

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
27,882	8,641
Bloomberg	TELX IN
Equity Shares (m)	31
M.Cap.(INRb)/(USDb)	45.8 / 0.7
52-Week Range (INR)	2396 / 1022
1, 6, 12 Rel. Per (%)	4/-10/-38
Avg Val, INRm	885
Free float (%)	55.4

## Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
Net Sales	10.8	12.4	14.6
EBITDA	2.5	3.0	3.6
PAT	1.5	1.8	2.2
EPS (INR)	49.7	59.3	72.1
Gr. (%)	50.5	19.2	21.6
BV/Sh (INR)	123.9	154.9	194.6
RoE (%)	46.3	42.5	41.3
RoCE (%)	46.3	42.5	41.3
P/E (x)	29.6	24.8	20.4
P/BV (x)	11.9	9.5	7.6

Estimate change



TP change



Rating change


**CMP: INR1,471 TP: INR1,780(+21%)**
**Buy**

## Adverse currency impacts revenue; structural growth story intact

- **Revenue growth slows down:** TELX's overall revenue increased 13% to INR3,094m (est. of INR3,097m) in 3QFY17 from INR2,741m in the corresponding period last year. Growth, however, was partly offset by unfavorable movement of GBP (excl. currency impact, growth was 18%). EBITDA margin contracted 30bp to 23.9% (est. of 25%) from 24.2% in 3QFY16 due to higher employee cost. EBITDA increased 11% to INR739m (est. of INR773m) from INR663m in the year-ago period. Thus, PAT grew 13% YoY to INR458m (est. of INR494m).
- **New partnerships/customer wins to drive growth:** In 3QFY17, TELX announced new tie-ups and customer additions, which should drive growth going forward. It partnered with Irdeto to provide secure in-car display system for automobiles. It also announced new client win in China along with Spirent for joint advanced V2X test system. Another important development was the opening of the offshore dedicated facility for Panasonic – Home Appliances segment.
- **Higher employee expenses impact EBITDA:** TELX's employee base stands at 5,600, of which 300 were added in 3QFY17 under the fresh graduate program. This led to a rise in employee costs (55.9% v/s 53.8% YoY), impacting EBITDA margin. These employees will gradually start generating revenue over next few quarters. Further employee addition will be on specific requirement basis only, and employee cost in 4Q should largely remain unchanged. TELX indicated that 60% of revenue is derived from offshore, and the proportion of employees holding H1B visa is very small.
- **Valuation and view:** The Transportation and Broadcasting business continues to be the key revenue driver, while JLR's contribution remains healthy at ~21%. We largely maintain our estimates and roll over to FY19E. We expect 17% revenue CAGR and 21% PAT CAGR over FY16-19E, led by EPD. Given its strong capabilities in the areas of Technology, Engineering and Design as well as standing as a strong play on IoT, we maintain **Buy** with a TP of INR1,780, 20x FY19E EPS.

## Quarterly Performance (Consolidated)

(INR Million)

Y/E March	FY16				FY17				FY16	FY17E	FY17	Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			3QE	
Net Sales	2,435	2,637	2,741	2,940	2,943	3,033	3,094	3,380	10,752	12,445	3,097	0
YoY Change (%)	27.7	28.1	23.7	27.1	20.9	15.0	12.9	15.0	26.6	15.7	13.0	
Total Expenditure	1,875	2,024	2,077	2,268	2,253	2,288	2,355	2,586	8,244	9,483	2,324	
EBITDA	560	613	663	672	691	745	739	794	2,508	2,962	773	-4
Margins (%)	23.0	23.2	24.2	22.8	23.5	24.6	23.9	23.5	23.3	23.8	25.0	
Depreciation	90	57	57	59	67	64	69	65	263	267	62	
Interest	0	0	0	0	0	0	0	0	0	0	0	
Other Income	76	27	23	6	11	26	23	30	132	94	37	
PBT before EO expense	546	583	629	618	634	707	693	759	2,376	2,789	748	-17
Extra-Ord expense	0	0	13	0	0	57	31	0	13	87	0	
PBT	546	583	616	618	634	651	662	759	2,363	2,702	748	-12
Tax	189	202	217	208	215	220	224	258	815	913	254	
Rate (%)	34.6	34.7	35.2	33.6	33.8	33.8	33.9	34.0	34.5	33.8	34.0	
Reported PAT	357	381	399	411	419	431	438	501	1,548	1,789	494	-11
Adj PAT	357	381	407	411	419	468	458	501	1,557	1,846	494	-7
YoY Change (%)	71.8	61.2	46.8	37.7	17.4	22.9	12.5	22.0	51.3	18.6	23.8	
Margins (%)	14.7	14.5	14.9	14.0	14.2	15.4	14.8	14.8	14.5	14.8	15.9	

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

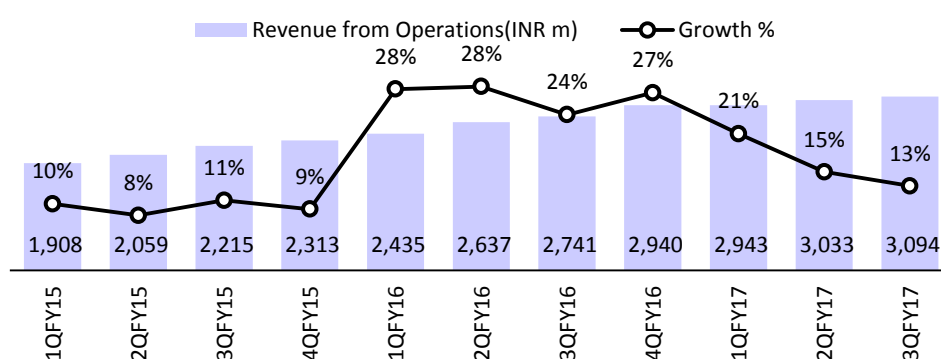
Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

## Operating metrics

### Revenue in-line with estimates

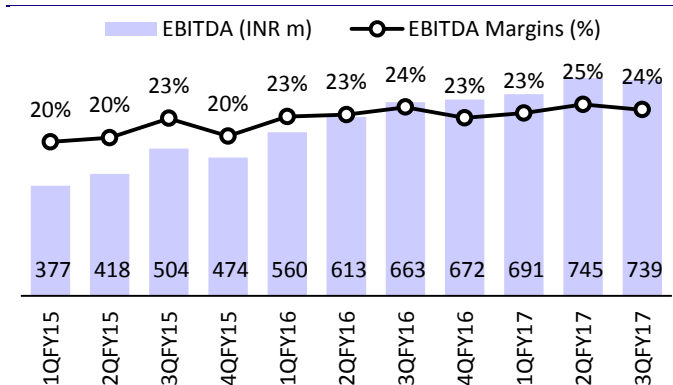
- TELX reported overall revenue of INR3,094m (est INR3,097m) in 3QFY17 vs INR2,741m marking a YoY growth of 13%. It was impacted by unfavorable movement of GBP during the quarter.
- Excluding the impact of currency, the growth was 18%. EBITDA margins declined by 30bp from 24.2% in 3QFY16 to 23.9% (est 25%) in 3QFY17 led by higher employee costs. EBITDA during the quarter stood at INR739m (est INR773m) as against INR663m in 3QFY16, up 11% YoY.
- Thus, PAT grew from INR407m in 3QFY16 to INR458m (est. INR494m) in 3QFY17, a growth of 13% YoY.

### Exhibit 1: Revenue trend (INR m)



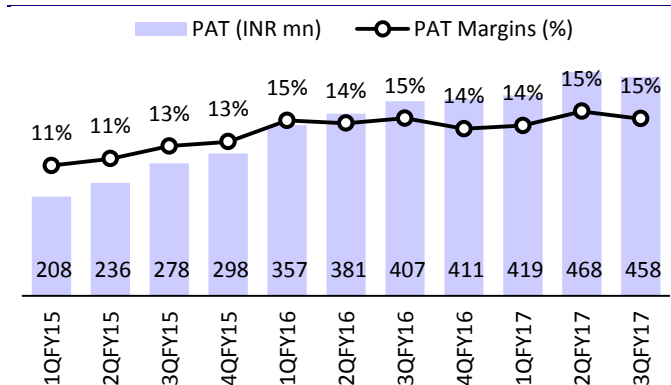
Source: MOSL, Company

### Exhibit 2: EBITDA trend



Source: MOSL, Company

### Exhibit 3: PAT trend



Source: MOSL, Company

### **New partnership and customer wins announced in 3QFY17:**

#### **Tata Elxsi- Irdeto and Tata Elxsi Partner to Provide Secure In-Car Display Systems for Automobiles:**

Irdeto has combined its Cloakware for Automotive by Irdeto security solution with Tata Elxsi's award-winning design and engineering expertise to offer secure, best-in-class user interface solutions and connected cockpit solutions to automotive clients around the world. The Tata Elxsi and Irdeto solution works with Vehicle-to-X (V2X), connected cars and Advanced Driver Assistance Systems (ADAS) technologies, providing secure design engineering services to customers:

- Security has become an increasing concern in the Automotive infotainment systems as it is the entry point of all connection within the car. Access to media from outside, Telematics to OEM or cloud, navigation to maps can become route to hacking.
- Irdeto is credible name in security solutions globally and Tata Elxsi has already worked with TELX in providing security for Broadcasting especially in the Set Top box segment. Irdeto is considered among top 2 in providing security for set top box software.
- Tata Elxsi with this partnership gives it a first mover advantage in the space and will provide edge over the peers.

#### **Spirent and Tata Elxsi announce new customer win in China for their joint**

**Advanced V2X test system:** TELX, announces the adoption of the V2X test system by CAICT (<http://www.caict.ac.cn/english/>), a scientific research institute directly under the Ministry of Industry and Information Technology of China:

- This next generation test system is developed in partnership with Spirent, a global leader in test solutions for automotive networking and communications. It provides a flexible, scalable and comprehensive test environment for testing and performance benchmarking of V2X applications, in various stages of the development cycle, right from early research up to pre-production.
- Using a combination of Tata Elxsi's Patent pending V2X Emulator software and Spirent's advanced solutions for GNSS and radio channel simulation, the integrated V2X test bed offers the ability to bring real-world traffic scenarios into the lab and thereby significantly reduces costs and time associated with extensive field testing.
- Various driving scenarios can be emulated under a variety of terrain, Wireless Channel & atmospheric conditions. The V2X test bed which supports both WAVE-DSRC (US, Asia) and ITS-G5 (Europe) standards, offers a comprehensive platform for both functional and performance assessment of V2V and V2I/I2V safety applications, V2X security testing and test report generation.

**Conference Call Takeaways:**

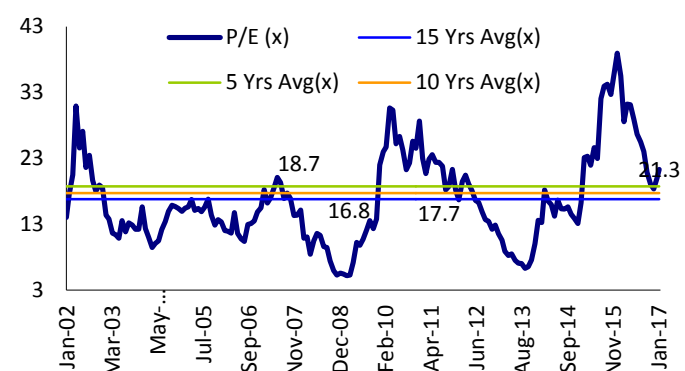
- 3QFY17 was characterized with unfavorable exchange rate movement expect for USD and also there were less number of working days. Growth would have been 18% YoY excl. the currency impact.
- 40% of revenue contribution is from GBP and company covers partly through hedging options.
- The company added 300 new employees during the quarter which led to some pressure on margins. The total headcount now stands at 5,600nos with utilizations levels at 74-75% which are peak.
- Going ahead the company will add employees only on requirement basis
- EPD segment continues to be on steady growth with mix between Transportation and Broadcasting continuing to remain the same. JLR continues to be key client and last quarter contribution stood at 21%.
- The company does not see any structural shortcoming except for currency headwinds, if any. Biggest challenge is managing exchange rates as expense incurred in forex gets booked in actual value when incurred while revenue gets restated. It has not seen any pricing pressure.
- 60% of revenue is from offshore. US employees – H1B is very small, around 60-65% is done locally.
- Top 5 customers contribute 60% while fixed price contract is 35%.
- Future growth will be driven by expanding portfolio of offerings and will concentrate on existing customers. If currency is not unfavorable, then the company can bounce back to 20%+ growth.
- ADAS will be the high growth area
- Driver less car – currently doing testing in controlled environment, now will try it on the roads, It is own R&D effort.

**Valuation and view**

- **Higher offshoring in auto to drive multi-year growth:** With higher penetration of automotive electronics – (software, which comprised 2% of total value of a vehicle in 2000, now comprises 15% of the total value and expected to reach 20% by 2020), just 0.4% offshoring penetration and 40-50% cost savings - offshoring to India can be a multi-year growth story. This, we believe can drive 19% CAGR over FY16-19 in automotive revenues for TELX as against 46% revenue CAGR over FY12-16.
- **Broadcast – another high growth segment:** Similar to automotive, we expect 18% revenue CAGR over in the broadcast division over FY16-19 as against 25% revenue CAGR over FY12-16 segment led by investments by operators in developing newer services and features. With automotive and broadcast together accounting for ~71% of TELX's revenues in FY19, we believe TELX can post 17% overall revenue CAGR between FY16-19.
- **Medical electronics and Internet of Things (IoT) – could see significant contribution going forward:** Medical segment is in incubation currently, and is yet to achieve critical mass. However, given renewed interest in developing this segment, we believe medical electronics could be the fourth core segment for TELX in the software solutions business. TELX is targeting medical devices in point of care and diagnostic segments. Similarly, TELX is working with customers across industries (retail, energy, smart home, healthcare) for IoT developments which hold hyper growth potential.

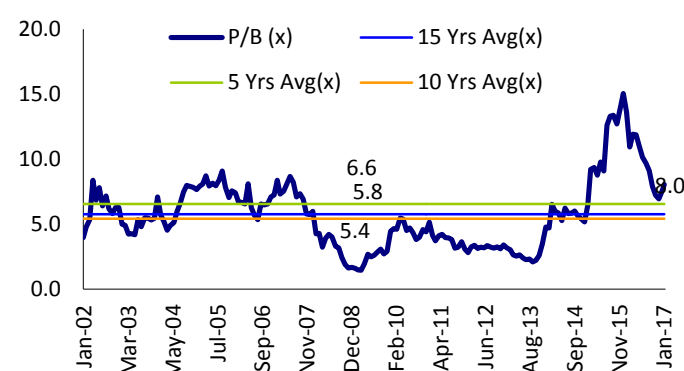
- **Best in class return ratios, cash generation and dividend payout:** With a pure service business model requiring minimal capital investments, TELX delivers superior return ratios – 41% RoCE and 41% RoE for FY19E along with ~45% dividend payout. We expect TELX to derive significant operating and free cash flows from operations, which should total INR5.6b and INR5b, respectively in FY18 & 19.
- We value the stock at 20x FY19E EPS of INR89, arriving at target of INR1,780.

Exhibit 4: 1-year forward PE (x)



Source: MOSL

Exhibit 5: 1-year forward PB (x)



Source: MOSL

Exhibit 6: Key assumptions

Segments	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
Software Development - (A+B+C)	5,530	6,827	7,817	10,075	11,778	13,956	16,619
Systems Integration- (D)	687	921	676	667	667	667	667
<b>Total Revenues (INR m)</b>	<b>6,217</b>	<b>7,748</b>	<b>8,493</b>	<b>10,741</b>	<b>12,445</b>	<b>14,623</b>	<b>17,286</b>
Software Development	22%	23%	15%	29%	17%	18%	19%
Systems Integration	-19%	34%	-27%	5%	0%	0%	0%
<b>Total Revenue Growth (%)</b>	<b>15%</b>	<b>25%</b>	<b>10%</b>	<b>26%</b>	<b>16%</b>	<b>18%</b>	<b>18%</b>
Software Development	89%	88%	92%	94%	95%	95%	96%
Systems Integration	11%	12%	8%	6%	5%	5%	4%
<b>Total Revenue Mix (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Software Development	624	1,379	1,829	2,597	3,027	3,684	4,554
Systems Integration	17	84	54	67	67	67	67
<b>Total EBIT (INR m)</b>	<b>721</b>	<b>1,364</b>	<b>1,765</b>	<b>2,471</b>	<b>2,956</b>	<b>3,562</b>	<b>4,357</b>
Software Development	11%	20%	23%	26%	26%	26%	27%
Systems Integration	2%	9%	8%	10%	10%	10%	10%
<b>Total EBIT Margin (%)</b>	<b>12%</b>	<b>18%</b>	<b>21%</b>	<b>23%</b>	<b>24%</b>	<b>24%</b>	<b>25%</b>
Software Development	97%	94%	97%	97%	98%	98%	99%
Systems Integration	3%	6%	3%	3%	2%	2%	1%
<b>Total EBIT Mix (%)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company, MOSL

## Financials and Valuations

Income Statement							(INR Million)		
Y/E March	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
<b>Total Income from Operations</b>	<b>4,159</b>	<b>5,387</b>	<b>6,217</b>	<b>7,748</b>	<b>8,494</b>	<b>10,752</b>	<b>12,445</b>	<b>14,623</b>	<b>17,286</b>
Change (%)	7.1	29.5	15.4	24.6	9.6	26.6	15.7	17.5	18.2
<b>EBITDA</b>	<b>472</b>	<b>740</b>	<b>721</b>	<b>1,365</b>	<b>1,766</b>	<b>2,471</b>	<b>2,962</b>	<b>3,568</b>	<b>4,356</b>
Margin (%)	11.3	13.7	11.6	17.6	20.8	23.0	23.8	24.4	25.2
Depreciation	172	205	237	350	247	226	267	298	327
<b>EBIT</b>	<b>300</b>	<b>535</b>	<b>483</b>	<b>1,015</b>	<b>1,518</b>	<b>2,245</b>	<b>2,695</b>	<b>3,270</b>	<b>4,029</b>
Int. and Finance Charges	19	23	39	18	0	0	0	0	0
Other Income	39	42	48	126	41	119	94	122	158
<b>PBT bef. EO Exp.</b>	<b>320</b>	<b>554</b>	<b>493</b>	<b>1,122</b>	<b>1,560</b>	<b>2,363</b>	<b>2,789</b>	<b>3,392</b>	<b>4,188</b>
<b>PBT after EO Exp.</b>	<b>320</b>	<b>554</b>	<b>334</b>	<b>1,122</b>	<b>1,560</b>	<b>2,363</b>	<b>2,702</b>	<b>3,392</b>	<b>4,188</b>
Current Tax	32	144	102	376	535	815	913	1,146	1,415
Deferred Tax	-37	22	8	24	-4	0	0	0	0
Tax Rate (%)	-1.7	30.1	32.9	35.6	34.0	34.5	33.8	33.8	33.8
<b>Reported PAT</b>	<b>325</b>	<b>346</b>	<b>213</b>	<b>723</b>	<b>1,029</b>	<b>1,548</b>	<b>1,789</b>	<b>2,245</b>	<b>2,772</b>
<b>Adjusted PAT</b>	<b>325</b>	<b>346</b>	<b>320</b>	<b>723</b>	<b>1,029</b>	<b>1,548</b>	<b>1,846</b>	<b>2,245</b>	<b>2,772</b>
Change (%)	-33.4	6.4	-7.6	126.1	42.3	50.5	19.2	21.6	23.5
Margin (%)	7.8	6.4	5.1	9.3	12.1	14.4	14.8	15.4	16.0

Balance Sheet							(INR Million)		
Y/E March	FY11	FY12	FY13	FY14	FY15	FY16	FY17E	FY18E	FY19E
Equity Share Capital	311	311	311	311	311	311	311	311	311
Total Reserves	1,512	1,608	1,640	2,046	2,523	3,546	4,513	5,750	7,215
<b>Net Worth</b>	<b>1,824</b>	<b>1,920</b>	<b>1,952</b>	<b>2,357</b>	<b>2,834</b>	<b>3,857</b>	<b>4,824</b>	<b>6,061</b>	<b>7,526</b>
Deferred Liabilities	120	131	192	128	0	0	0	0	0
Total Loans	254	342	585	0	0	0	0	0	0
<b>Capital Employed</b>	<b>2,198</b>	<b>2,392</b>	<b>2,729</b>	<b>2,485</b>	<b>2,834</b>	<b>3,857</b>	<b>4,824</b>	<b>6,061</b>	<b>7,526</b>
Gross Block	1,675	1,963	2,190	1,821	2,293	2,603	2,953	3,253	3,553
Less: Accum. Deprn.	768	964	1,198	853	1,308	1,534	1,801	2,098	2,425
<b>Net Fixed Assets</b>	<b>908</b>	<b>999</b>	<b>992</b>	<b>968</b>	<b>985</b>	<b>1,070</b>	<b>1,153</b>	<b>1,155</b>	<b>1,128</b>
Capital WIP	118	105	213	126	26	19	0	0	0
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,991</b>	<b>2,243</b>	<b>2,449</b>	<b>2,789</b>	<b>3,640</b>	<b>4,895</b>	<b>6,312</b>	<b>8,052</b>	<b>10,228</b>
Inventory	6	0	3	0	3	0	0	0	0
Account Receivables	1,164	1,369	1,567	1,748	1,791	2,152	2,728	3,205	3,789
Cash and Bank Balance	208	267	233	515	1,333	1,825	2,574	3,785	5,272
Loans and Advances	613	606	645	526	514	919	1,011	1,061	1,167
<b>Curr. Liability &amp; Prov.</b>	<b>924</b>	<b>1,048</b>	<b>1,071</b>	<b>1,458</b>	<b>1,821</b>	<b>2,140</b>	<b>2,654</b>	<b>3,158</b>	<b>3,842</b>
Account Payables	573	719	830	994	1,139	1,250	1,466	1,723	2,036
Provisions	351	329	241	463	682	889	1,188	1,435	1,806
<b>Net Current Assets</b>	<b>1,067</b>	<b>1,195</b>	<b>1,378</b>	<b>1,331</b>	<b>1,819</b>	<b>2,756</b>	<b>3,658</b>	<b>4,893</b>	<b>6,385</b>
Deferred Tax assets	105	93	147	59	4	13	13	13	13
<b>Appl. of Funds</b>	<b>2,198</b>	<b>2,392</b>	<b>2,729</b>	<b>2,485</b>	<b>2,834</b>	<b>3,857</b>	<b>4,824</b>	<b>6,061</b>	<b>7,526</b>

## Financials and Valuations

<b>Ratios</b>									
<b>Y/E March</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17E</b>	<b>FY18E</b>	<b>FY19E</b>
<b>Basic (INR)</b>									
<b>EPS</b>	<b>10.4</b>	<b>11.1</b>	<b>10.3</b>	<b>23.2</b>	<b>33.0</b>	<b>49.7</b>	<b>59.3</b>	<b>72.1</b>	<b>89.0</b>
Cash EPS	16.0	17.7	17.9	34.5	41.0	57.0	67.8	81.7	99.5
BV/Share	58.6	61.7	62.7	75.7	91.0	123.9	154.9	194.6	241.7
DPS	7.0	7.0	5.0	9.0	11.0	14.0	22.0	27.0	35.0
Payout (%)	77.7	73.2	85.5	45.3	39.9	33.8	45.9	44.9	47.1
<b>Valuation (x)</b>									
P/E				63.4	44.5	29.6	24.8	20.4	16.5
Cash P/E				42.7	35.9	25.8	21.7	18.0	14.8
P/BV				19.4	16.2	11.9	9.5	7.6	6.1
EV/Sales				5.8	5.2	4.1	3.5	2.9	2.3
EV/EBITDA				33.2	25.2	17.8	14.6	11.8	9.3
<b>Return Ratios (%)</b>									
RoE	18.2	18.5	16.5	33.6	39.6	46.3	42.5	41.3	40.8
RoCE	16.5	18.6	14.9	30.0	39.6	46.3	42.5	41.3	40.8
RoIC	15.6	19.2	15.1	31.7	60.3	84.3	83.7	95.7	117.8
<b>Working Capital Ratios</b>									
Asset Turnover (x)	1.9	2.3	2.3	3.1	3.0	2.8	2.6	2.4	2.3
Debtor (Days)	102	93	92	82	77	73	80	80	80
<b>Leverage Ratio (x)</b>									
Current Ratio	2.2	2.1	2.3	1.9	2.0	2.3	2.4	2.5	2.7
Debt/Equity	0.1	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash Flow Statement (INR Million)</b>									
<b>Y/E March</b>	<b>FY11</b>	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17E</b>	<b>FY18E</b>	<b>FY19E</b>
OP/(Loss) before Tax	320	554	334	1,122	1,551	2,363	2,789	3,392	4,188
Depreciation	172	205	237	350	255	226	267	298	327
Interest & Finance Charges	16	23	23	16	-54	0	0	0	0
Direct Taxes Paid	-104	-138	-177	-174	-392	-815	-913	-1,146	-1,415
(Inc)/Dec in WC	142	-86	-89	-99	74	-445	-240	-24	-6
<b>CF from Operations</b>	<b>546</b>	<b>558</b>	<b>328</b>	<b>1,215</b>	<b>1,434</b>	<b>1,329</b>	<b>1,902</b>	<b>2,519</b>	<b>3,093</b>
Others	163	66	51	73	-4	0	0	0	0
<b>CF from Operating incl EO</b>	<b>709</b>	<b>624</b>	<b>379</b>	<b>1,288</b>	<b>1,430</b>	<b>1,329</b>	<b>1,902</b>	<b>2,519</b>	<b>3,093</b>
(inc)/dec in FA	-290	-282	3	1	-329	-304	-331	-300	-300
<b>Free Cash Flow</b>	<b>419</b>	<b>342</b>	<b>382</b>	<b>1,289</b>	<b>1,101</b>	<b>1,026</b>	<b>1,571</b>	<b>2,219</b>	<b>2,793</b>
(Pur)/Sale of Investments	0	0	0	0	0	0	0	0	0
Others	3	-51	-307	-221	38	0	0	0	0
<b>CF from Investments</b>	<b>-287</b>	<b>-332</b>	<b>-304</b>	<b>-221</b>	<b>-290</b>	<b>-304</b>	<b>-331</b>	<b>-300</b>	<b>-300</b>
Issue of Shares	0	0	0	0	0	0	0	0	0
(Inc)/Dec in Debt	-85	44	183	-585	0	0	0	0	0
Interest Paid	-19	-23	-39	-18	0	0	0	0	0
Dividend Paid	-217	-218	-218	-156	-321	-523	-821	-1,008	-1,307
Others	-36	-35	-35	-26	0	-11	0	0	0
<b>CF from Fin. Activity</b>	<b>-357</b>	<b>-232</b>	<b>-109</b>	<b>-786</b>	<b>-321</b>	<b>-534</b>	<b>-821</b>	<b>-1,008</b>	<b>-1,307</b>
<b>Inc/Dec of Cash</b>	<b>65</b>	<b>59</b>	<b>-34</b>	<b>282</b>	<b>818</b>	<b>492</b>	<b>750</b>	<b>1,211</b>	<b>1,486</b>
Opening Balance	143	208	267	233	515	1,333	1,825	2,574	3,785
<b>Closing Balance</b>	<b>208</b>	<b>267</b>	<b>233</b>	<b>515</b>	<b>1,333</b>	<b>1,825</b>	<b>2,574</b>	<b>3,785</b>	<b>5,272</b>

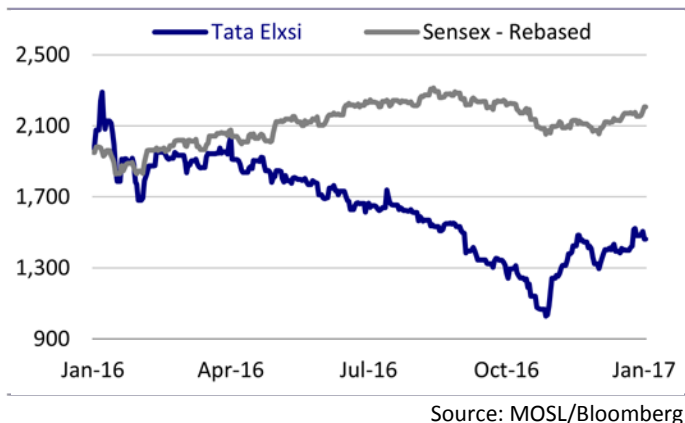


## Corporate profile

### Company description

Incorporated in 1989, Tata Elxsi (TELX) operates in two core segments – software, which contributes 88% to revenues, and systems integration, which contributes 12% to revenues. In the software vertical, 77% of revenues are derived from embedded product development (EPD), followed by industrial design, which contributes 9% to revenues, and the balance 2% is derived from visual computing labs (VCL). Within EPD, TELX caters to three core industries – automotive (40% of EPD revenues), broadcast (35% of EPD revenues) and communications (25% of EPD revenues). TELX employs 4,200 people and derives approximately equal revenues from US, Europe and Asia.

### Exhibit 1: Sensex rebased



### Exhibit 2: Shareholding pattern (%)

	Dec-16	Sep-16	Dec-15
Promoter	44.6	44.6	44.8
DII	5.6	3.5	3.8
FII	8.1	11.3	11.9
Others	41.7	40.6	39.5

Note: FII Includes depository receipts

Source: Capitaline

### Exhibit 3: Top holders

Holder Name	% Holding
JP MORGAN	2.0
Motilal Oswal Most Focused Midcap 30 Fund	1.8
LIFE INSURANCE CORPORATION	1.2

Source: Capitaline

### Exhibit 4: Top management

Name	Designation
N G Subramaniam	Chairman
Madhukar Dev	Managing Director & CEO
G Vaidyanathan	Company Secretary

Source: Capitaline

### Exhibit 5: Directors

Name	Name
Gopichand Katragadda	M S Ananth
P McGoldrick	Shyamala Gopinath
Sudhakar Rao	

\*Independent

### Exhibit 6: Auditors

Name	Type
Deloitte Haskins & Sells	Statutory

Source: Capitaline

### Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY17	59.3	60.2	-1.5
FY18	72.1	73.6	-2.0
FY19	89.0	88.4	0.7

Source: Bloomberg



NOTES

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No

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