

Tata Elxsi looks to ride the LTE wave for 4G

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As more cellular operators globally adopt or plan to adopt Long Term Evolution (LTE) — a technology standard for 4G services — Tata Elxsi, a Tata Group company, is looking to translate the opportunities into higher revenues in the current fiscal, a senior executive of the company, said. “Revenues from wireless technology solutions make up a third of our communications business and we expect this to improve to at least 50% by the end of the current fiscal,” said Mrinmoy Purkayastha, head of communications business at Tata Elxsi. This rise will come largely from LTE-based offerings, he added.

Tata Elxsi, which offers product design, development and system integration services to firms in telecommunications, consumer electronics and healthcare industries, had revenues of Rs377 crore in 2010. In the first nine months of the just concluded fiscal, the company recorded revenues of Rs292 crore. Tata Elxsi’s communications business that caters to firms working in the telecommunications industry contributes about 40% of revenues.

According to Purkayastha, Tata Elxsi’s proprietary software programmes — intended to ensure that the third party LTE-based telecom hardware manages data traffic smoothly on a telecom network — constitute a major chunk of the wireless solutions business.

Internationally, some of the ongoing LTE deployments include Verizon in the US and NTT Docomo in Japan. In India, Mukesh Ambani-controlled Reliance Industries Ltd is expected to launch an LTE-based 4G network by the end of this year.

According to Purkayastha, development of affordable LTE-based equipment — both operator side and end user side — will depend on how Indian subscribers receive the recently launched 3G services. “Unless the subscriber response translates to higher revenue per user for the operator, they would not be eager to move on to the next technology platform as it involves more investment,” said Purkayastha, who expects LTE-based 4G roll out in India by 2013.

S Ramadorai, the former chief executive of the group’s flagship company, Tata Consultancy Services (TCS), is the chairman of Tata Elxsi. After stepping down from TCS over a year ago, Ramadorai had said that one of his priorities was to scale up Elxsi and make it a visible brand in its own right, like TCS.

At the closing price of Rs257 on Bombay Stock Exchange, Tata Elxsi stock was down 1.23% on a day when the broader market stayed flat with a 0.16% gain.