



# TATA

# TATA TECHNOLOGIES

Sector - IT - Software

**Issue Opens - November 22, 2023 to November 26, 2023**

**Price Band**  
**₹475 to ₹500**

**Face Value**  
₹10

**Lot Size**  
30 Shares

**Issue Size**  
₹3,042.51 Cr

**Issue Type**  
Book Built

**Research@ganeshstock.com**

# IMPORTANT EVENTS



**Issue Size**

60,850,278 shares / ₹3,042.51 Cr

**Fresh Issue**

N/A

**Offer for Sale**

60,850,278 shares / ₹3,042.51 Cr

**Basis of Allotment**

Thursday, November 30, 2023

**Initiation of Refunds**

Friday, December 1, 2023

**Credit of Shares to Demat**

Monday, December 4, 2023

**Tata Tech. IPO Listing date**

Tuesday, December 5, 2023

## PROMOTERS

- **Ajoyendra Mukherjee ( Chairman and Independent Director)**
- **Warren Kevin Harris (Chief Executive Officer and Managing Director)**
- **Usha Sangwan, Aarthi Sivanandh (Independent Director)**

Promoters collectively hold 55.39% (Post Issue) of the Equity Share.

# ABOUT THE COMPANY

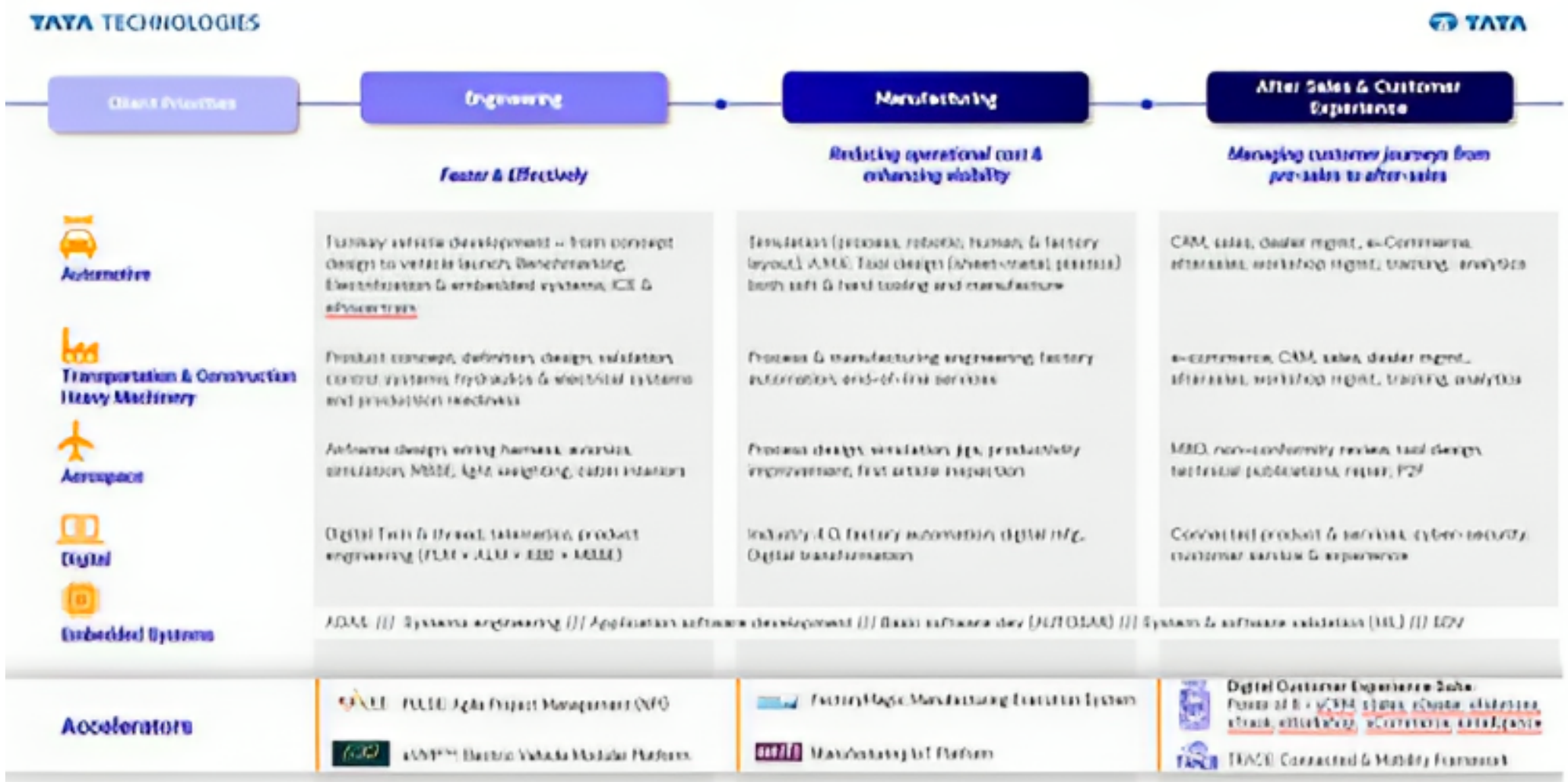


Tata Technologies Limited, a prominent international provider of engineering services, was founded in 1994. They provide digital solutions and product development. Turnkey solutions for international original equipment manufacturers (OEMs) and their tier-1 suppliers are included in this.

By helping them develop products that are safer, cleaner, and enhance end users' quality of life, Tata Technologies hopes to add value for their clients. Due to their extensive domain knowledge in the automotive sector, they are also highly qualified to assist clients in related industries including heavy construction equipment, transportation, and aerospace. Tata Technologies Limited operates on a global scale. They assemble heterogeneous teams with a range of skill sets from around the globe to work together in real time.

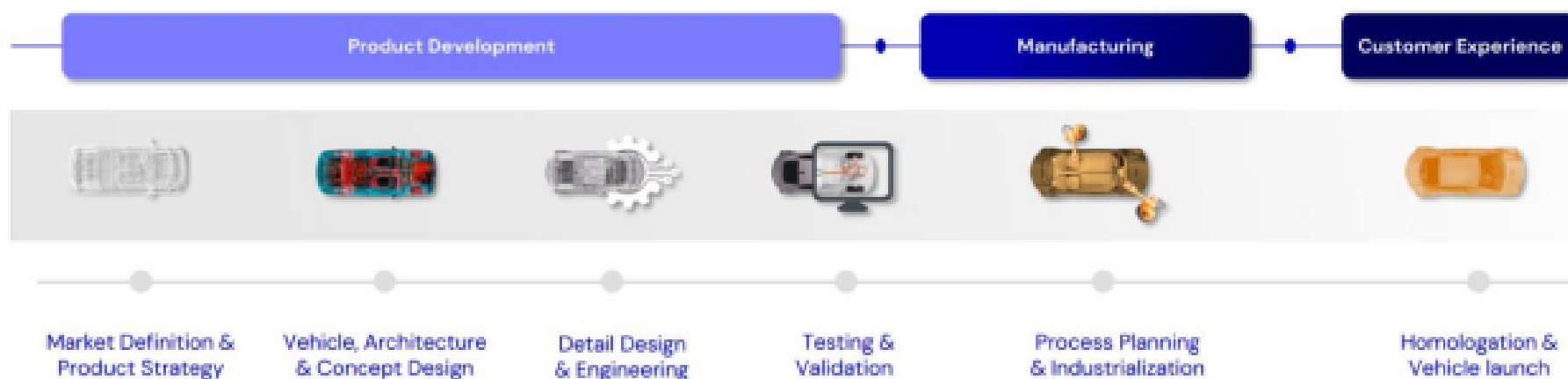
## SERVICES

Tata Tech. full service offerings are depicted below:





## Specialization in complete and ready to use solutions from concept to launch



- The company's main business is services ("Services"). To help global manufacturing clients conceive, design, develop, and deliver better products, it offers outsourced engineering services and digital transformation services. In order to help their international manufacturing clients conceptualize, design, develop, and realize competitive goods, they offer global outsourced engineering services. They collaborate with their clients to align personnel and procedures throughout the business, facilitating the best possible implementation of the product lifecycle. By utilizing their balanced on-shore/offshore global delivery strategy, they provide their clients with services through their global sales network, which consists of 19 global delivery centers in North America, Europe, and Asia Pacific.
- Additionally, they are experts in "digital thread," which opens up solutions for many organizations and processes. The company serves customers mostly in the automotive vertical, but it also serves customers in the aerospace, TCHM, and other related verticals. They have taken part in emerging trends in the automotive industry, particularly those related to electrification and connected cars, which call for expertise in fields like software-defined vehicles and embedded systems. They introduced eMo in 2012, the first fully electric vehicle prototype created by an Indian engineering services company. They have successfully completed numerous smaller projects and turnkey car development throughout the years while working on EV programs with both traditional and new energy vehicle firms.
- The key areas of competence in the automotive sector span Concept Design, Tear Down and Benchmarking, Vehicle Architecture, Body Engineering, Chassis Engineering, CAE Virtual Validation, ePowertrain, Electrical and Electronics, Embedded Solutions and SDV, Manufacturing, Build and Test and Launch. The other service offerings include Product Data Management, Smart Manufacturing, Enterprise Resource Planning, Customer Experience Management, Application Management, Data Intelligence and Process Automation.

# OBJECTS OF THE OFFER

The Company proposes to utilize the Net Proceeds towards the funding of the following objects:

- Achieve the benefits of listing the Equity Shares on the Stock Exchanges;
- Carry out the Offer for Sale of up to 95,708,984 Equity Shares by the Selling Shareholders.



# TRACK RECORD OF FINANCIAL PERFORMANCE

(₹ in million, unless otherwise indicated)

Particulars <sup>^#</sup>	Nine-months period ended December 31 <sup>*</sup>		Fiscal		
	2022	2021	2022	2021	2020
Revenue from Operations <sup>(1)</sup>	30,117.94	26,073.03	35,295.80	23,809.11	28,520.55
Revenue from Operations (\$ million) <sup>(2)</sup>	376.60	350.97	473.51	321.53	401.76
Revenue attributable to the Services segment <sup>(3)</sup>	25,571.88	19,105.77	26,513.51	19,143.71	23,431.51
Revenue attributable to the Services segment (% of Revenue from operations) <sup>(4)</sup>	84.91%	73.28%	75.12%	80.40%	82.16%
YoY growth in Revenue from Operations (%) <sup>(5)</sup>	15.51%	N.A.	48.24%	(16.52%)	N.A.
YoY constant currency growth in Revenue from Operations (%) <sup>(6)</sup>	15.23%	N.A.	45.18%	(19.74%)	N.A.
Profit for the period/year <sup>(7)</sup>	4,074.67	3,313.62	4,369.91	2,391.73	2,515.67

Particulars <sup>^#</sup>	Nine-months period ended December 31 <sup>*</sup>		Fiscal		
	2022	2021	2022	2021	2020
Profit Margin for the period/year (%) <sup>(8)</sup>	13.53%	12.71%	12.38%	10.05%	8.82%
EBITDA <sup>(9)</sup>	6,187.89	5,267.34	6,944.64	4,305.36	5,153.64
Adjusted EBITDA <sup>(10)</sup>	5,782.88	4,863.49	6,456.62	3,857.09	4,704.59
Adjusted EBITDA Margin (%) <sup>(11)</sup>	19.20%	18.65%	18.29%	16.20%	16.50%

Sources: RHP

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS DATA



(Amount in ₹ million)

Particulars	For the nine-months period ended		For the year ended		
	December 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021	March 31, 2020
<b>INCOME</b>					
Revenue from operations	30,117.94	26,073.03	35,295.80	23,809.11	28,520.55
Other income (net)	405.01	403.85	488.02	448.27	449.05
<b>Total income</b>	<b>30,522.95</b>	<b>26,476.88</b>	<b>35,783.82</b>	<b>24,257.38</b>	<b>28,969.60</b>
<b>EXPENSES</b>					
Purchase for technology solutions	3,403.91	5,536.64	6,885.40	3,382.98	3,679.24
Outsourcing and consultancy charges	3,932.48	2,806.50	3,998.03	2,414.35	3,045.66
Employee benefits expense	13,946.90	10,970.35	15,126.94	12,160.04	14,185.35
Finance costs	134.53	170.98	218.98	176.56	156.43
Depreciation and amortisation expense	695.32	632.53	857.10	922.00	991.53
Other expenses	3,051.77	1,896.05	2,828.81	1,994.65	2,905.71
<b>Total expenses</b>	<b>25,164.91</b>	<b>22,013.05</b>	<b>29,915.26</b>	<b>21,050.58</b>	<b>24,963.92</b>
<b>Profit before exceptional items and tax</b>	<b>5,358.04</b>	<b>4,463.83</b>	<b>5,868.56</b>	<b>3,206.80</b>	<b>4,005.68</b>
Exceptional items (net)	-	-	-	54.15	85.77
<b>Profit before tax</b>	<b>5,358.04</b>	<b>4,463.83</b>	<b>5,868.56</b>	<b>3,152.65</b>	<b>3,919.91</b>
<b>Tax expense</b>					
(a) Current tax	1,294.80	1,218.70	1,586.74	877.87	1,440.74
(b) Deferred tax	(11.43)	(68.49)	(88.09)	(116.95)	(36.50)
<b>Total tax expense / (benefit)</b>	<b>1,283.37</b>	<b>1,150.21</b>	<b>1,498.65</b>	<b>760.92</b>	<b>1,404.24</b>
<b>Profit for the period/ year</b>	<b>4,074.67</b>	<b>3,313.62</b>	<b>4,369.91</b>	<b>2,391.73</b>	<b>2,515.67</b>
<b>Other comprehensive income (OCI)</b>					
Items that will not be reclassified to profit or loss:					
(i) Remeasurement of post employment benefit obligation	(127.02)	3.18	(146.00)	38.38	(15.38)
(ii) Income tax relating to above item	44.39	(1.11)	51.02	(13.41)	5.37
Items that will be reclassified to profit or loss:					
(i) Exchange differences on translation of foreign operations	727.88	38.99	65.43	476.41	619.29
<b>Other comprehensive income for the period/year</b>	<b>645.25</b>	<b>41.06</b>	<b>(29.55)</b>	<b>501.38</b>	<b>609.28</b>
<b>Total comprehensive income for the period/year</b>	<b>4,719.92</b>	<b>3,354.68</b>	<b>4,340.36</b>	<b>2,893.11</b>	<b>3,124.95</b>
<b>Earnings per Equity Share (face value of ₹ 2 each)</b>					
Ordinary Shares					
(i) Basic (₹)	10.04	8.17	10.77	5.89	6.20
(ii) Diluted (₹)	10.04	8.17	10.77	5.89	6.20

Sources: DHRP



# STRENGTHS

- Deep expertise in the automotive industry;
- Differentiated capabilities in new age automotive trends – electric vehicles, connected and autonomous;
- Strong digital capabilities bolstered by proprietary accelerators;
- Marquee set of clients across anchor accounts, traditional OEMs and new energy vehicle companies;
- Global delivery model enabling intimate client engagement and scalability;
- Proprietary e-learning platform leveraging our manufacturing domain knowledge to tap into the large upskilling and
- reskilling market; and
- Well-recognized brand with experienced Promoter, board of directors and management team

# RISKS

- The top five clients and the company's primary automotive sector.
- negative cash flow previously.
- exposed to changes in foreign exchange rates.
- The business competes fiercely in its industry.
- For businesses established in India's special economic zones, the company is claiming deductions under special tax holidays. Thus, any modifications may have an effect on the company.





# VALUATION AND OUTLOOK

The issue's price range, in terms of valuation, is INR 475 - 500 per share. A P/E ratio of Tata Technologies LTD is 32.5x is based on a price range above INR 500 and FY23 EPS of INR 15.38 with an industry average of 59.78X.

## Peers Comparisons

Name of the company (Listed Peer)	Face Value (₹ per share)	Revenue from operations for Financial Year 2022 (₹ million)	Basic EPS for Financial Year 2022 (₹)	Diluted EPS for Financial Year (2)2022 (₹)	P/E for Financial Year 2022 <sup>(3)</sup>	RONW for Financial Year 2022 <sup>(4)</sup> (%)	NAV per Equity Share as at March 31, 2022 <sup>(5)</sup> (₹)	Market capitalization as on March 31, 2022 (In ₹ million)
Tata Technologies Limited	2	35,295.80	10.77	10.77	N.A.	19.16%	545.40	N.A.
<b>Listed peers<sup>(1)</sup></b>								
KPIT Technologies Limited	10	24,323.86	10.17	10.05	83.10	20.70%	49.16	162,293.46
L&T Technology Services Limited	2	65,697.00	90.92	90.74	40.92	22.92%	396.73	538,773.37
Tata Elxsi Limited	10	24,707.99	88.26	88.26	70.67	34.34%	257.06	550,533.07

Source: Financial information for listed industry peers mentioned above is based on annual reports of peer companies for the year ended March 31, 2022 submitted to stock exchanges and with respect to our company, the information is based on Restated Consolidated Financial Information for the year ended March 31, 2022

Tata Technologies' top and bottom lines grew within the specified time periods. Robust digital capabilities supported by in-house accelerators, scalable global delivery style that allows for tight client contact. Investors should not pass up this opportunity to purchase Tata Group shares at the current price if investors want to benefit in the medium to long term. The issue's low price points highlight "Tata's" heritage. Investors should not overlook the medium- to long-term benefits of investment.

We, therefore, recommend a **"Subscribe"** rating for the issue.



# Disclaimer:

This report is not for public distribution and has been furnished solely for information and must not be reproduced or redistributed to others. None can use the report as a base for any claim, demand or cause of action and, also none is responsible for any loss incurred based upon. The investments discussed or recommended in this report may not be suitable for all investors. Opinion expressed is the current opinion as of the date appearing on the material only.

Further, the information in the document has been printed on the basis of publicly available information; internal data and other sources believed to be true and are for general guidance only but which may have not been verified independently. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no responsibility and assumes no liability for any error/ omission or accuracy of the information. Recipients of this material should rely on their own judgments and conclusions from relevant sources before making any investment.

The investment advice should not be considered to be or taken as an offer to sell or a solicitation to buy/sell any security. Price and value of the investments referred to in this material are subject to volatility. Past performance is not a guide for future performance. Certain transactions -futures, options and other derivatives as well as non-investment grade securities are subjected to substantial risks and are not suitable for all investors.

