Performance (Last one year)



The acquisition of OneGIS, investing in the Product development teams and hiring specialists would result in the strengthening its expertise in its core segments, in our opinion.

### Performance (%)

	1M	3M	12M
Rolta	9.57%	2.28%	94.82%
Nifty	3.78%	1.49%	57.62%

\* Source: NSE, Unicon Research

### Geospatial Fusion & OneView remain robust ...

Geospatial Fusion solution for EGIS (Enterprise GeoSpatial Information Systems) segment continues to remain strong addressing the core markets of Utilities, land records, telecom and town planning segments. In the domestic market, the company recorded robust performances in the Defence, Homeland & Maritime Security markets.

INR Cr	Unicon Estimates	Actual Results
Revenues	3905	3945
EBITDA	1425	1491
NPAT	640	669

The company is mulling to set up local manufacturing facilities for the production of high end defence devices based on Rolta technologies. The company sees traction from the Defence segment based on the offset opportunities in the Defence policy. This would bring in one more revenue stream to Rolta and we are positive of this move as the size of offset program is huge.

OneView solution for EDOS (Enterprise Design and Operations Solutions) has also seen increased acceptance esp. by the leading refineries in India. Shaw Rolta Ltd, the 50:50 JV with the Shaw group is shaping up well with the completion of a major projects this quarter (one for an oil company in Asia and other for a refiner in US).

### Analyst

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## Valuation & Recommendation

With good volume led growth prospects along with the improving demand scenario from the manufacturing industry, we expect a robust FY11 for Rolta India Ltd. We expect a USD growth of ~18% for FY11. Recommend ACCUMULATE for a target price of INR 214, which is ~12x our FY11E Eps and represents an upside of 16% from the current levels.

Revenues Segment	Q109	Q209	Q309	Q409	Q110	Q210	Q310
EGIS	1489.63	1548.55	1562.44	1594.89	1709.95	1867.89	1967.28
% Growth	4.5%	4.0%	0.9%	2.1%	7.2%	9.2%	5.3%
EDOS	1060.06	1093.85	900.11	861.33	882.43	950.9	1017.1
% Growth	7.4%	3.2%	-17.7%	-4.3%	2.4%	7.8%	7.0%
EITS	911.73	977.04	857.75	870.75	912.53	936.76	961.24
% Growth	14.2%	7.2%	-12.2%	1.5%	4.8%	2.7%	2.6%

## Financials

INR Mn	Q3FY10	Q2FY10	Q-o-Q	Q3FY09	Y-o-Y
Revenues	3945.62	3755.55	5.1%	3320.3	18.8%
Expenditure	2454.18	2332.84	5.2%	2255.54	8.8%
EBITDA	1491.44	1422.71	4.8%	1064.76	40.1%
EBITDA%	37.8%	37.9%	-0.1%	32.1%	5.7%
Depreciation	672.8	669.67	0.5%	497.53	35.2%
EBIT	818.64	753.04	8.7%	567.23	44.3%
Other Income	60.17	79.64	-24.4%	81.13	-25.8%
Interest	100.86	114.5	-11.9%	57.66	74.9%
Exceptional Item	0	0		840.09	-100.0%
PBT	777.95	718.18	8.3%	1430.79	-45.6%
Tax	108.89	92.1	18.2%	101.24	7.6%
PAT	670.86	627.89	6.8%	1331.37	-49.6%



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## Unicon Investment Ranking Methodology

Rating	Buy	Accumulate	Hold	Reduce	Sell
Return Range	>= 20%	10% to 20%	-10% to 10%	-10% to -20%	<= -20%

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