Coverage report

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Tata Elxsi plans to use ₹200 cr for buyouts

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Tata Elxsi plans to buy smaller companies in areas such automotive, media and healthcare, helping it grow business faster.

"We have reasonable cash on the books and we have always been profitable. Right now, we have ₹200-crore-plus cash. It is starting to give us an opportunity to think about inorganic growth. We will continue to focus on organic growth and inorganic growth will come in as layer on top," Nitin Pai, head of marketing of the Tata group company, said. He did not disclose how much the company might use for acquisition.

The ₹1,000-crore company has built capabilities to provide niche automotive design services for driverless cars and telematics for connected cars.

Industry experts said besides exploring acquisition opportunities, the company should have a clear road map for growth over the next five to 10 years. "Tata Elxsi needs a clear road map for 2025 in terms of where it wants to position itself. They may have it internally, but it should be spoken about, too," said Sanchit Gogia, chief executive of Greyhound Research.

Among the other business verticals, the engineering and industrial design services provider has seen significant growth in services for broadcasting equipment makers and operators. It helps multi-service operators and equipment makers.

The company is confident that factors such as the emergence of internet protocol TV in developing countries and delivery of content on smartphones, along with television, will give a boost to its business.

In the July-September quarter, Tata Elxsi added two more to its list of 10 customers in the healthcare segment, which gives design and software for diagnostic equipment, therapeutic equipment, in-hospital patient care and connected consumer devices for healthcare.