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Rolta looks at U.S. buy for growth, expansion

Thu Jan 10, 2008 7:52pm IST

By Janaki Krishnan

MUMBAI (Reuters) - Rolta India Ltd, which offers engineering design and geospatial services, plans to acquire a U.S. firm to expand into business software, a top official said on Thursday.

The acquisition will be finalised by end of January and the company hopes to start services within the current quarter, Kamal K. Singh, chairman and CEO of the company told Reuters in an interview. "Acquisitions are an important growth strategy for us."

"Since we decided to add the ERP practice some time back we have been working on (the acquisition). We are conducting due diligence on a couple of companies in the U.S.," Singh said.

Rolta provides engineering and geospatial services to sectors such as petrochemicals, refineries, utilities and government sectors. "In all these places ERP is required so we decided to offer the entire gamut of services to them," he said.

ERP refers to integration of data and processes in an organisation into one system, using specific software packages, while geospatial services is use and analysis of geographical and spatial data for government and commercial use.

Rolta is also looking at acquiring an engineering services company with expertise in infrastructure, to help bring the technology to India and benefit from the government's move to build more roads and power plants, Singh said.

This acquisition could be either in the U.S. or Europe, he said. It plans to focus on core sectors such as airports, ports, bridges and sea-links.

ON THE FAST TRACK

Rolta's goal is to be a \$1 billion company by 2010/11, Singh said, helped by geospatial services, defence and engineering.

By then, about 50 percent of its revenues would come from geospatial segment, 28 percent from engineering and rest from software services. At present, close to 60 percent comes from geospatial and around 30 percent from engineering.

Rolta's employee base would also have jumped to 12,000 people from 4500 now, he said.

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Its joint venture with French firm Thales for defence services would start boosting revenue from 2008/09.

In the next 3-4 years, this would be built up into a \$250 million revenue business, Singh said. Its second joint venture with Stone & Webster for engineering services will yield revenue close to \$500 million in 4/5 years, he added.

With its acquisitions and joint ventures starting to kick in, Singh sees Rolta's revenue rising more than 40 percent in 2008/09, while both profit and revenue are estimated to rise 38 percent in the current fiscal year, which ends in June.

Rolta's shares closed up marginally at 717.25 rupees in the Mumbai market, after rising to a high of 745 rupees in intra-day deals.

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