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ROLTA

ROLTA INDIA LIMITED
ANNUAL REPORT 2005-06

"I am always doing things I can't do,
that's how I get to do them."

- Pablo Picasso

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Mission

Rolta will be the preferred choice for providing knowledge-based IT solutions through pioneering efforts to meet market demands and exceed customer expectations, **achieved** by an empowered team of Roltaites, for maximizing value to its stakeholders.



Chairman's statement

Over the past two decades, we have achieved many landmarks and crossed several milestones. We look back with satisfaction at Rolta's achievements, not to rest on our laurels, but to seek inspiration from our successes. In this exciting journey, we have embraced growth as a way of life. No matter how successful, no matter how secure we have been, there has always been a constant urge to achieve more.

We are today a market leader in GeoSpatial and Engineering segments, with a unique combination of IT-based solutions and services and projects executed in over 35 countries. This has been achieved through a relentless pursuit of excellence in what we have done, resulting in increased value for Rolta's stakeholders.

We have continued to grow the business across all our segments, both in India and internationally. We are now firmly established as a global services provider of choice in the GeoSpatial segment. We have expanded our Engineering Design and eSolutions businesses, having won multi-million dollar orders in the domestic and international markets. In recognition of our achievements, we were awarded, the "Geospatial Company of the Year 2005" by *Geospatial Today*, the "Excellence Award for Technology Leadership in Hydrocarbon Industry" by Chemtech Foundation and recognized as the "Service Partner of the Year 2005" by CA. During the past year, we also added over 800 professionals and now have a strength of over 3000 employees, which is poised to grow further to 5000 over the next 18 months.

Further strengthening the quality of our offerings, we have continued to benchmark our quality processes against the world's best. We have been awarded the prestigious BS ISO 27001:2005 certification, the ultimate benchmark for information security. At present only 25 companies are certified world-wide of which 10 are in India. Rolta is the 21st company in the world to be certified by BSI with "ISO/IEC 20000-1:2005 IT Service Management" standard. We are pleased to announce that our software development business group has been certified in line with the highest level of CMMI Level 5.

We have adopted International Financial Reporting Standards (IFRS) conforming to the best international regulatory practices and high standards of corporate governance. The financials presented in this annual report reflect IFRS, duly audited by Grant Thornton. To widen our international investor base we successfully listed our GDRs on the main board of the London Stock Exchange, becoming the first Indian company to do so following the implementation of the new EU norms with effect from July 1, 2005.

Rolta's business philosophy has been one of balancing prudence and a pioneering spirit to maximize value for all our stakeholders. As we build upon our established core competencies, we will not only strengthen our standing in our specialized segments, but also widen the scope of our offerings and climb the value chain.

For instance, recognizing the tremendous opportunity to strengthen India's infrastructure, especially in the petrochemical and power sectors, we expanded our engineering design capabilities by establishing a joint venture with Shaw Stone & Webster, one of the world's leading Engineering, Procurement and Construction companies. Stone & Webster Rolta Limited has achieved healthy growth during the year. Besides providing engineering design services for Stone & Webster projects globally, this JV has also executed engineering, design, procurement and construction management projects for large refineries and petrochemical companies in India. Moving forward, the Indo-US Nuclear Treaty, once ratified, will open up tremendous growth opportunities for us, as Stone & Webster is one of the world leaders in nuclear power technologies.

In keeping with the Company's strategy of building upon its core strengths, we recently signed an agreement with Thales to establish a joint venture Rolta Thales Ltd. Thales is a leading international electronics and systems group, established in France more than a century ago, serving the Defense, Aerospace and Security markets worldwide. Thales employs 60,000 people in 50 countries with revenues of over US\$13 billion in 2005 and a record order book of over US\$25 billion. Rolta Thales Ltd. will leverage the broad spectrum of cutting-edge technologies, systems and solutions from Thales and Rolta's leadership position in its markets. To be owned 51% by Rolta and 49% by Thales, this JV will take advantage of a technology transfer from Thales for developing state-of-the-art Command, Control, Communications, Computers, Intelligence, Surveillance, Target Acquisition and Reconnaissance (C4ISTAR) information systems for the domestic and international markets.

We believe we have now completed the first phase of our corporate journey. We possess a solid foundation to build upon in terms of an established track record, empowered people, domain knowledge, world-class infrastructure and enduring partnerships. As a result, we are well positioned to capitalize on unprecedented opportunities in each of our core markets leading to impressive growth.

This is indeed an extraordinary time to be in this business. We are today at the threshold of a new era in our corporate journey. In fact, we have once again been recognised as one of "Asia's Best 200 under a billion" by *Forbes* – for the fourth time in six years! I am truly excited to be a part of what we are doing at Rolta to bring about a quantum jump in the value we bring to all stakeholders and concurrently providing meaningful service to our nation.

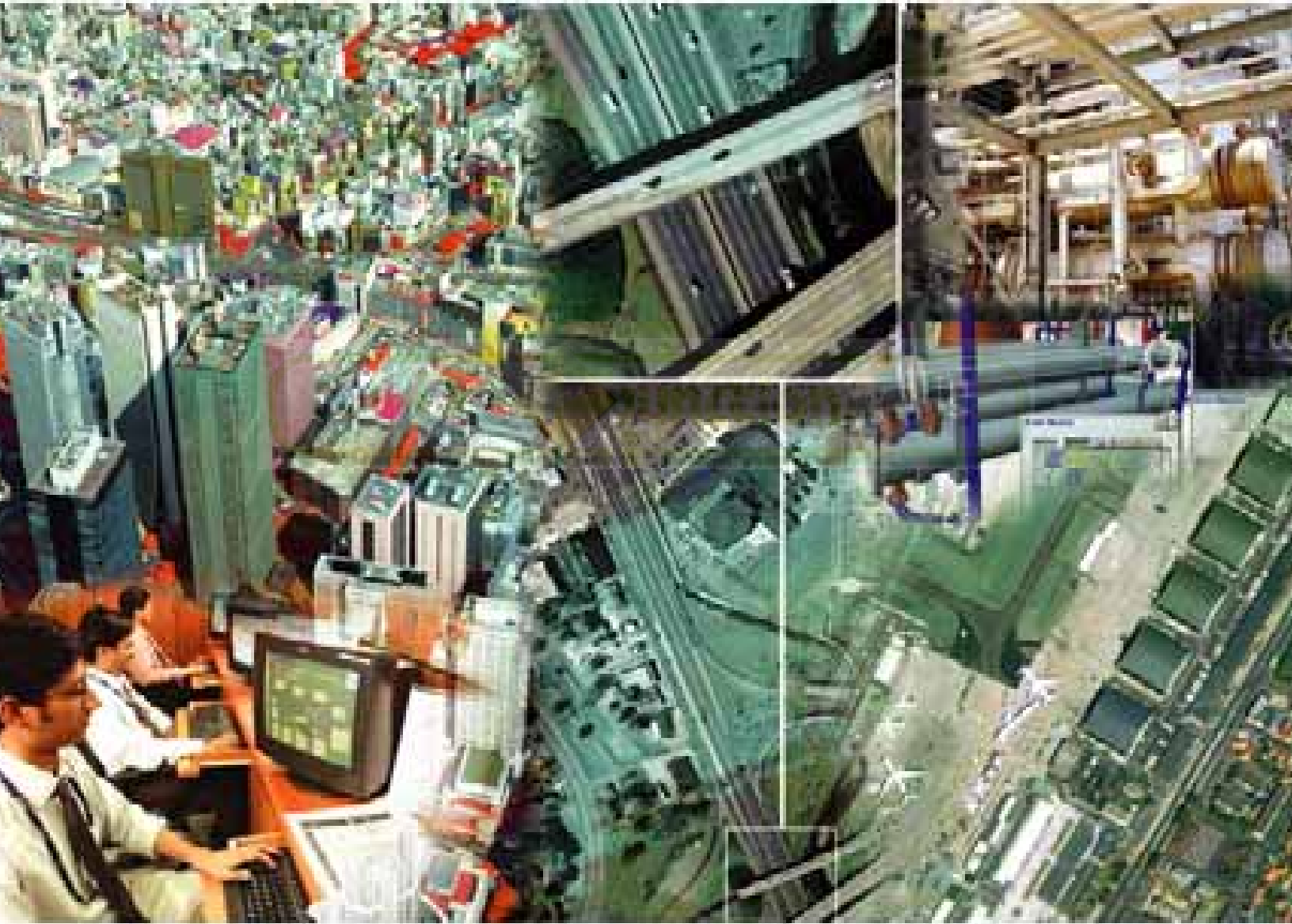


K. K. Singh

Chairman & Managing Director
October 30, 2006



Leadership



"Rolta is an extremely competent organization. I would use the word "Excellent". The terms we looked at from the standpoint of a venture partner was that we wanted someone to share the same sense of excellence that we did. And we saw that Rolta were not only successful in the markets they focused on but were dominant market leaders."

– **Tim A. Barfield**, *President and COO,*
The Shaw Group Inc.



Rolta has **achieved** a leadership position in the markets it serves through its unique ability to weave its solutions into customer environments. Its ability to extract learnings from one business and create another is an unmistakable Rolta speciality.

Rolta is today a market leader in Geospatial and Engineering segments with a unique combination of IT-based solutions and services. Rolta has executed a wide array of multi-million dollar projects in over 35 countries.

No other company in the world provides a similar combination of Geospatial, Engineering design, eSecurity services and solutions. This combination gives Rolta a competitive advantage over other companies by being able to combine its domain knowledge to tailor solutions more precisely to its customers' needs.

In the Geospatial business, in India, Rolta enjoys a market share of over 70% for segments such as Infrastructure, Telecom, Electric, Airports, Defence, Homeland Security, Urban Development, Town Planning and Environmental Protection. Rolta is also one of the major providers of Geospatial services in the world.

Continuing with its pioneering spirit, Rolta's joint venture with Thales, France, will provide a broad spectrum of cutting-edge technologies, systems and solutions for developing state-of-the-art Command, Control Communications, Computers, Intelligence, Surveillance, Target Acquisition and Reconnaissance Information Systems (C4ISTAR) for the defence and homeland security sectors, both in the domestic and international markets.

In the Engineering domain, Rolta is again a leader with a market share of over 85% in the Engineering Design Automation segment in India and one of the major Plant Information Management Services providers worldwide. Rolta provides a complete range of advanced engineering design services, encompassing the entire product, plant lifecycle designing, modeling, detailing, analysis, tooling, manufacturing, operations, maintenance and simulation.

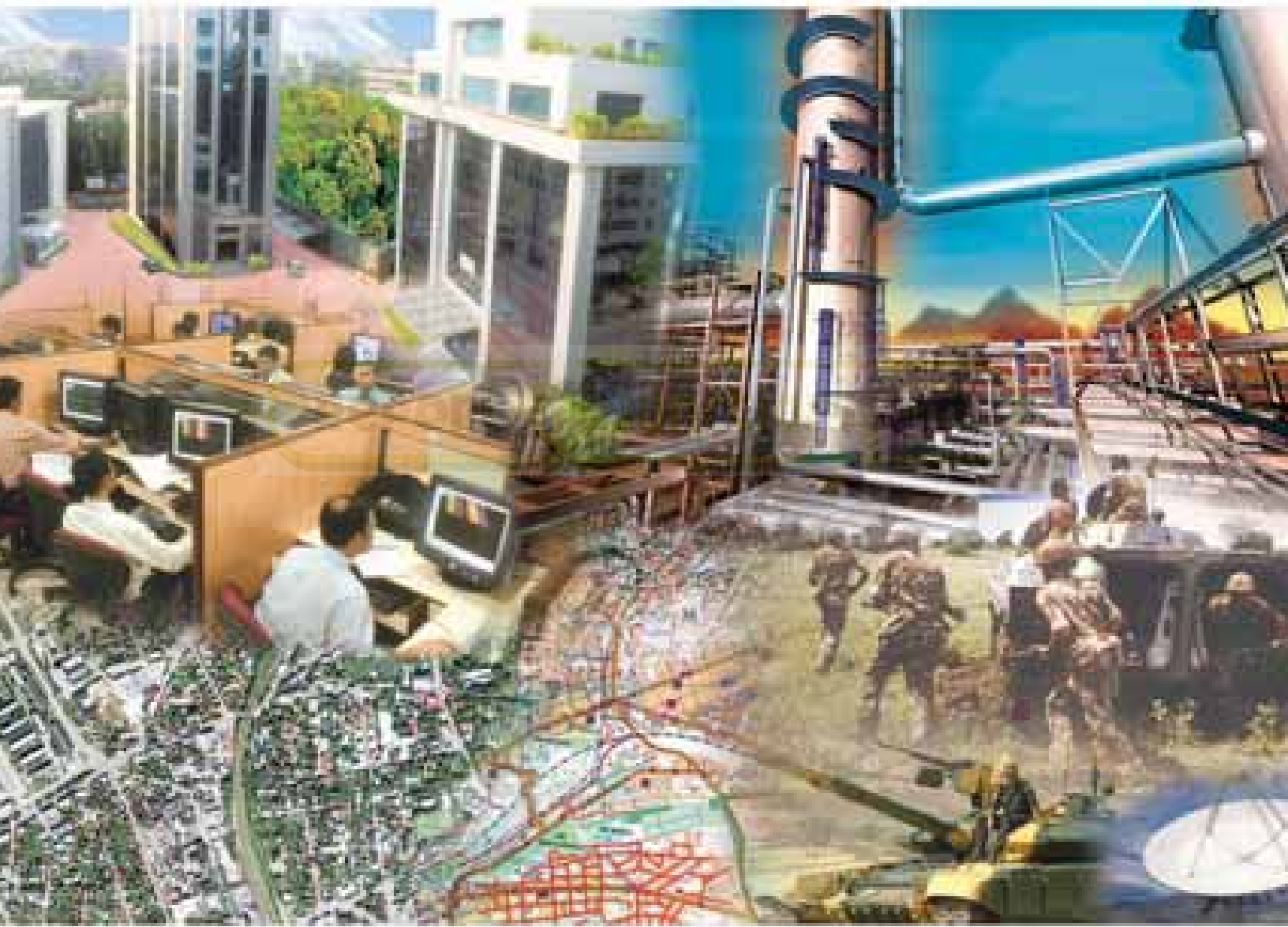
Taking this leadership further, Rolta's strategic joint venture with Stone & Webster, Inc., provides high-quality cost-effective engineering, design and procurement management (EPCM) services to power, refinery and petrochemical projects worldwide. This partnership has evolved into an independent full service engineering and procurement operation, pursuing large contracts business.

In partnership with CA (Computer Associates), Rolta provides high-end consulting, application development and testing services for IT infrastructure and network security projects worldwide. As one of CA's leading service partners, Rolta provides these services globally under a strategic agreement with Computer Associates.

Rolta has achieved its market leadership by gaining customer confidence and faith, an effective guarantor of prospective business.



Growth



"I think Rolta is exceedingly competent in what they do. It is a focused organization. The company spends a lot of time figuring out the market it wants to serve and invests in the infrastructure required to serve such markets and carry out that mission. We are pleased to be associated with them."

– **R. Reid French Jr.**, *COO*,
Intergraph Corporation



Rolta has **achieved** its enviable reputation as the result of a first-mover advantage in prudently selected business areas and a proactive evolution of its role in response to each prevailing business environment.

Rolta continues to grow across all its business segments in India and the world. It has now established itself as a global service provider of choice in the GeoSpatial segment, while expanding its reach in the Engineering Design and eSecurity segments.

Rolta pioneered CAD/CAM/GIS solutions in India, but as customer requirements evolved, the character of Rolta's business also transformed from being pure design and engineering-driven to projects-driven encompassing a customer's comprehensive enterprise-wide needs. Over the years, Rolta has executed multi-million dollar projects in more than 35 countries.

At Rolta, there is a clear focus in being on top of the value chain. This helps the company direct resources on its customer's mission critical projects as well as execute and implement them from its offshore

facilities in Mumbai. These high value projects de-risk the company and build a progressively healthy bottom line. This overriding focus on its core competencies has enabled it to constantly add value to its customer base.

Rolta's long-term growth comes from the fact that its businesses are not me-too in character. The intelligent utilisation of the knowledge acquired in one business is extended by the company for the creation of new synergistic businesses and its emergence as a leader in each of them. Over the years, Rolta has judiciously invested in people, technology and infrastructure to exploit and serve emerging opportunities. Rolta has now reached a critical mass of intellectual capital in the GeoSpatial, Engineering Design and eSecurity environments, which competitors find daunting to replicate.

Rolta's growth is also reflected in its people strength of over 3,000 professionals; the Company has plans to ramp upto 5,000 professionals in the next 18 months.

Rolta's exemplary performance stems from the strength of its business model. It has posted profits and paid dividends every year since its IPO in 1990. For the year ended June 30, 2006, Rolta posted a consolidated net profit of Rs. 1273.17 million, a growth of 41.4% over the previous year and consolidated revenues of Rs. 5433.87 million, signifying a growth of 27.6% over the previous year.

Over the last four years, consolidated net profit has grown 33.2% CAGR while consolidated revenues have grown 26% CAGR.

As a result, consistent growth has sustained Rolta's achievements in meeting stakeholders' expectations.





Technology



"As one of our valuable partners, Rolta brings in immense amount of local knowledge, technology expertise to many of the markets in which we serve. Rolta's strong domain expertise, very strong ethics and performance execution produces excellent results."

– **R. Halsey Wise**, *CEO*,
Intergraph Corporation