

Estimate change



TP change



Rating change

CMP: INR4,651

TP: INR3,350 (-28%)

Sell

Guidance resets as vertical recovery uneven

Deal ramp-up delays weigh on the growth

Bloomberg	TELX IN
Equity Shares (m)	62
M.Cap.(INRb)/(USDb)	289.7 / 3.1
52-Week Range (INR)	6735 / 3966
1, 6, 12 Rel. Per (%)	3/-8/-15
12M Avg Val (INR M)	1587
Free float (%)	56.1

Financials & Valuations (INR b)

Y/E Mar	FY26	FY27E	FY28E
Sales	37.6	42.3	46.7
EBIT Margin (%)	20.0	22.5	23.7
PAT	6.3	8.6	9.4
EPS (INR)	100.9	138.2	151.2
EPS Gr. (%)	(19.9)	37.0	9.4
BV/Sh. (INR)	488.3	551.5	627.8

Ratios

RoE (%)	21.3	26.6	25.7
RoCE (%)	15.5	17.9	18.9
Payout (%)	74.3	60.0	60.0

Valuations

P/E (x)	46.1	33.7	30.8
P/BV (x)	9.5	8.4	7.4
EV/EBITDA (x)	32.3	25.7	21.7
Div Yield (%)	1.6	1.8	2.0

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	43.9	43.9	43.9
DII	12.3	10.4	7.5
FII	8.6	12.5	13.3
Others	35.2	33.2	35.3

FII Includes depository receipts

■ Tata Elxsi (TELX) reported revenue of USD109m in 4QFY26, up 0.9% QoQ in CC terms, below our estimate of 2.0% CC. Growth was led by media and communication business (up 5.6% QoQ CC), whereas HLS declined 13.1% QoQ CC. EBIT margin was 22.3% (up 140bp QoQ), above our estimate of 20.4%. Adj. PAT was up 23.1%/27.8% QoQ/YoY to INR2,204m (above our est. of INR1,841m).

■ For FY26, revenue grew 0.8% YoY, while EBIT/adj. PAT declined 13.2%/11% YoY in INR terms compared to FY25. We expect revenue/EBIT/adj. PAT to grow by 15%/32.6%/36.8% YoY in 1QFY27. FY26 RoE came in at 21.3% (vs. 29.3%/34.5%/41.0% in FY25/FY24/FY23).

■ TELX's outlook has turned more conservative, with FY27 growth guided to be in high-single digits amid delayed deal closures and elongated decision cycles. We value the stock at 22x FY28E EPS, with a TP of INR3,350. We reiterate our Sell rating.

Our view: Transportation strength helps; HLS is likely to be bottomed out

■ **Near-term growth moderated; demand remains mixed:** 4QFY26 revenue growth of ~0.9% QoQ CC reflects a subdued exit, with delays in deal closures and elongated decision cycles weighing on momentum. **Management has lowered FY27 outlook to high-single-digit growth, suggesting limited near-term visibility (we build in 7.3% YoY cc growth for FY27).** While deal wins continue, conversion into revenue remains uneven, indicating a mixed demand environment.

■ **Deal wins intact, but ramp-up timing is key:** The company continues to win across verticals, including new logos in Transportation and a large consolidation deal in Media & Communication. However, new deals typically take 9–12 months to scale, and some Healthcare deals slipped into 1Q. We believe growth in FY27 will be driven by the ramp-up of existing wins and wallet share expansion.

■ **Transportation steady; HLS likely bottoming out:** Transportation remains the key driver, supported by OEM-led engagements and rising offshoring. Media & Communication continues to witness cost-takeout-driven spends amid industry consolidation. Healthcare & Life Sciences growth was impacted by timing delays, but management indicated 4Q as the trough, with a recovery expected from 1Q. We see early signs of stabilization, though growth is likely to remain uneven across verticals.

■ **Margins supported by utilization; gradual improvement ahead:** EBITDA margin expanded to 24.6%, aided by currency tailwinds and operating leverage, particularly utilization gains. While fixed-price contracts and pyramid optimization are supporting margins, wage hikes, and deal ramp-up costs could limit sharp upside. Management targets ~27% exit margin in FY27, we expect margin normalization to be gradual as deal ramp-ups, hiring, and continued investments in GenAI and domain capabilities resume. We expect 25.0% margin for FY27.

Abhishek Pathak - Research Analyst (Abhishek.Pathak@MotilalOswal.com)

Keval Bhagat - Research Analyst (Keval.Bhagat@MotilalOswal.com)

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuations and changes to our estimates

- While 4QFY26 saw modest growth, TELX's outlook has turned more conservative, with FY27 growth guided to be in high-single digits amid delayed deal closures and elongated decision cycles. Growth remains dependent on ramp-up of existing deals and Transportation-led momentum, while Media and Healthcare recovery is gradual. We expect USD revenue growth to remain moderate at ~7% CAGR over FY26–28.
- We have modestly revised our estimates for FY27/FY28 by 1%. Margin expansion is expected to be gradual and back-ended, with EBIT margins expanding to 23.7%. We value the stock at 22x FY28E EPS, with a TP of INR3,350. We reiterate our Sell rating.

Miss on revenues and beat on margins; Media & Comms. leads growth

- USD revenue came in at USD109m, up 0.9% QoQ in CC terms but below our estimate of 2.0% QoQ CC growth. FY26 revenue stood at USD411.9b, down 3.5% YoY.
- Growth was led by the media and communication business (up 5.6% QoQ CC), whereas HLS declined 13.1% QoQ CC.
- In terms of geographies, Europe/RoW was up 4.1%/21.4% QoQ in USD terms while Americas was down 8.1%.
- EBIT margin was 22.3% (up 140bp QoQ), above our estimate of 20.4%. For FY26, EBIT margin stood at 20.0% vs 23.3% in FY25.
- Adj. PAT was up 23.1%/27.8% QoQ/YoY to INR2,204m (above our est. of INR1,841m).
- Net headcount increased by 287 employees to 12,414 (up 2.3% QoQ) in 4QFY26. Attrition (LTM) decreased by 170bp QoQ to 13.3%.

Key highlights from the management commentary

- Geopolitical uncertainties and global trade tensions are creating incremental caution among clients, particularly in deal decision timelines and ramp-up commitments.
- Consolidation and cost-takeout deals dominate across Media & Communication; innovation-led spending remains subdued in that vertical.
- Pyramid management and supply-demand optimization were cited as a key operating efficiency lever contributing to margin expansion.
- AI benefits are being reflected both in internal efficiencies and in value delivered to clients; pricing power improves where productivity gains can be demonstrated.
- ER&D business model nuance highlighted: Unlike large IT services, ER&D contracts are project-based and shorter in tenure, implying ~10–15% revenue run-off each quarter that must be continuously replenished through new wins; execution consistency and funnel management are, therefore, structurally critical.
- Current utilization of ~73% provides a meaningful buffer, with management comfortable operating up to ~80-82% before necessitating material headcount additions.

Valuation and view

- While 4QFY26 saw modest growth, TELX's outlook has turned more conservative, with FY27 growth guided to be in high-single digits amid delayed deal closures and elongated decision cycles. Growth remains dependent on the ramp-up of existing deals and Transportation-led momentum, while Media and Healthcare recovery is gradual. We expect USD revenue growth to remain moderate at ~7% CAGR over FY26–28.
- We have modestly revised our estimates for FY27/FY28 by 1%. Margin expansion is expected to be gradual and back-ended, with EBIT margins expanding to 23.7%. We value the stock at 22x FY28E EPS, with a TP of INR3,350. We maintain our Sell rating.

Exhibit 1: Vertical-wise performance (QoQ, %)

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Transportation	3.2	2.0	6.4	3.1	9.8	4.8	8.4	-3.3	-9.3	5.2	-2.0	5.7	1.1
Media and Communications	2.5	0.3	-0.4	0.8	-11.7	1.1	-1.9	-0.2	-6.6	-3.7	4.5	-2.0	6.9
Healthcare and Life Sciences	0.5	3.6	3.2	4.4	-10.8	-4.5	-10.5	0.5	2.9	-5.5	-4.1	-5.7	-12.5

Source: Company, MOFSL

Exhibit 2: Region-wise performance (QoQ, %)

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Europe	4.9	7.0	10.2	4.0	-1.4	7.0	3.9	-7.7	-11.3	3.9	-1.7	10.7	4.1
Americas	-0.8	-1.4	1.5	-3.0	-4.6	-4.3	-7.7	-0.5	-6.3	-2.0	5.4	3.1	-8.1
India	9.5	-0.2	-6.0	8.7	4.5	4.0	9.7	0.7	9.2	-11.9	-3.7	-10.5	2.3
RoW	-5.6	-7.2	-4.7	19.5	9.5	5.5	31.1	9.3	-7.5	15.0	2.3	-11.5	21.4

Source: Company, MOFSL

Quarterly performance

Y/E March									(INR M)			
	FY25				FY26				FY25	FY26	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QFY26	(% / bp)
Revenue (USD m)	111	114	111	105	105	105	107	109	441	426	109	-0.1
QoQ (%)	2.2	2.7	-2.5	-5.4	-0.3	0.4	1.8	1.7			1.8	-11bp
Revenue (INR m)	9,265	9,551	9,392	9,083	8,921	9,181	9,535	9,938	37,290	37,575	9,948	-0.1
YoY (%)	9.0	8.3	2.7	0.3	-3.7	-3.9	1.5	9.4	5.0	0.8	9.5	-11bp
GPM (%)	27.2	27.9	26.3	22.9	20.9	21.1	23.3	24.6	26.1	22.5	22.8	181bp
SGA (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0bp
EBITDA	2,523	2,664	2,466	2,077	1,867	1,933	2,222	2,446	9,730	8,469	2,268	7.8
EBITDA Margin (%)	27.2	27.9	26.3	22.9	20.9	21.1	23.3	24.6	26.1	22.5	22.8	181bp
EBIT	2,252	2,393	2,207	1,830	1,625	1,699	1,994	2,213	8,681	7,531	2,030	9.0
EBIT Margin (%)	24.3	25.1	23.5	20.1	18.2	18.5	20.9	22.3	23.3	20.0	20.4	186bp
Other income	272	595	352	385	339	448	425	465	1,603	1,677	458	1.6
ETR (%)	27.1	23.2	22.2	22.1	26.5	27.9	26.0	17.7	23.7	24.1	26.0	-829bp
Adj PAT	1,841	2,294	1,990	1,724	1,444	1,548	1,791	2,204	7,850	6,987	1,841	19.7
Exceptional items	0.0	0.0	0.0	0.0	0.0	0.0	702	0.0	0.0	702	0.0	
PAT	1,841	2,294	1,990	1,724	1,444	1,548	1,089	2,204	7,850	6,285	1,841	19.7
QoQ (%)	-6.5	24.6	-13.3	-13.4	-16.3	7.2	-29.7	102.4			69.1	
YoY (%)	-2.5	14.7	-3.6	-12.4	-21.6	-32.5	-45.3	27.8	-0.9	-11.0	6.8	
EPS (INR)	29.6	36.8	31.9	27.7	23.2	24.9	17.5	35.4	126.0	100.9	29.6	19.7

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY25				FY26				FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Revenue (QoQ CC %)	2.4	0.2	0.0	-0.6	-3.9	1.0	3.2	0.9	
Margins (%)									
Gross Margin	27.2	27.9	26.3	22.9	20.9	21.1	23.3	24.6	26.1
EBIT Margin	24.3	25.1	23.5	20.1	18.2	18.5	20.9	22.3	23.3
Net Margin	19.9	24.0	21.2	19.0	16.2	16.9	18.8	22.2	21.1
Operating metrics									
Headcount	13,142	12,793	12,878	12,414	12,127	11,951	11,594	11,590	12,414
Attrition (%)	12.3	12.5	12.4	13.3	15.0	15.4	15.6	15.8	13.3
Key Geographies (YoY %)									
Europe	21.1	14.1	1.2	-9.0	-11.7	-16.4	0.4	17.8	6.4
USA	-10.0	-18.2	-16.2	-17.7	-15.7	-3.8	-0.3	-2.2	-15.5



Highlights from the management commentary

4QFY26 performance and demand outlook

- Geopolitical uncertainties and global trade tensions are creating incremental caution among clients, particularly in deal decision timelines and ramp-up commitments.
- Management revised FY27 growth outlook from double-digit to high-single-digit, reflecting a more conservative stance amid the current macro environment.
- Consolidation and cost-takeout deals dominate across Media & Communication; innovation-led spending remains subdued in that vertical.
- Offshoring tailwinds are emerging as OEM clients seek to sustain engineering activity within tighter budgets; TELX is well-positioned, given its track record of complex offshore delivery.
- New logos typically take 9-12 months to scale meaningfully; new customer revenues contribute 2-2.5% of quarterly revenues, with the bulk of growth driven by wallet-share expansion in existing accounts.
- Revenue came in at INR993.8 crore in 4QFY26, reflecting modest sequential growth of 0.9% QoQ in constant currency (CC) terms—a stable, if unspectacular, exit to the fiscal year.
- **Transportation:** The company secured two strategic wins in 4Q, a new-age OEM in APAC and a next-generation mobility services company in the US; both represent new logos and are expected to ramp over the next 6–12 months.
- **Healthcare & Life Sciences:** Two large deals that were expected to close in 4Q slipped into 1QFY27. The delay was deal-specific and not demand-driven; management expressed confidence that these have since been closed in early 1Q.
- **Media & Communication:** The company won a multi-year, large deal from a leading global device OEM covering its full portfolio of video and broadband products – a significant consolidation mandate, and a new muscle for TELX in ‘take-over and run’ type engagements.
- The company has also secured a strategic adtech deal with a Tier-1 US telco during the quarter.
- **Healthcare:** The company opened an offshore development center (ODC) for Terumo Corporation (Japan-based medtech leader) - a new logo win combining design, engineering, and digital for cardiac and vascular solutions.

- **Transportation:** OEM mix has structurally improved to ~77% of Transportation revenues, up materially over the past 2-3 years, reducing exposure to pressured Tier-1 suppliers.
- AI adoption in automotive remains nascent given regulatory requirements (functional safety, cybersecurity); TELX's proprietary Dev Studio AI platform has been developed specifically to address OEM concerns around IP protection and compliance.
- **Healthcare & Life Sciences:** The segment declined ~13.1% QoQ in CC terms in 4Q4FY26 - a sharp sequential deterioration driven entirely by deal closure delays rather than demand erosion.
- Two large, high-probability deals that were expected to close within 4Q slipped into 1Q; both have since been won in early 1QFY27, according to management.
- ODC for Terumo Corporation is a meaningful new logo addition; expected to ramp over coming quarters.
- Management views Q4 as the trough for this vertical; recovery expected from 1QFY27 onwards.
- **Media & Communication:** Management was candid that the industry is not "out of the woods" -telecom operators and media/content studios remain under pressure, with spending skewed toward cost efficiency over innovation.
- Ongoing M&A activity within media clients creates additional headwinds (duplicate engineering teams post-merger reduce outsourcing dependency)
- **Americas:** US business saw a net decline in the quarter, primarily due to Healthcare softness (largely US-centric); Media & Communication in the US delivered growth
- **APMEA:** Notable activity in the quarter: new OEM win in APAC (Transportation) and ODC launch for Terumo in Japan (Healthcare)
- APAC and India expected to be incremental growth contributors in FY27
- Current utilization of ~73% provides meaningful buffer -management comfortable operating up to ~80-82% before necessitating material headcount additions
- Pyramid management and supply-demand optimization cited as a key operating efficiency lever contributing to margin improvement
- FY26 saw significant advancement in AI adoption internally: launched proprietary automotive SDLC platform (Dev Studio AI), built curated tool stacks, deployed agent inventory, invested in sandboxed environments with IP protection, and conducted enterprise-wide upskilling
- Tata Elxsi is progressing toward being an "AI-native engineering organization" - AI is being embedded across delivery to drive productivity, quality, and time-to-market improvements
- AI benefits are being reflected both in internal efficiencies and in value delivered to clients; pricing power improves where productivity gains can be demonstrated
- Management is balanced in AI pricing: not aggressively discounting (over-assuming AI productivity), nor conservative; tracking AI contribution per project with a clear margin recovery intent
- Competition in select deals is pricing aggressively (potentially assuming AI-led productivity), but management noted clients themselves are cautious about accepting fully AI-generated solutions without validation
- New verticals in incubation: (1) Aerospace & Defense -actively pursuing opportunities with India's Aeronautical Development Agency and select global players; (2) Battery Energy Storage Systems (BESS) -targeting growing demand

from AI-driven data centers and EV charging infrastructure; (3) Manufacturing - early-stage capabilities being built with select initial customers.

- Management expects at least 1–2 of these emerging verticals to reach meaningful revenue scale within the next 4–6 quarters.
- ER&D business model nuance highlighted: unlike large IT services, ER&D contracts are project-based and shorter in tenure -implying ~10–15% revenue run-off each quarter that must be continuously replenished through new wins; execution consistency and funnel management are therefore structurally critical.

Margin outlook

- EBITDA margin expanded ~30 bps QoQ to 24.6% in 4QFY26, continuing a multi-quarter improvement trend.
- Margin bridge for the quarter: ~155bp tailwind from favorable currency movements; ~65bp from operating leverage (utilization improvement, pyramid optimization, fixed-price efficiencies); offset by ~90bp headwind from mid-year salary revisions (effective January), netting to ~130bp expansion QoQ.
- Utilization improved to ~73% from sub-70% levels; management estimates ~25-30bp margin benefit per 1% utilization increase, indicating continued headroom as utilization moves toward 80-82%.
- Fixed-price contracts are contributing to better pyramid rationalization and improved margin delivery, though management cautioned against an aggressive shift (beyond current levels) given execution risk.
- Near-term margin trajectory is expected to be gradual rather than step-up in nature, with target to exit FY27 at ~27% EBITDA margin (exit-quarter basis, not full-year average).
- Longer-duration deals carry front-loaded costs (rebadging, transition), but margins are expected to improve progressively through AI-enabled efficiencies and operating leverage over the contract lifecycle.

Valuation and view

- While 4QFY26 saw modest growth, TELX's outlook has turned more conservative, with FY27 growth guided to be in high-single digits amid delayed deal closures and elongated decision cycles. Growth remains dependent on ramp-up of existing deals and Transportation-led momentum, while Media and Healthcare recovery is gradual. We expect USD revenue growth to remain moderate at ~7% CAGR over FY26–28.
- We have modestly revised our estimates for FY27/FY28 by 1%. Margin expansion is expected to be gradual and back-ended, with EBIT margins improving to 23.7%. We value the stock at 22x FY28E EPS, with a TP of INR3,350. We reiterate our Sell rating.

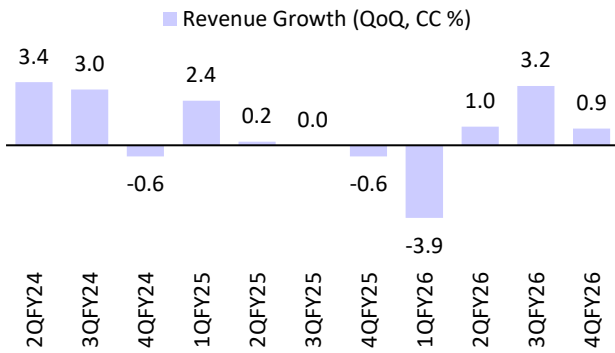
Exhibit 3: Summary of our revised estimates

	Revised		Earlier		Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
INR/USD	93.8	95.0	93.8	93.8	0.0%	1.3%
USD Revenue (m)	451	492	456	511	-1.2%	-3.7%
Growth (%)	5.77	9.2	7.0	12.0	-130bps	-280bps
EBIT margin (%)	22.5	23.7	22.4	24.0	10bps	-30bps
Adj. PAT (INR b)	8,611	9,423	8,628	9,526	-0.2%	-1.1%
Adj. EPS	138.2	151.2	138.5	152.9	-0.3%	-1.1%

Source: MOFSL

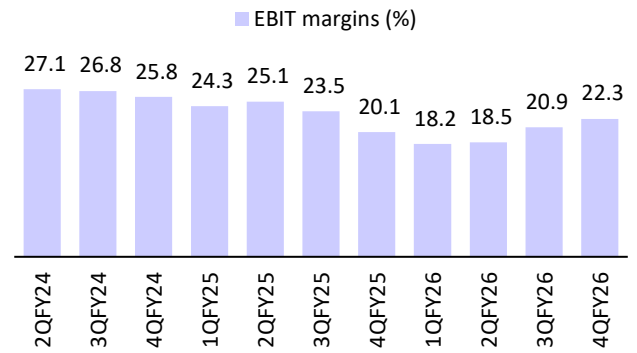
Story in charts

Exhibit 4: Revenue declined to 0.9% QoQ CC growth



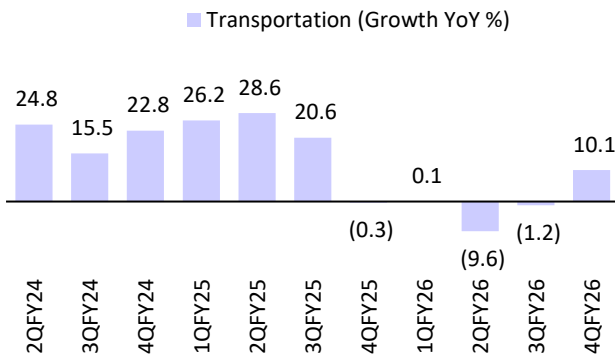
Source: Company, MOFSL

Exhibit 5: EBIT margin was up 140bp QoQ



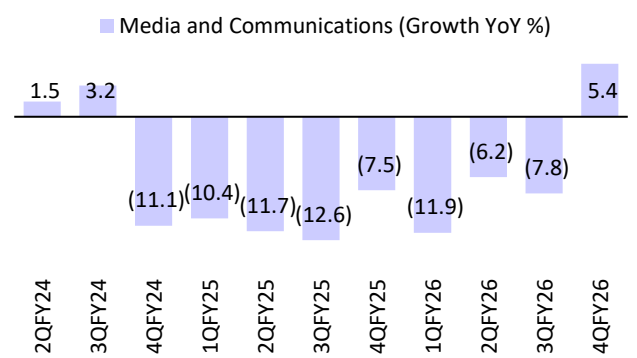
Source: Company, MOFSL

Exhibit 6: Transportation increased to 10.1% QoQ growth



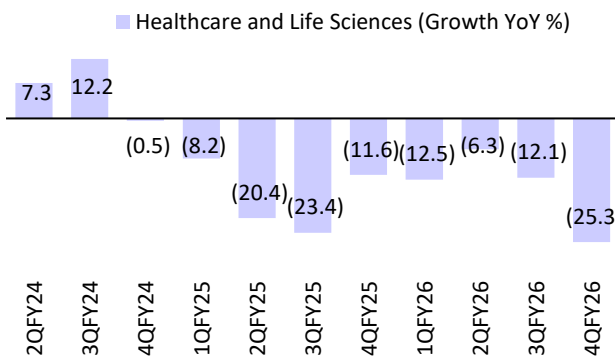
Source: Company, MOFSL

Exhibit 7: Media and comms has shown significant recovery



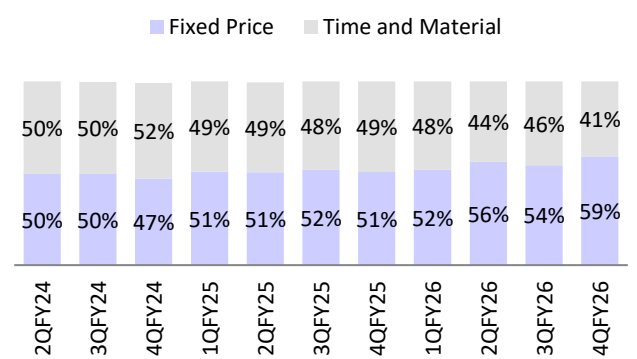
Source: Company, MOFSL

Exhibit 8: HLS is likely to bottomed out in 4Q



Source: Company, MOFSL

Exhibit 9: T&M decreased by 5%



Source: Company, MOFSL

Operating metrics

Exhibit 10: Operating metrics

	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
Verticals (%)									
Transportation	51.4	52.8	55.7	55.0	53.4	55.8	54.7	56.6	56.3
Media and Communications	33.6	33.3	31.8	32.4	32.4	31.0	32.4	31.1	32.7
Healthcare and Life Sciences	14.1	13.2	11.5	11.8	13.0	12.2	11.7	10.8	9.3
Geographies (%)									
Europe	40.3	42.2	42.7	40.4	37.9	39.5	38.7	42.1	43.1
Americas	36.0	33.7	30.3	30.9	30.6	30.1	31.6	32.0	28.9
India	17.3	17.6	18.8	19.4	22.4	19.8	19.0	16.7	16.8
Row	6.3	6.5	8.3	9.3	9.1	10.5	10.7	9.3	11.1
Segments (%)									
Software Development and Services	97.2	97.0	97.1	97.5	96.3	97.3	96.9	97.2	97.1
System Integration and Support	2.8	3.0	2.9	2.5	3.7	2.7	3.1	2.8	2.9
Project Type (%)									
Fixed Price	47.1	50.9	50.5	51.9	50.7	51.9	56.3	54.4	58.9
Time and Material	52.1	49.1	49.0	48.1	49.3	48.1	43.7	45.6	41.1
Revenue Mix (%)									
Onsite	26.3	27.2	25.3	25.8	25.9	26.9	26.1	27.0	25.0
Offsite	73.7	72.8	74.7	74.2	74.1	73.1	73.9	73.0	75.0
QoQ growth (CC, %)									
Transportation	1.2	5.3	4.4	0.5	-9.7	0.0	-0.5	7.3	0.2
Media and Communications	-4.0	0.5	-2.6	0.4	-6.3	-5.5	3.7	-1.3	5.6
Healthcare and Life Sciences	0.2	-4.3	-11.2	1.1	3.5	-6.7	-4.6	-4.3	-13.1
Client Metrics (%)									
Top 5 Clients	46.2	47.2	45.1	44.8	46.2	44.7	44.2	49.4	49.6
Top 10 Clients	55.9	58.0	55.6	54.2	55.9	54.6	54.7	59.4	58.8
Employee Metrics (%)									
Total Employees	13,399	13,142	12,793	12,878	12,414	12,127	11,951	11,594	11,590
Attrition (%)	12.4	12.3	12.5	12.4	13.3	15.0	15.4	15.6	15.8

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement						(INR m)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	24,708	31,447	35,521	37,290	37,575	42,277	46,742
Change (%)	35.3	27.3	13.0	5.0	0.8	12.5	10.6
Employees Cost	17,050	21,834	25,057	27,561	29,106	31,695	34,354
Total Expenditure	17,050	21,834	25,057	27,561	29,106	31,695	34,354
% of Sales	69.0	69.4	70.5	73.9	77.5	75.0	73.5
Gross Profit	7,658	9,613	10,464	9,730	8,469	10,582	12,388
SG&A	0	0	0	0	0	0	0
EBITDA	7,658	9,613	10,464	9,730	8,469	10,582	12,388
% of Sales	31.0	30.6	29.5	26.1	22.5	25.0	26.5
Depreciation	557	814	994	1,049	938	1,078	1,309
EBIT	7,101	8,799	9,470	8,681	7,531	9,503	11,079
% of Sales	28.7	28.0	26.7	23.3	20.0	22.5	23.7
Other Income	351	576	1,017	1,603	1,677	1,902	1,402
PBT	7,452	9,375	10,487	10,284	9,209	11,406	12,482
Total Tax	1,958	1,823	2,564	2,435	2,221	2,795	3,058
Tax Rate (%)	26.3	19.4	24.5	23.7	24.1	24.5	24.5
Adjusted PAT	5,494	7,552	7,922	7,850	6,987	8,611	9,423
Change (%)	49.2	37.5	4.9	-0.9	-11.0	23.2	9.4
Margin (%)	22.2	24.0	22.3	21.1	18.6	20.4	20.2
Minority Interest/Exceptional Items	0	0	0	0	702	0	0
Reported PAT	5,494	7,552	7,922	7,850	6,285	8,611	9,423

Consolidated - Balance Sheet						(INR m)	
Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	623	623	623	623	623	623	623
Total Reserves	15,386	20,235	24,434	27,977	29,790	33,728	38,478
Net Worth	16,009	20,858	25,057	28,600	30,413	34,351	39,101
Minority Interest	0	0	0	0	0	0	0
Borrowings	1,183	1,537	1,812	1,393	1,037	1,037	1,037
Other Long term liabilities	398	455	542	568	605	643	711
Capital Employed	17,590	22,849	27,410	30,560	32,055	36,032	40,849
Net Fixed Assets	2,512	3,174	3,825	3,092	2,542	2,732	2,826
Goodwill	203	162	134	88	50	50	50
Capital WIP	221	70	22	16	0	0	0
Other Assets	1,799	1,094	2,521	4,686	7,351	8,476	9,341
Curr. Assets, Loans&Adv.	16,957	23,135	25,367	27,975	29,681	31,710	35,802
Account Receivables	6,728	9,764	9,716	9,715	10,794	10,424	11,525
Cash and Bank Balance	1,511	1,339	1,332	1,353	1,945	4,050	6,781
Current Investments	8,294	11,051	12,806	14,992	14,990	15,059	15,088
Other Current Assets	424	981	1,513	1,915	1,953	2,177	2,408
Curr. Liability & Prov.	4,102	4,786	4,459	5,297	7,570	6,936	7,169
Account Payables	843	1,032	856	1,230	1,203	1,200	1,300
Other Current Liabilities	3,133	3,498	3,218	3,575	5,044	4,414	4,546
Provisions	126	256	385	492	1,323	1,323	1,323
Net Current Assets	12,855	18,349	20,908	22,678	22,112	24,774	28,633
Appl. of Funds	17,590	22,849	27,410	30,560	32,055	36,033	40,851

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic EPS (INR)	88.3	121.3	127.2	126.0	100.9	138.2	151.2
Cash EPS	97.2	134.3	143.2	142.8	115.9	155.5	172.2
BV/Share	257.1	334.9	402.3	459.2	488.3	551.5	627.8
DPS	42.5	60.6	70.0	75.0	75.0	82.9	90.7
Payout (%)	48.2	50.0	55.0	59.5	74.3	60.0	60.0
Valuation (x)							
P/E	52.7	38.4	36.6	36.9	46.1	33.7	30.8
Cash P/E	47.8	34.6	32.5	32.6	40.1	29.9	27.0
P/BV	18.1	13.9	11.6	10.1	9.5	8.4	7.4
EV/Sales	11.4	8.9	7.8	7.4	7.3	6.4	5.8
EV/EBITDA	36.7	29.0	26.5	28.2	32.3	25.7	21.7
Dividend Yield (%)	0.9	1.3	1.5	1.6	1.6	1.8	2.0
Return Ratios (%)							
RoE	37.2	41.0	34.5	29.3	21.3	26.6	25.7
RoCE	27.1	29.0	24.3	19.8	15.5	17.9	18.9

Consolidated - Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26	(INR m) FY27E	(INR m) FY28E
OP/(Loss) before Tax	7,452	9,375	10,487	10,284	8,252	11,406	12,482
Depreciation	553	814	994	1,049	938	1,078	1,309
Interest & Finance Charges	94	162	203	190	162	0	0
Direct Taxes Paid	-2,062	-1,848	-2,580	-2,239	-2,240	-2,293	-3,119
(Inc)/Dec in WC	-1,002	-3,097	-1,351	-242	674	-558	-1,128
Others	-208	-538	-741	-921	-1,145	-1,864	-1,334
CF from Operations	4,827	4,867	7,012	8,120	6,641	7,769	8,209
(Inc)/Dec in FA	-712	-637	-830	-162	-103	-1,268	-1,402
Free Cash Flow	4,116	4,230	6,182	7,959	6,537	6,501	6,806
(Pur)/Sale of Investments	-656	-1,695	-2,745	-3,741	-1,879	-1,627	-804
Others	285	313	874	820	1,257	1,902	1,402
CF from Investments	-1,083	-2,019	-2,701	-3,083	-725	-992	-804
Inc/(Dec) in Debt	-271	-381	-498	-612	-659	0	0
Interest Paid	-1	-4	-7	-14	-18	0	0
Dividend Paid	-2,989	-2,647	-3,774	-4,359	-4,671	-4,673	-4,673
CF from Fin. Activity	-3,261	-3,031	-4,278	-4,986	-5,348	-4,673	-4,673
Inc/Dec of Cash	483	-183	33	51	567	2,104	2,731
Forex Adjustment	20	10	-39	-31	26	0	0
Opening Balance	1,007	1,511	1,338	1,331	1,352	1,945	4,049
Closing Balance	1,511	1,338	1,331	1,352	1,945	4,049	6,780

Investment in securities market is subject to market risks. Read all the related documents carefully before investing.

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motaloswal.com. MOFSL (erstwhile Motal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motal Oswal Financial Services Ltd. are available on the website at <http://onlinereports.motaloswal.com/Dormant/documents/Associate%20Details.pdf>

Details of pending Enquiry Proceedings of Motal Oswal Financial Services Limited are available on the website at <https://galaxy.motaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

MOFSL, it's associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

In the past 12 months, MOFSL or any of its associates may have:

- a) received any compensation/other benefits from the subject company of this report
- b) managed or co-managed public offering of securities from subject company of this research report,
- c) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- d) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:

- a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
- (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures. To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement	Tata Elxsi
Analyst ownership of the stock	No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and

interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motalal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motalal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act of Singapore. Accordingly, if a Singapore person is not, or ceases to be, such an investor, they must immediately discontinue any use of this Report and inform MOCMSPL.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motalal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motalal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motalaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai - 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motalaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motalaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motalaloswal.com
Mr. Ajay Menon	022 40548083	am@motalaloswal.com

Registration details of group entities.: Motalal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motalal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motalaloswal.com. In case of grievances for any of the services rendered by Motalal Oswal Financial Services Limited (MOFSL) write to grievances@motalaloswal.com, for DP to dpgrievances@motalaloswal.com.