

Rolta India to maintain growth at 15% for FY12

Published on Wed, Sep 14, 2011 at 13:15 | Source : CNBC-TV18

Updated at Wed, Sep 14, 2011 at 16:26

Story

Stock Quotes

Stock Advice

Comments (2)

26957 Investors following [Rolta](#). Share this News with them.



Excerpts from [Markets Midday on CNBC-TV18](#) Watch the full show [A»](#)

Rolta

BSE | NSE 15/09/11



The Indian rupee has hit a fresh two-year low as it fell to 48 against the dollar in early trade on Wednesday. KK Singh, chairman and managing director of [Rolta India](#), discusses the impact of rupee's decline on his company on CNBC-TV18.

Singh also gives his views on how the company will perform going forward considering the global sentiment, which is very weak at this point in time.

Below is the edited transcript of the interview. Also watch the accompanying video.

Q: There is a growth scare developed in economies like the US, UK and Europe. Are you seeing any kind of scaling down of orders by your clients, which are largely in the manufacturing sector?

A: The budgets have been almost settled for the current year but there is still an undercurrent in terms of cost cutting, saving money. We are seeing more of this in the Europe than in the US. So, certainly there is price pressure because at any opportunity, that customer would want to renegotiate the price to his advantage.

Q: There is news that larger companies are taking orders from smaller companies. Have you noticed that you had to lose to the competition?

A: We are not to lose; in fact, we are facing more competition from companies, which were not coming in the USD 5 million spaces. We are not losing orders for these companies but we are seeing them participating. We are doing

geospatial, engineering activities very uniquely, and hence, we are better placed compared to the normal IT companies.

Q: How the rupee depreciation is actually going to impact business for Rolta in particular? How much do you get from overseas business? How much do you get from domestic business in terms of margins because Wipro said that a 1% movement in rupee impacts their margins by 0.4%? What implications we could see of a rupee depreciation on Rolta in particular?

A: As far as Rolta is concerned, we are a very domestic market-oriented company. So, almost 60% of our business comes from the domestic market and that too from areas like defense and homeland security. So, our export dependence is much lower and we are doing exports mainly because of the companies, which we have acquired and which are located in the US.

So, it is not based on the services, which we provide from here. So, the rupee fluctuations don't really matter for us. We are neutral to the rupee movements. It bothers us in terms of our borrowings, which are in the dollar-dominated currencies, but not otherwise.

Q: How much will your repayment go up by now as some repayment is due for the FCCB (foreign currency convertible bonds) holders in June?

A: There is USD 97 million worth of principal and it would have another interest component of about 28-29 million. So we have to repay a total amount of USD 130-135 million to FCCB holders.

We have tied up an ECB (European central bank) for that, and it will be taking care of the whole amount. In case we want to do FCCB at that stage, it will be open to us. So in that case, it will be neutral because the new ECB or FCCB rates will become issue for us to look after as they come to maturity.

Q: Won't FCCB be very tough when the equity markets are of this kind?

A: I believe that the market will improve in timeframe of March to April timeframe going forward.

Q: What about your FY12 guidance with regards to everything that's taking place considering that 60% of your revenues come from the domestic market? Are you factoring in any sort of slowdown in your guidance?

A: We have given the guidance of 15% for this year but we did more than 18% last year. We have done 27% bottomline growth but even then we give 15% because this is a quite challenging year. Hence, we wanted to be conservative in terms of guidance.

Q: 15% looks manageable considering the kind of growth scare that has come after that?

A: Yes. We still believe that in our domestic market is doing well and we are not scared about that part of business.