



IPO Note- Tata Technologies Ltd.

Tata Technologies Limited (TTL) is a leading global ER&D company offering product development and digital solutions including turnkey solutions to global OEMs and their suppliers. It is a pure-play manufacturing focused ER&D company, primarily catering to the automotive industry. It offers 2 primary components: - 1) Services (outsourced engineering services and optimization for conceiving, developing, manufacturing and servicing new products) and 2) Technology Solutions (Reselling of specific software for client and education business to equip engineers with relevant skills.

Expertise in the automotive industry and capabilities in new age automotive trends: -

TTL's ER&D services span the entire automotive value-chain and includes concept design and styling, tear down and benchmarking, vehicle architecture, body and chassis engineering, virtual validation, ePowertrain, electrical and electronics, manufacturing engineering, test, validation and vehicle launch. It also offers turnkey solutions for ICE vehicles, plug-in hybrids and battery EV. TTL offers end-to-end solutions for EV development, manufacturing and after-sales services, designed to help OEMs develop competitive EVs while maintaining a balance between cost, quality and timelines. It has a long-standing history of developing EV capabilities since as early as 2010.

Strong base of marquee clients enabling intimate client engagement and scalability: -

TTL has a diversified global presence and partnership with many of the large mfg. enterprises. As on Q2FY24, its client base comprised of >35 traditional automotive OEMs and more than 12 new energy vehicle companies. Client portfolio includes Tata Motors, JLR, Airbus, McLaren, Honda, Ford, and Cooper Standard as well as new energy vehicle companies such as VinFast. It has a global workforce of serving clients from 19 global delivery centers which ensures balance between onshore client proximity and offshore efficiency. Its delivery centers are made up of majority of local talent and has local presence in all the key automotive ER&D markets globally.

Key Risks: - 1) Major revenue is derived from top 5 clients and majority of them are from Auto segment. 2) TTL expects significant amount of future business to be derived from new energy vehicle companies, majority of whom could be startups who may witness various uncertainties, adversely affecting TTL's business operations.

Decent financials & valuation – SUBSCRIBE.

At the upper price band, TTL is available at a PE of ~33x its FY23 EPS which is reasonable when compared to peers. We believe that Tata's strong brand name, experienced management, debt free Balance Sheet, strong expertise in auto segment especially EVs and plans to expand into aerospace segment and with a growing global ER&D spending, is well placed for a huge growth opportunity. We have a **SUBSCRIBE** recommendation to this issue.

Key Financials (₹ Cr)	Mar-21	Mar-22	Mar-23
Revenue	2,381	3,530	4,414
EBITDA	386	646	821
EBITDA Margin (%)	16.2	18.3	18.6
PAT	239	437	624
PAT Margin (%)	10.0	12.4	14.1
Net Worth	2,142	2,280	2,989
ROE (%)	11.2	19.2	20.9

Source: ABML Research, RHP, company presentation

Aditya Birla Money Ltd.

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21 November 2023

Rating	SUBSCRIBE
Issue Details	
Issue Opens	22-Nov-23
Issue Closes	24-Nov-23
Face Value (₹)	2
Price Band (₹)	475-500
Bid Lot	30
Issue Size at higher price band (₹ Cr)	3,042
Market cap @ upper price band (₹ cr)	20,283
Listing	NSE/BSE
BRLMs	JM Financial, Citigroup Global, BofA Securities.
Registrar	Link Intime India Pvt. Ltd.

Shareholding Pattern (%)		
	Pre Issue	Post Issue
Promoter	66.79	55.39
Public	33.21	44.61

Issue Structure (In cr no. of shares)	
Issue size	6.08
OFS	6.08
Break-up of net issue to public (%):	
QIB's portion	50.0
Non-Institutional portion	15.0
Retail Portion	35.0

Source: ABML Research, RHP

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