#IPOlogy

IPO DETAILS

TATA TECHNOLOGIES LIMITED

ISSUE OPEN	ISSUE CLOSE
22 November 2023	24 November 2023

Min. Lot Size	Issue Price Band
30 Shares	₹475 - ₹500

Issue Size
Fresh Issue:
N/A

OFS:
60.85 mn Eq shares
(30,425.14 mn)

Face Value
₹2

Industry
IT

Listing at
NSE, BSE

RATING
SUBSCRIBE

OPEN ACCOUNT

APPLY NOW

Marwadi Shares and Finance Limited

Corporate Office: Marwadi Financial Plaza, Nana Mava Main Road, Off 150ft Ring Road, Rajkot - 360001, Gujarat.
Registered Office: X-Change Plaza, Office No. 1201 to 1205, 12th Floor, Building No. - 53E, Zone - 5, Road 5E, Gift City, Gandhinagar - 382355, Gujarat
0281 7174 100/0281 6192 100 **CIN of MSFL:** U65910GJ1992PLC017544

TATA TECHNOLOGIES LIMITED

Rationale

Considering the TTM Sept-23/ Annualized FY24 EPS of Rs 17.65/17.34 on a post issue basis, the company is going to list at a P/E of 28.33x/28.84 x with a market cap of Rs. 2,02,834 mn, whereas its peers namely KPIT Technologies Ltd, L&T Technologies Services ltd and Tata Elxsi Ltd are trading at a P/E of 83.3x, 37.0x, 66.4x.

We assign "Subscribe" rating to this IPO as the company has deep expertise in the automotive industry and differentiated capabilities in new age automotive trends – electric vehicles ("EVs"), connected and autonomous. Also, it is available at a reasonable valuation as compared to its peers.

Objectives of the issue

Achieve the benefits of listing the Equity Shares on the Stock Exchanges.

Carry out the Offer for Sale of up to 60,850,278 Equity Shares by the Selling Shareholders.

Company Overview

The company is a leading global engineering services company offering product development and digital solutions, including turnkey solutions, to global original equipment manufacturers ("OEMs") and their tier 1 suppliers.

They have deep domain expertise in the automotive industry and leverage this expertise to serve their clients in adjacent industries, such as in aerospace and transportation and construction heavy machinery ("TCHM").

The company is part of the Tata Group, which has been recognized as the most valuable brand in India by Brand Finance, a leading international brand valuation agency. As a subsidiary of Tata Motors Limited ("TML"), they benefit from long-term relationships with both TML and JLR.

The strength of their client relationships is also evidenced by their improving net promoter score ("NPS") where they are positioned among the top 20 percentile of technology services players and 98.38% repeat rate for Fiscal 2023.

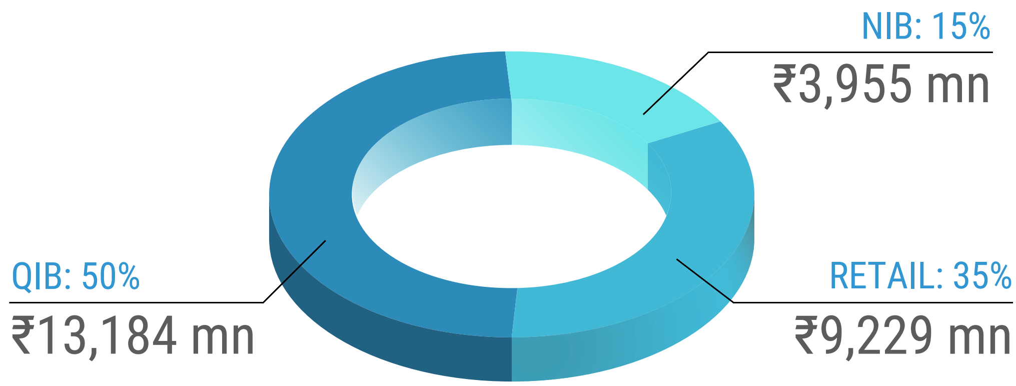
Tech Synergy

They complement their service offerings with their Products and Education businesses (collectively, "Technology Solutions"). Through their Products business they resell third-party software applications, (primarily product lifecycle management ("PLM") software and solutions) and provide value-added services such as consulting, implementation, systems integration, and support. The company primarily categorized into two lines of business: (i) Services Segment (79% of Revenue) and (ii)Technology Solutions Segment (21% of Revenue)."

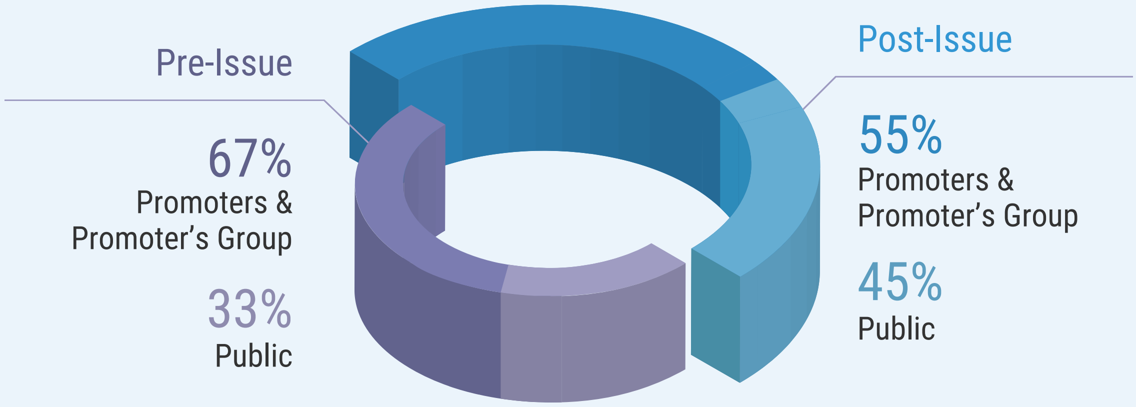
TATA TECHNOLOGIES LIMITED

Issue Details

Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹)

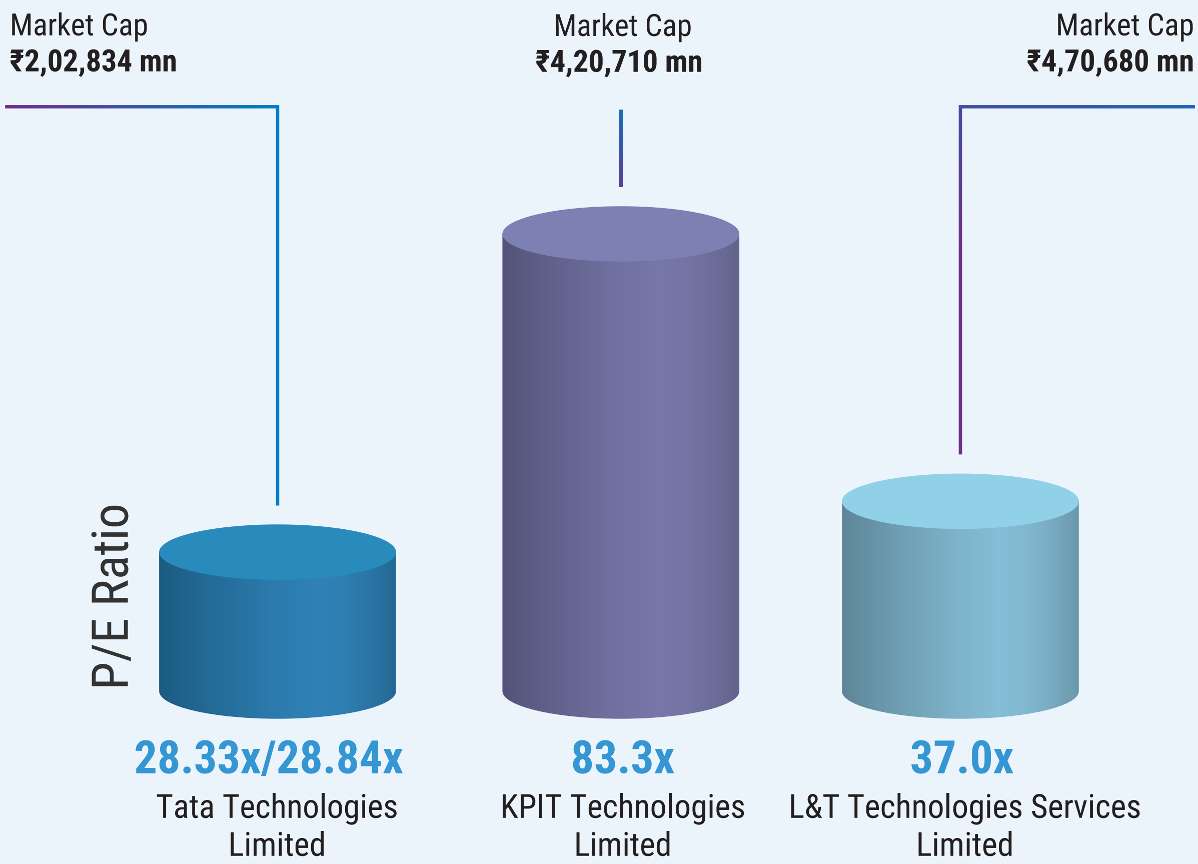
3,500 mn
Authorised Equity Share Capital

811 mn
Paid-Up Capital (Pre-Offer)

811 mn
Paid-Up Capital (Post-Offer)

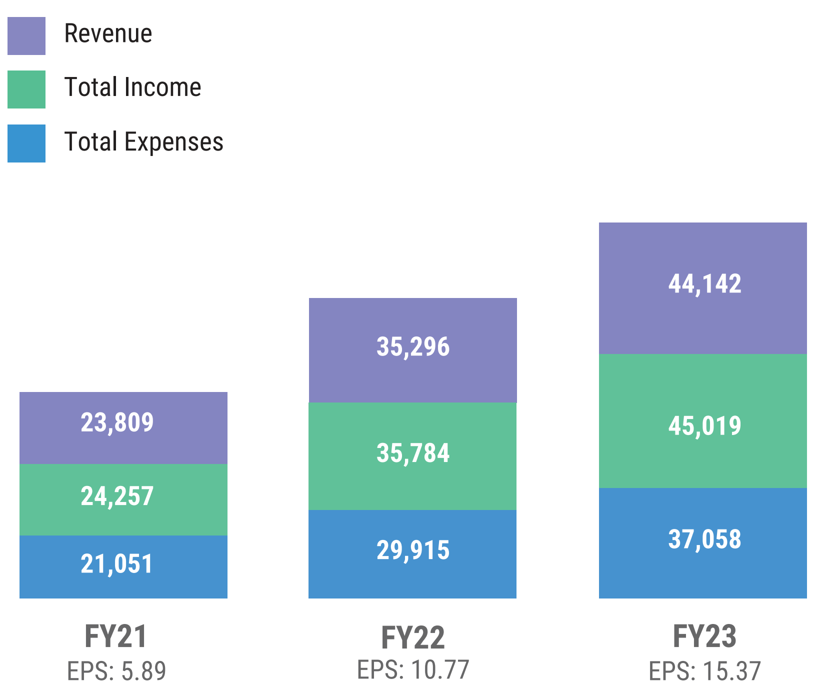
TATA TECHNOLOGIES LIMITED

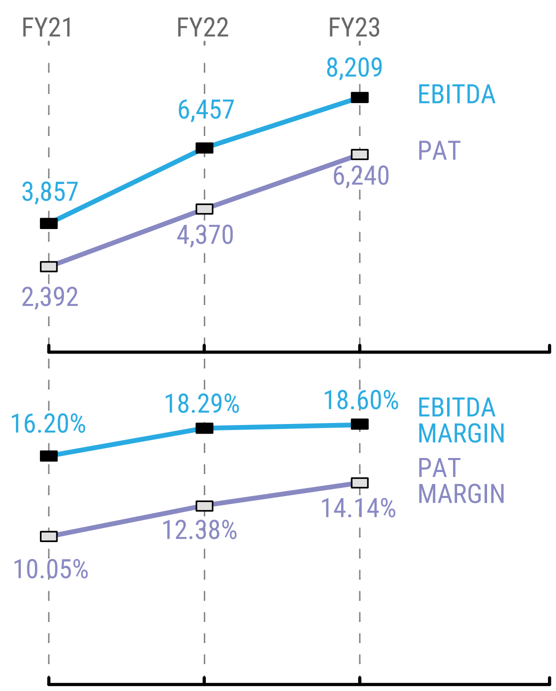
Valuations and Peer Comparison



Market Cap data of listed securities as on November 17, 2023

Financial Snapshot (in ₹ mn)





TATA TECHNOLOGIES LIMITED

Business Insights

Competitive Strengths

- Deep expertise in the automotive industry.
- Differentiated capabilities in new age automotive trends – electric vehicles ("EVs"), 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 their manufacturing domain knowledge to tap into the large upskilling and reskilling market.
- Well-recognized brand with experienced Promoter, board of directors and management team.

Business Strategy

- Deepen engagements within existing client base.
- Target top ER&D spenders in select high priority verticals and key geographies.
- Expand capabilities in digital engineering and embedded systems.
- Strengthening service delivery through capacity and capability building and optimizing delivery processes.
- Expand capabilities and enterprise client base in the education sector.

Risks

- The company continues to derive a material portion of their revenues from their top 5 clients by revenue generated in each of the six-months period ended September 30, 2023, and September 30, 2022, and for Fiscals 2023, 2022 and 2021 which include Tata Motors Limited and Jaguar Land Rover Limited. If any or all their Top 5 Clients were to suffer a deterioration of their business, cease doing business with the company or substantially reduce their dealings, their revenues could decline, which may have a material adverse effect on the business, results of operations, cash flows and financial condition.
- The company's revenues are highly dependent on clients concentrated in the automotive segment. An economic slowdown or factors affecting this segment may have an adverse effect on their business, financial condition, and results of operations.
- They have had negative cash flows in the past and may continue to have negative cash flows in the future, which could adversely affect their liquidity and operations.

Promoters and Management Details

Ajoyendra Mukherjee - Chairman and Independent Director

Warren Kevin Harris - Chief Executive Officer and Managing Director