IPO NOTE

Issue Details
Price Band: ₹ 475 to ₹ 500
Issue Opens on: November 22, 2023 Issue Closes on: November 24, 2023
Lot Size: 30 Shares & in Multiples thereafter

Issue Highlights	
Issue Size:	₹ 3,042.51 Cr.
No of Shares:	60,850,278
Face Value:	₹ 2

Offer Structure	
Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	3,042.51
Total	**3,042.51**

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	1,318.42
HNI	15	395.53
Retail	35	922.89
Employee	-	101.42
Shareholder		304.25
Total	**100**	**3,042.51**

Listing
BSE & NSE

Lead Managers
- JM Financial Limited - BofA Securities India Limited - Citigroup Global Markets India Private Limited

Registrar
Link Intime India Pvt. Ltd.

ANALYST
Krishna Rana
krishna.rana@sushilfinance.com
+91 22 4093 6081

SALES
Manan Divan
manan.divan@sushilfinance.com
+91 22 4093 6091 / +919819819979

COMPANY OVERVIEW

Tata Technology Ltd. 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. As a global organization, they bring together diverse teams from different parts of the world with multiple skill sets to collaborate in real time and solve complex engineering problems for clients. The company is a pure-play manufacturing focused ER&D (engineering, research and development) company, primarily focused on the automotive industry and are currently engaged with 7 out of the top 10 automotive ER&D spenders and 5 out of the 10 prominent new energy ER&D spenders in 2022.

The business is primarily categorized as: Service and Technology Solutions.

Service includes providing outsourced engineering services and digital transformation services to global manufacturing clients helping them conceive, design, develop and deliver better products.

Technology Solution: It complements 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.

HIGHLIGHTS

1. Deep expertise in the automotive industry
2. Differentiated capabilities in new age automotive trends – electric vehicles ("EVs"), connected and autonomous
3. Strong digital capabilities bolstered by proprietary accelerators
4. Marquee set of clients across anchor accounts, traditional OEMs and new energy vehicle companies
5. Global delivery model enabling intimate client engagement and scalability
6. Well-recognized brand with experienced Promoter, board of directors and management team

OBJECTS OF THE ISSUE

1. To achieve the benefits of listing the Equity Shares on the Stock Exchanges
2. To carry out the Offer for Sale of up to ₹ 60,850,278 Cr. by the Selling Shareholders.

The company will not receive any proceeds from the Offer for sale.

OUR VIEW

Tata Technologies (TTL) is a global engineering and R&D digital services company coming from the renowned TATA House. It offers product development and digital solutions, including turnkey solutions to global OEM in the fields of automobile, industrial heavy machinery and aerospace. The company holds expertise in developing complete solution to fully convert ICE vehicles to EV, offering turnkey full vehicle development solutions for traditional internal combustion engine ("ICE") powered vehicles, plug-in hybrids ("PHEV") and battery electric vehicles ("BEV") which have been developed over a period of 10 years., thereby set a strong foot hold in the electric vehicle revolution.

The company derives a large portion of its revenue from top 5 customers (Which include TATA Motors) such concentration may prove to be risky if they are to face any kind of volatility in their business operations. The clients are highly concentrated in the automotive sector which has previously seen a lot of volatility and as such this may affect the company's performance. Also, the company is positioning itself to take advantage of the EV revolution, many of the companies engaged in EV maybe start-ups which may have funding difficulties, liquidity challenges, uncertain product roadmaps ultimately affecting their ability to pay the company for its services.

The total income grew at a CAGR of 36.16% over FY21-23. and grew about 33.84% H1FY24 YOY. The company operated on an EBITDA Margin of 18.6% for FY23 and 18.39% H1FY24. The PAT margin stood at 14.14% for FY23 and 13.93% for H1FY24. The company generated a RONW of 20.87% for FY23 and 12.33% (not annualised) for H1FY24. The issue is priced at a P/BV of 7.12 based on its NAV of Rs. 70.27 as of September 30, 2023.

The company is asking for a PE of 32.53x on the upper end of the price band, and a PE of 28.84x annualizing H1FY24 EPS (₹ 8.67). The listed peer3s like KPIT Technologies trading at P/E 80.3x (Highest) and L&T Technology is trading at P/E of 37.5x (Lowest) and industry average P/E is 59.7x.

Keeping in mind the favorable and unfavourable factors, the investor can look at long term investment in this techno giant.

Brief Financials

PARTICULARS	As at June 30, 2023			₹ in Million
		FY '23	FY '22	FY '21
Total Income	25,874.24	45,019.29	35,783.82	24,257.38
Total Expenditure	21,211.70	37,057.78	29,915.26	21,050.58
EBITDA	5,254.72	9,086.86	6,944.64	4,305.36
Profit before Tax	4,662.54	7,961.51	5,868.56	3,152.65
Profit after Tax	3,519.01	6,240.37	4,369.91	2,391.73
E.P.S. (Diluted)	8.67*	15.37	10.77	5.89
P/E (x) (Diluted)	-	32.5	-	-
RONW (%)	12.33*	20.87	19.16	11.17

*** Not Annualised**

PRICE CHART (@ ₹ 500) (Retail Category)

LOT SIZE	Amount
30	15,000
60	30,000
90	45,000
120	60,000
150	75,000
180	90,000
210	105,000
240	120,000
270	135,000
300	150,000
330	165,000
360	180,000
390	195,000

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	420	210,000
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	1,980	990,000
Above ₹ 10 Lakhs	2,010	1,005,000

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	30/11/2023
Initiation of refunds/unblocking ASBA Fund	01/12/2023
Credit of Equity Shares to demat accounts of Allottees	04/12/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	05/12/2023

For more details, Please refer RHP,
(SEBI | Tata Technologies Limited - RHP)

Disclaimer & Disclosure

SEBI Registration No. INH000000867

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