



Smart Multibagger

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13 Jan 2021

Tata Elxsi Ltd.

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Smart VERC: 28, 9-B, Saket, Bhopal (India)

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Smart Multibagger

Price related information

Company	Tata Elxsi Ltd.
Current Price (Rs)	2300
Target Price (Rs)	4800
Stop Loss (Rs)	1400
Perceived Risk	Medium
Holding Period (months)	54
Recommended Portfolio weightage	5%
Market Capitalisation (Rs crores)	14,300

Stock related information

NSE Symbol	TATAELXSI
BSE Ticker	500408
Face Value (Rs)	10
Book Value (Rs)	201
Sector	IT
Promoter Stake	44.53%
BSE Group	A
Liquidity	Very good
BSE Index constituent	S&P BSE 500

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Tata Elxsi Ltd.

- ✓ Tata Elxsi is the leading providers of design and technology services across industries including Automotive, Broadcast, Communications and Healthcare.
- ✓ The company provide solutions via application of digital technologies such as IoT (Internet of Things), Cloud, Mobility, Virtual Reality and Artificial Intelligence.
- ✓ It provides technology consulting, new product design, development, and testing services for the broadcast, consumer electronics, healthcare, telecom and transportation industries.
- ✓ It also offer electronics, software development and system design services for the automotive and aerospace industry.
- ✓ The company has over 25 years of design and engineering experience and deep specialization in video and OTT engineering and service delivery and a global delivery presence.

(Continued on page 4)

Financial Highlights (Standalone)

	03/'17	03/'18	03/'19	03/'20	12/'19*	12/'20*
Revenue	1233.04	1386.30	1596.93	1609.86	423.43	477.09
Other Income	-4.82	43.25	43.46	58.41	20.52	15.08
Interest	--	--	--	-5.56	-1.44	-1.34
Depreciation	-26.92	-25.36	-25.10	-43.41	-11.21	-11.05
Tax	-88.21	-123.87	-143.43	-96.34	-26.63	-41.09
Net Profit	173.29	240.04	289.97	256.10	75.42	105.20
Equity	31.14	62.28	62.28	62.28	62.28	62.28
EPS	55.65	38.54	46.56	41.12	12.11	16.89
CEPS	64.30	42.62	50.59	48.09	13.91	18.67
OPM%	23.39	28.08	28.71	24.59	27.09	33.26
NPM%	14.05	17.32	18.16	15.91	17.81	22.05
Dividend	160%	110%	135%	165%	-	-

* Three months, Rs in crores

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(Continued from page 3)

- ✓ The company's exposure is pretty diversified in terms of geographies.
- ✓ It continues to remain a debt-free company and not averse to acquisitions.
- ✓ Covid has thrown some good opportunities for the company and will be beneficial in the long term.
- ✓ There is strong demand for technology products and solutions and the company is rightly placed for the same.
- ✓ Recently company reported fabulous results for the third quarter. First nine months results show a strong improvement on all fronts on year on year basis. Even Net Profit Margin has improved.
- ✓ Ruling PE of 34 is justified on third quarter annualized EPS of Rs 67 due to fast improving prospects.
- ✓ We expect a sustained growth of about 20% in EPS for the next four years. Thus for 2024-25 we are forecasting an EPS of Rs 139. Considering the strong business model and quality management we assign a PEG ratio of 1.75. Thus on a PE of 35 the stock should hover around Rs 4800 levels by 2024-25 results.

(Continued on page 5)

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(Continued from page 4)

“...We continue to execute strongly on both top line and bottom line, with double digit QoQ revenue growth and industry leading operating margins.

Our Healthcare business continues to accelerate, while Media and Communications reported another strong quarter of sustained growth. We have seen new customer additions and large deals in both industries in the quarter.

We are seeing sustained recovery in the automotive market for the second consecutive quarter. ...We have added new automotive customers including a new age OEM in North America. We have also closed some large deals including a multi-million dollar deal with a European Tier1 supplier for vehicle electronics and software, and a North American Tier1 supplier for autonomous driving.

..... We have also closed a large deal with a leading global technology company.

We are entering the fourth quarter and a new year with the reinforced confidence of a strong deal pipeline across markets and industries, and capabilities in product engineering, design and digital, that make our offerings more relevant and our market position stronger than ever before.”

- Mr. Manoj Raghavan CEO and Managing Director, Tata Elxsi (Edited excerpts)*

Subscription Details

Subscription rates (add GST@18%)

Smart Gains (Weekly @Wednesday)		Rs. 4000/- per year
Smart Multibagger (15 multibagger advices in a year)		Rs. 7500/- per year
Smart SIP (on 5th of every month)		Rs. 3000/- per year
Smart Freedom Stocks (Basket of 18 stocks)		Rs. 6500/- per year
Dr. Smart	Restructure your portfolio and improve returns	Rs 3000/- per 25 stocks

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Frequently Asked Questions

Q. *What is the Guarantee of success of the expected returns indicated in this report ?*

A. There is no Guarantee of meeting the expected returns, it is only a probability. Returns have been calculated based on our past experience and certain expectations from the company, industry and the economy.

Q. *Can these stocks go down ?*

A. Recommendations are based on current valuations of these stocks with respect to the market. Any adverse news about the individual company or sharp correction in stock indices can drag the individual stock prices down.

Q. *Will these stocks be reviewed in future ?*

A. At least One review shall be made as and when required.

Q. *What is the minimum amount, one should invest in these stocks?*

A. Limit your exposure in any single stock to maximum 5% of your total portfolio value.

Q. *Stock advised by you is ruling up from your recommended price, can I still purchase this stock?*

A. One can buy the stock as long as it is within the 5% band of recommended price.

Q. *If I have a query, how and whom should I contact ?*

A. All the related queries shall be addressed to support@smartverc.com. We shall revert back to you within 24 hours.

Note :

- Investors are advised not to borrow money even for the short term to invest in these stocks.

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Disclosures Recommendations given in this report have been researched and prepared by A K Asnani (SEBI Reg. - INH000000420). He has experience of 30 years into stock investments and author of book 'Way To Billionaire'. By qualification he is BE, MBA (Finance), ERA (ICFAI, Hyderabad) and pursuing PhD.

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