



Profit is the Answer

For Private Circulation only

**Rolta – Result above our expectation, Long term story looks good**

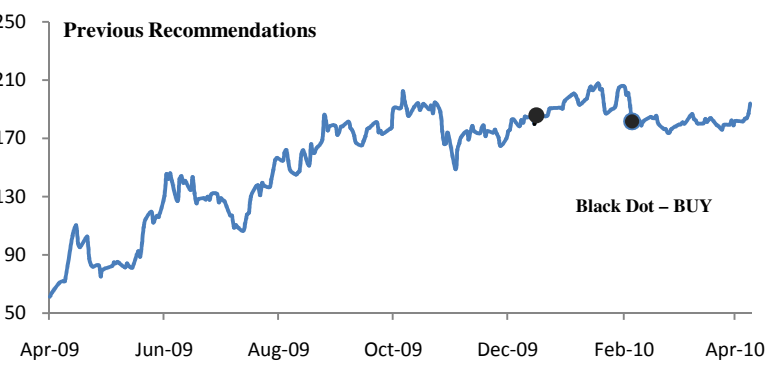
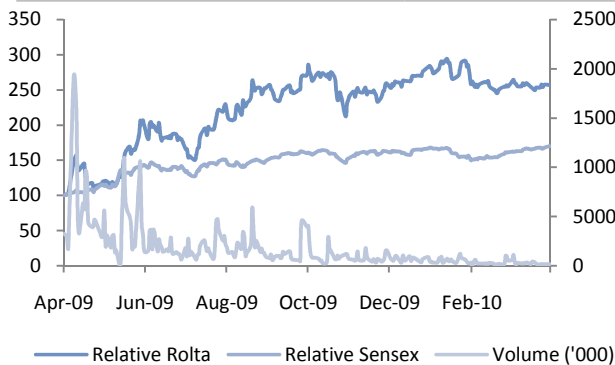
Q3'10 Result Update

<b>CMP</b>	Rs 190.2
<b>Recommendation</b>	<b>BUY</b>
<b>Date</b>	15 <sup>th</sup> April' 10
<b>Target</b>	Rs 225
<b>Company Information</b>	
<b>BSE Code</b>	500366
<b>NSE Code</b>	ROLTA
<b>Bloomberg Code</b>	RLTA.IN
<b>Market Cap (Rs. Cr)</b>	3223
<b>Free Float</b>	58.02%
<b>52-wk Hi/Lo (Rs)</b>	206/41
<b>Avg. daily volume (1 year)</b>	2461000
<b>Face Value</b>	10
<b>Latest Shareholding Pattern (%)</b>	
<b>Promoters</b>	41.98
<b>Institutional Investors</b>	32.53
<b>-MF/UTI</b>	0.81
<b>-FIs/Banks</b>	2.54
<b>-FIIs</b>	29.2
<b>Non Institution</b>	25.36

### Key Takeaways from the Rolta Concall

- *IP solutions' revenue % share to increase from current ~ 9% to 25% with in next 2-3 years* - This will boost the margin by ~100 bps in years to come and help in building non-linearity into the business model.
- *Strategic acquisition of OneGIS will be fruitful in filling in the gap in Rolta's GeospatialFusion* and utilizing OneGIS's consulting capability in Utility & Telecom sector primarily in US and abroad.
- *Rolta has Rs 1770 Crs of order book to be executed with in next 12-15 months.* With 49% , 29% and 22% of the total orders are in EGIS, EDOS and EITS respectively, the revenue visibility is quite strong.

Rs Crs	Q3'10	Q2'10	QoQ%	Q3'09	YoY%
Revenue	<b>394.6</b>	375.6	5.06	332.0	18.9
EBITDA	<b>149.2</b>	142.3	4.85	111.5	33.8
EBITDA Margin%	<b>37.8</b>	37.89	-9bps	33.6	420 bps
PAT	<b>67.8</b>	62.1	9.2	122.8	-44.8
PAT Margin%	<b>17.2</b>	16.53	67 bps	36.99	-1979 bps
EPS	<b>4.1</b>	3.9		6.93	



Abhisek Sasmal  
Ph:(033) 40042712/13/14  
[abhisek.sasmal@vckgroup.org](mailto:abhisek.sasmal@vckgroup.org)

VCK Research reports are available on Bloomberg VCKR <Go>

VCK Share & Stock Broking Services Limited □ Kolkata : (91) (033) 4009-9999 □ Mumbai : (91) (022) 6632-5727  
□ E-mail : [research@vckgroup.org](mailto:research@vckgroup.org)



Profit is the Answer

For Private Circulation only

### Key Takeaways from the Rolta Concall continued.....

- *The management is expecting the order book to contribute around Rs 400 Crs next quarter(Q4'10) and around Rs 1300 Crs + incremental order book around Rs 350 Crs during FY11. Management is quite confident of meeting at least lower end of their revenue guidance of (Rs 1530 – 1570 Crs) for this year (FY10) even if Re further appreciates from the current level.(in a worst case scenario)*
- *Rolta has a cash balance of Rs 130 Crs which they will use in repaying their debt. They also have \$150 Mn O/S FCCBs whose 1<sup>st</sup> due date is on June '12 and the subsequent due date from 2012-17.*
- *The company has made an enabling resolution of raising \$ 100-125 mn which they may use for more acquisitions and building up their capabilities.*
- *Rolta will invest largely in product development in years to come. The annual cost would be around \$15-18 Mn (by FY11 end). This is mainly to boost their IP capabilities in defense, Infrastructure sector.*

In Rs Crs	Expected Q3'10	Actual Q3'10	Variation%
<b>Revenue</b>	386.3	394.6	+ 2.15
<b>EBITDA</b>	142.5	149.2	+ 4.7
<b>PAT</b>	70.11	67.8	- 3.3
<b>EPS</b>	3.96	4.1	

In Rs Crs	Recommendation	Sales		EPS		PE <sub>x</sub>		EV/EBITDA		ROE%	
		FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E	FY10E	FY11E
Rolta	BUY	1565	1875	17.1	20.1	11.29	9.60	5.6	4.7	22	23.5

Source: Company, VCK Research

**Disclaimer** - The information in this report has been obtained from sources, which VCK Research believes to be reliable, but we do not hold ourselves responsible for its completeness in accuracy. All estimates and opinions in this report constitute our judgment as of this date and are subject to change without notice. VCK Research will not be responsible for the consequence of reliance upon our opinion or statement contained herein or for any omission.

Source: Company, VCK Research

VCK Share and Stock Broking Services Limited  
41, Shakespeare Sarani, Kolkata – 700 017

Kolkata Office - Ph:(033) 40042712/13 Fax: (033) 22878479  
Mumbai Office - Ph:(022) 66325727/ Fax: (022) 66325737  
Email: research@vckgroup.com