



IPO note:

Tata Technologies Limited - "SUBSCRIBE"

Tata Technologies Limited, part of the Tata Group and a subsidiary of Tata Motors Limited (TML), 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. With their deep domain experience in the automotive industry, they are able to leverage this expertise to serve their clients in adjacent industries, such as in aerospace and transportation and construction heavy machinery ("TCHM") and is also able to deliver value-added services to clients in support of their digital transformation initiatives including product development, manufacturing and customer experience management.

Tata Technologies Limited is a pure-play manufacturing focused ER&D company, primarily focused on the automotive industry and currently engaged with seven out of the top 10 automotive ER&D spenders and five out of the 10 prominent new energy ER&D spenders in 2022.

The Company has categorized their business in 2 lines; Services and technology solutions. Tata Technologies Limited has a global client base with India contributing the highest revenue from operation (35.15%) followed by Europe (26.9%), North America (19.26%) and the remaining by the rest of the world (18.71%) as on September 30, 2023. The Company's long-standing engagements with TML and JLR (collectively, their "Anchor Clients") have enabled the incubation of skills and capabilities that has assisted them in pursuing opportunities outside of the Tata Group. The strength of the company's relationship with the client is evidenced by improving net promoter score ("NPS") where the company is positioned among the top 20 percentile of technology services players and their 98.38% repeat rate (based on the percentage of revenue attributable to the Services segment in a period generated from existing clients) for Fiscal 2023 as well as their 97.72% repeat rate for the six-months period ended September 30, 2023. Tata Technologies Limited has a globally distributed onshore-offshore service delivery capability which they believe will help them to suitably address their clients' requirements.

As of September 30, 2023, the Company had 19 global delivery centers spread across North America, Europe and Asia Pacific, with each center staffed by a majority of local nationals enabling them to provide uninterrupted service to their clients and tap into specialist skill sets in different geographies. As of September 30, 2023, the Company had 12,451 employees, comprising 11,608 full-time employees ("FTEs") and 843 contracted employees with attrition rate of 17.2%.

Investment Rationale and Recommendation:

At the upper price band of Rs.500, Tata Technologies Limited IPO is valued at a P/E multiple of 28.84x at its H1FY24 annualized EPS of Rs.17.34 and at a P/E of 32.51x at its FY23 EPS of Rs.15.38 which is at a discount to the average P/E multiple of ~64x of the listed industry peers. We recommend investors "SUBSCRIBE" to the issue because of the following reasons:

- 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;
- Comprehensive and sizeable portfolio of services for the automotive industry which opens the opportunity to cross sell in aerospace and Transportation and Construction Heavy Machinery (TCHM) sectors and a leading participant in the automotive ER&D services industry globally.
- Company's partnerships with the new energy vehicle companies have provided further opportunities outside of their traditional strength in body engineering.
- Developed proprietary integration accelerators which have help the Company built integration across Product lifecycle management ("PLM"), manufacturing execution systems ("MES"), and enterprise resource planning ("ERP").
- Marquee set of clients across anchor accounts (reducing share of revenue from anchor clients), traditional OEMs and new energy vehicle companies; high repeat rate across service business and significant potential to increase market share among existing clients.
- Global delivery model enabling intimate client engagement and

Type of Issue	Offer for Sale of up to 60,850,278 Equity Shares (aggregating up to Rs. 3,042.51 Crores)
Issue size	Rs.3,042.51 Crores at the upper end of the price band
Issue date	Nov. 22, 2023 - Nov. 24, 2023
Employee Reservation	20,28,342 Equity Shares
TML Shareholders Reservation	60,85,027 Equity shares
Price Band	Rs.475 - Rs.500 (Face value: Rs. 2)
Bid lot	30 equity shares and in multiple thereof
Issue structure	QIB - 50 %, NIB - 15%, Retail - 35%
Post issue shares	40,56,68,530 equity shares at upper end of the price band
Promoters and Promoter Group Public	Pre IPO: 66.79% Post IPO: 55.39% Pre IPO: 33.21% Post IPO: 44.61%
Post issue implied market cap	Rs. 20,283.4 Crore at the upper end of the price band
BRILMS	JM Financial Limited, BofA Securities India Limited, Citigroup Global Markets India Private Limited
Registrar to the issue	Link Intime India Private Limited

Financial Summary (Rs. Crore, unless otherwise indicated)

Particulars	H1FY24	FY23	FY22	FY21
Revenue from operations	2,526.7	4,414.1	3,529.6	2,380.9
Revenue growth (%)	33.84%	25.06%	48.24%	(16.52%)
Revenue from Operations (US\$ million)	306.50	546.87	473.51	321.53
Revenue attributable to the Services segment	1,986.39	3,531.16	2,651.35	1,914.37
YoY constant currency growth in Revenue from Operations (%)	28.59%	24.02%	45.18%	(19.74%)
Adjusted EBITDA	464.75	820.93	645.66	385.70
Adjusted EBITDA margin	18.39%	18.60%	18.29%	16.20%
Profit for the period/year	351.90	624.04	436.99	239.17
Profit Margin for the period/year (%)	13.93%	14.14%	12.38%	10.05%
Basic EPS (Rs.)	17.34#	15.38	10.77	5.89
Diluted EPS (Rs.)	17.34#	15.37	10.77	5.89
Equity Share Capital	81.134	81.134	41.807	41.807
Networth	2,853.13	2,989.47	2,280.16	2,142.15
RoNW(%)	12.33^	20.87	19.16	11.17

Source: Red Herring Prospectus, # Annualized, ^ not annualised



scalability.

- i) Company was recently empaneled by Airbus which is expected to become a strong avenue of growth.
- j) Company intends to expand business through selective acquisitions that provides them access to better technology, a broader geographical reach, capabilities and key clients.
- k) Proprietary e-learning platform leveraging their manufacturing domain knowledge to tap into the large upskilling and reskilling market.
- l) The Company benefits from the strong track record, reputation and experience of its Promoter, TML, which is part of the Tata Group.
- m) Strong past financial performance with Company clocking Revenue CAGR of 36.16 percent and PAT registering a CAGR of 61.52 percent over the period FY21-23.
- n) The Company has raised Rs. 791 Crores from marquee anchor investors which instills confidence in the issue.

Objects of the Offer:

To achieve the benefits of listing the Equity Shares on the Stock Exchanges.

The Company expects that the proposed listing of its Equity Shares will enhance their visibility and brand image as well as provide a public market for the Equity Shares in India.

Offer for Sale: Upto 60,850,278 Equity shares aggregating to Rs. 3,042.51 Crores at the upper end of the price band

NAME OF THE SELLING SHAREHOLDERS	TYPE	NUMBER OF EQUITY SHARES OFFERED / AMOUNT AT UPPER PRICE BAND	WEIGHTED AVERAGE COST OF ACQUISITION (IN Rs. PER EQUITY SHARE)
Tata Motors Limited	Promoter Selling Shareholder	Up to 46,275,000 Equity Shares	7.40
Alpha TC Holdings Pte. Ltd.	Investor Selling Shareholder	Up to 9,716,853 Equity Shares	25.10
Tata Capital Growth Fund I	Investor Selling Shareholder	Up to 4,858,425 Equity Shares	25.10

Source: Red Herring Prospectus

Shareholding Pattern:

Particulars	Pre Issue	Post Issue
Promoter and Promoter Group		
Tata Motors Limited	64.79%	53.39%
Tata Motors Finance Limited (previously known as Tata Motors Finance Solutions Limited)	2%	2%
Promoter and Promoter Group	66.79%	55.39%
Public	33.21%	44.61%

Source: Red Herring Prospectus

Tata Technologies Limited has categorized their business lines in 2 Categories; Services and Technology Solutions

1. Services

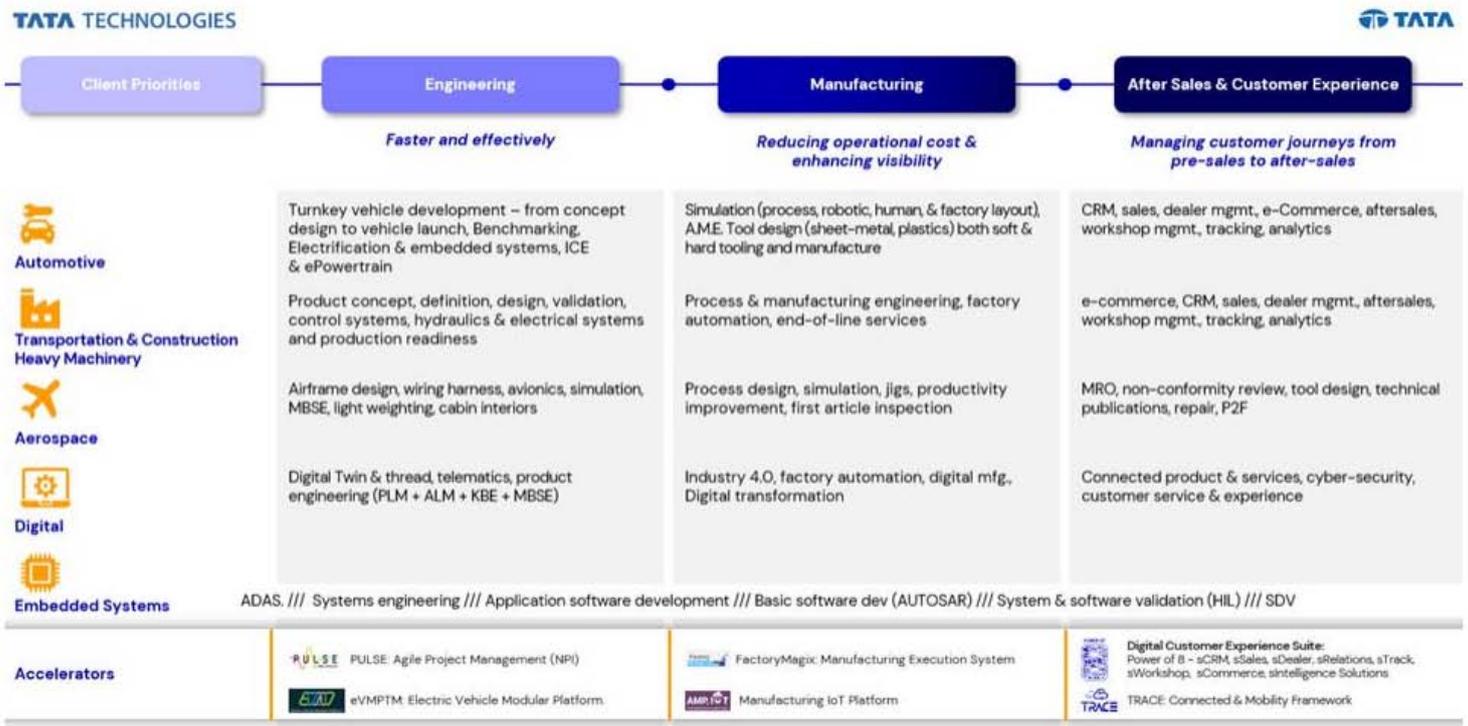
Services is the primary business line of the company, which includes providing outsourced engineering services and digital transformation services to global manufacturing clients helping them conceive, design, develop and deliver better products. Company partners with their clients to synchronize their people and processes across the company, allowing for optimal product lifecycle realization. From offshore development centres to the design and development of components, subsystems, and systems, embedded systems, to full vehicle turnkey projects including electric vehicles, company delivers complex engineering programs and expert domain services to clients, leveraging a global resource pool throughout the product realization lifecycle.

Electric Vehicle Modular Platform ("eVMP") - Company's Electric Vehicle Modular Platform (eVMP) is an accelerator to enable creation of scalable and flexible vehicle platforms for OEMs, including new energy vehicle companies which allows them to evaluate rapid changes to configurations and enables reduction of the NPI cycle time and quicker launch timelines.



AJCONGLOBAL
YOUR FRIENDLY FINANCIAL ADVISORS

The Company has also developed proprietary connected vehicle cloud platform 'TRACE' in 2020 to provide solutions across the auto continuum on safety, vehicle management, remote applications, fleet management, OEMs, navigation and entertainment, industries, dealer/service center and electric vehicle, among others.



Source: Red Herring Prospectus

Company's key area of competence in the automotive sector spans across 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. Other services include Product Data Management, Smart Manufacturing, Enterprise Resource Planning, Customer Experience Management, Application Management, Data Intelligence and Process Automation. Additionally, the Company also runs a full service turnkey program covering the entire spectrum of solutions. Their turnkey solutions are complete and ready to use.

2. Technology Solutions

Tata Technologies Limited complements the 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. Company's Education business provides "phygital" education solutions in manufacturing skills including upskilling and reskilling in relation to the latest engineering and manufacturing technologies to public sector institutions and private institutions and enterprises through curriculum development and competency center offerings through their proprietary iGETIT platform.

Revenue Mix

The table below sets forth its Services and Technology Solutions lines of business and their percentage contribution to its revenue from operations for the periods indicated:

Particulars	Six months/period ended				Fiscal					
	September 30, 2023		September 30, 2022		2023		2022		2021	
	Revenue from Operations	% of Revenue from Operations	Revenue from Operations	% of Revenue from Operations	Revenue from Operations	% of Revenue from Operations	Revenue from Operations	% of Revenue from Operations	Revenue from Operations	% of Revenue from Operations
Services Segment	1,986.39	78.62%	1,640.88	86.92%	3,531.15	80.00%	2,651.35	75.12%	1,914.37	80.40%
Technology Solutions Segment	540.31	21.38%	247.02	13.08%	883.02	20.00%	878.22	24.88%	466.54	19.60%

Source: Red Herring Prospectus



Geographical revenue mix

Region	Six - months/period ended				Fiscal					
	September 30, 2023		September 30, 2022		2023		2022		2021	
	Portion of Revenue from Operations	% of Revenue from Operations	Portion of Revenue from Operations	% of Revenue from Operations	Portion of Revenue from Operations	% of Revenue from Operations	Portion of Revenue from Operations	% of Revenue from Operations	Portion of Revenue from Operations	% of Revenue from Operations
India	887.78	35.14%	462.37	24.49%	1,313.83	29.76%	1,143.54	32.40%	690.02	28.98%
Europe	679.57	26.90%	462.81	24.51%	1,007.62	22.83%	859.02	24.34%	737.14	30.96%
North America	486.66	19.26%	423.18	22.42%	946.54	21.44%	792.16	22.44%	758.59	31.86%
Rest of World	472.68	18.71%	539.56	28.58%	1,146.19	25.97%	734.85	20.82%	195.16	8.20%
Total	2,526.70	100%	1,187.90	100%	4,414.17	100%	3,529.58	100%	2380.91	100%

Source: Red Herring Prospectus

Competitive Strengths

1) Deep expertise in the automotive industry

The comprehensive portfolio of services for the automotive industry addresses the product development and enterprise optimization needs of traditional OEM's and new energy vehicle companies, together with their associated supply chains. The Company's automotive ER&D services span the entire automotive value-chain and includes concept design and styling, tear down and benchmarking ("TDBM"), vehicle architecture, body engineering, chassis engineering, virtual validation, ePowertrain, electrical and electronics, connected, manufacturing engineering, test and validation and vehicle launch. In addition to the spectrum of discrete service offerings, the Company also offers turnkey full vehicle development solutions for traditional internal combustion engine ("ICE") powered vehicles, plug-in hybrids ("PHEV") and battery electric vehicles ("BEV") which have 183 been developed over a period of 10 years. In this area, the Company's services extend from concept, detailed design and development, test and validation to the production launch of the vehicle.

The Company's automotive domain expertise and deep understanding of client requirements underpins the approach it takes to helping its clients leverage digital technologies to optimize the manner in which they conceive, develop, manufacture, sell and service new products. Additionally, its long-standing partnership with its Anchor Clients, including the relationship with JLR since 2010, provides it with the opportunities to cultivate skills and refine its value proposition for the automotive sector. Specific offerings such as its full vehicle proposition and light weight structures have been incubated and developed with TML and JLR. Moreover, its work with TML has helped it to leverage its capability in developing Power of 8 and Amp.IOT platforms and its capabilities in Industry 4.0.

The Company is one of the leading participants in the automotive ER&D services industry globally, having been ranked in the "leadership zone" by Zinnov, the leading ER&D global consultant, for ER&D Services Ratings in 2023 for the seventh consecutive year. The Company has also been ranked as the top India-based automotive ER&D service provider for the fourth consecutive year by Zinnov, recognizing it as having the deepest automotive footprint among India-based ER&D companies.

The Company believes its expertise and delivery capabilities coupled with its balanced talent presence across offshore and onshore locations have contributed to this recognition within the ER&D industry.

The Company's sizeable portfolio of automotive services provides cross-selling opportunities into the TCHM and aerospace sectors. For example, the Company's turnkey machine development capabilities for TCHM have been derived from its full vehicle proposition and its expertise in automotive tooling design has underpinned its proposition for the aerospace maintenance, repair and overhaul ("MRO") sector.

2) Differentiated capabilities in new age automotive trends – electric vehicles ("EVs"), connected and autonomous

The Company's end-to-end solutions for EV development, manufacturing and after-sales services are designed to help OEMs develop competitive EVs while maintaining a balance between cost, quality and timelines. The first step in creating EVs is a compelling vehicle concept and engineering design. The Company's suite of product engineering solutions including outsourced turnkey EV development, product benchmarking, electric vehicle modular platform ("eVMP") for accelerating product development timelines and its light-weighting framework can help OEMs develop products within competitive timelines. Further, its suite of omnichannel after-sales solutions powered by the Power of 8 platforms can help OEMs engage with their EV customers early and manage the entire customer journey effectively. This capability of integrating the mechanical engineering aspect of product development with digital engineering, embedded solutions, and software allows them to provide end-to-end solutions to its clients for EV development, manufacturing and after-sales services. The Company has a long-standing history of developing EV capabilities since as early as 2010. In 2012, the Company unveiled an electric vehicle technology demonstrator ("eMO") at the North American International Automotive Show in Detroit. Since then, the Company has executed



a number of BEV programs globally, demonstrating its end-to-end capabilities to deliver production vehicles. Over the past decade, the Company has been heavily involved in various aspects of its clients' journey to electrify their product portfolio, particularly its Anchor Clients.

With an increased regulatory focus on sustainability and changing consumer preferences, electrification is expected to be the primary focus for the automotive industry. New technologies are disrupting the automotive sector with increased ER&D complexity, requiring specialized support. Global automotive companies are increasing their research and development ("R&D") investments across the broader theme of 'ACES' technologies – autonomous, connected, electrification and shared. The shift to alternative propulsion systems and specifically electric vehicles has enabled this transformation. The Company offers a one stop platform for automotive OEMs to meet new engineering needs across the value chain (Source: Zinnov Report).

For example, one requirement of all EVs is a lightweight body structure. The Company's expertise in this aspect has been established through its long-standing partnership with JLR, one of the earliest adopters of aluminium and lightweight steel. The Company's growing reputation in the lightweight body structure domain has strengthened its client relationships with established OEMs and has led to new client acquisitions with new energy vehicle companies across the world.

In addition, the Company's partnerships with new energy vehicle companies have provided further opportunities outside of its traditional strength in body engineering. The Company has developed a wide range of differentiated capabilities and offerings for EV projects, including EV architectures, over-the-air ("OTA") connected services, level 2 and level 3 autonomous driver assistance systems ("ADAS"), embedded electronics, EV system design, embedded solutions, computer aided engineering ("CAE"), vehicle engineering and integration, prototype build and test and program management.

Through eVMP it helps reduce vehicle development timelines by offering a scalable and flexible option for both traditional OEMs and new energy vehicle companies without a BEV platform. The Company's eVMP platform helps in faster compatibility checks to support multiple system selections, achieves a higher degree of uniformity, scalability and de-risking through virtual validation and allows for rapid configuration changes to client dimensions. For example, its eVMP platform helped accelerate the development timeline for VinFast, a Southeast Asian electric vehicle OEM.

The Company also developed a proprietary connected vehicle cloud platform 'TRACE' to provide solutions across the automotive valuechain. The Company provides a range of solutions on safety, vehicle management, remote applications, fleet management, navigation and entertainment, among others.

3) Strong digital capabilities bolstered by proprietary accelerators

The Company's suite of digital services and accelerators are designed to help OEMs and tier 1 suppliers manage the entire digital product life cycle and engage the customer throughout the product journey. The solutions leverage its deep manufacturing domain knowledge and intimate understanding of clients. The Company's solutions and accelerators across new product introduction ("NPI") increase the efficiency of automotive, TCHM and aerospace clients in introducing new products to the market. The Company's range of offerings span across digital product development solutions to strengthen NPI processes, digital supply chain solutions for agility and risk management, digital manufacturing solutions for better quality, agility and operational efficiencies, digital customer experience and after sales solutions to manage the entire customer journey effectively and digital transformation solutions enabled by proprietary digital wall to manage the digital thread.

Digital technologies are changing the way the manufacturing sector is developing, building and servicing products around the globe. These technologies create value by connecting machines through a 'digital thread' across the value chain - making it possible to generate, securely organize, and draw insights from disparate sources of data. Product lifecycle management ("PLM"), manufacturing execution systems ("MES"), and enterprise resource planning ("ERP") solutions are the fundamental aspects of product realization. The cornerstone of any 'Digital Thread' is strong digital integration across the digital foundation of any manufacturing enterprise, which includes PLM, ERP and MES. Additionally, challenges faced in manufacturing operations such as the lack of collaboration between complex and scattered infrastructure, lack of flexibility due to individual dependency on separate platforms, restrained decision-making due to the lack of integration between channels, and restricted data visibility due to the lack of centralized monitoring platforms and high costs of connectors are further driving the need for integration (Source: Zinnov Report).

The Company has built expertise in integration across PLM, ERP and MES solutions by developing proprietary integration accelerators. The Company also has experience deploying Industry 4.0 at scale with the ability to identify and deploy emerging technologies, tools and solutions to transform the manufacturing operations of its clients. The Company's strong digital capabilities span across product development services, customer experience management, smart manufacturing, application management, data intelligence, business transformation and process automation, among others. The Company's enterprise solutions help OEMs address production specific challenges and accelerate their digital transformation journey, while integrating the digital thread across the lifecycle. The Company has also added additional value through cross selling its services solutions to clients.

4) Marquee set of clients across anchor accounts, traditional OEMs and new energy vehicle companies

The Company has a diversified global presence across Asia Pacific, Europe and North America and partner with many of the largest manufacturing enterprises in the world. As of September 30, 2023, its clients are comprised of more than 35 traditional automotive OEMs and tier 1 suppliers and more than 12 new energy vehicle companies. The Company's client portfolio includes its Anchor Clients, TML and JLR, leading traditional OEMs and tier 1 suppliers such as Airbus, McLaren, Honda, Ford, and Cooper Standard as well as new energy vehicle companies such as VinFast, among others such as Cabin Interiors and Engineering Solutions, ST Engineering Aerospace. The Company's key



accounts are comprised of seven out of the top 10 and 12 of the top 20 global automotive ER&D spenders and five out of the 10 prominent new energy ER&D spenders globally (Source: Zinnov Report).

The Company has deep and long-lasting relationships with its clients. The Company actively engages on multiple projects with clients and have a high repeat rate of over 97.72%, 98.38%, 97.24% and 95.71% across its Services business for the six-months period ended September 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively. The Company has developed a strong client NPS globally, achieving a NPS of 58 for the twelve months ended September 2023, 64 for the twelve months ended September 2022 and 63 for the twelve months ended September 2021, as compared to an NPS of 40 for technology services providers, placing it in the top 20 percentile of technology services players.

While its deep strategic relationships with its Anchor Clients accounted for Rs. 1,421.04 Crore of revenue in Fiscal 2023 (40.24% of revenue attributable to the Services segment), the revenue from non-Anchor Clients, as a percentage of revenue attributable to the Services segment, has increased from 48.60% to 59.66% to 59.76% between Fiscal 2021, Fiscal 2022 and Fiscal 2023, respectively. The Company has also increased the scale of its key accounts through the cross-selling of its services offerings which has increased its client and project level profitability. In addition, between Fiscal 2021 and Fiscal 2023, its new energy vehicle company clients such as VinFast have increased their spend with it.

The combination of Anchor Clients, traditional OEMs and new energy vehicle companies provide a balanced mix of stability and growth, with revenue stability and further growth opportunities from Anchor Clients and traditional OEMs and significant growth opportunities with new energy vehicle companies.

5) **Global delivery model enabling intimate client engagement and scalability**

The Company has a global workforce of 12,451 employees serving multiple global clients from 19 global delivery centers in Asia Pacific, Europe and North America, as of September 30, 2023. The Company's globally distributed execution model ensures balance between onshore client proximity and offshore efficiency. This efficiency is achieved through leveraging its low-cost offshore delivery model to move a greater portion of the work offshore to India and Romania. With the right skill set at a global scale, an optimized engagement model and a balance of onshore/offshore employees, the Company is able to provide aligned onshore client proximity and support the iterative nature of product development services together with the capacity and cost-effectiveness of offshore delivery centers. The Company had approximately 1,717 employees based out of its strategic onshore locations, enabling greater proximity to its clients. In addition, its onshore delivery centers are made up of a majority, as of September 30, 2023 of local national talent and the Company has local presence in all the key automotive ER&D markets globally. The Company also has a delivery headcount of 11,534 employees.

6) **Proprietary e-learning platform leveraging their manufacturing domain knowledge to tap into the large upskilling and reskilling market**

Technological innovations are driving change within the global manufacturing sector, resulting in an increase in demand for new age engineering skills and capabilities. The Company's digital and technology capabilities and long-standing manufacturing expertise coupled with its many years of experience of providing skills training, initially through teacher led classroom training and subsequently through its proprietary iGetIT platform, has positioned it to help address the growing engineering upskilling needs.

The Company leveraged its manufacturing expertise and its iGetIT platform to impart industry-oriented, job-specific skills for reskilling engineers and technicians. The platform has over 25,000 hands-on exercises and over 2,000 courses across various skill sets, including design thinking and multiple computer aided design ("CAD") software. The Company's iGetIT platform is used by enterprise clients as well as public sector institutions in India to train engineering, polytechnic and industrial training institute ("ITI") students. The Company has partnered with four state universities and six private universities along with over 150 private enterprises that use its iGetIT platform, as of September 30, 2023. Earlier this year, the Company also signed a Memorandum of Understanding ("MoU") with a co-operative industrial research association to offer joint certification programs in automotive education. The Company's library of digital engineering, electric vehicle and manufacturing training programs and competency center labs enable organizations to onboard employees through personalized programs and upskill and reskill employees based on skills gaps.

The Company's partnerships in India have recently extended beyond its iGetIT offering to the development of an entire "phygital" (physical and digital) proposition. The Company has been engaged by various State Governments in India for upgradation of their ITIs, to include EV labs and meet Industry 4.0 demands, and curriculum design and as a result, it has been able to build strong capabilities and a presence in the educational sector. For example, earlier this year, the Company signed a memorandum of agreement with a State Government for a period of 10 years to upgrade and modernize 150 ITIs across such state and recently signed a memorandum of agreement with a State Government for a period of 10 years to upgrade 36 ITIs to meet Industry 4.0 demands. The Company has also collaborated with another State Government to establish a center for invention, innovation, incubation and training ("CIIT") to facilitate upskilling in areas related to advanced technologies, thereby improving employability and entrepreneurship among the beneficiaries. In addition, the Company has upgraded 221 government ITIs and are in process of upgrading 417 more in over the next two years across states in India. As of September 30, 2023, the Company has entered into engagements with six State Governments to transform their ITIs into centers of excellence ("CoEs") as part of their initiatives to improve employability of youth.

7) **Well-recognized brand with experienced Promoter, board of directors and management team**

The Company benefits from the strong track record, reputation and experience of its Promoter, TML, which is part of the Tata Group. The Tata Group is one of the leading business conglomerates in India, with a heritage of over 100 years, comprising of more than 28 equity listed companies across multiple verticals such as technology, steel and automotives.



The Company's Promoter is one of the leading global automobile manufacturers in the world, providing integrated and smart e-mobility solutions to customers in over 125 countries. With an employee base of over 81,800 as of March 31, 2023, the Company's Promoter's manufacturing facilities are located across India, the United Kingdom and South Korea. The Company's Promoter is the only OEM in India that offers an extensive range of mobility solutions, covering cars, utility vehicles, trucks and buses. The Company's Promoter has a strong global network of 90 subsidiaries, equity-accounted associates and joint ventures, including JLR in the United Kingdom and 187 Tata Daewoo in South Korea. A broad portfolio of automotive products is offered by its Promoter, ranging from sub-1 ton to 55-ton gross vehicle weight trucks (including pickup trucks) to small, medium and large buses and coaches to passenger cars, premium luxury cars and SUVs.

Further, the Company believes that it is well positioned to benefit from the Tata group's business priorities to increase investment in EVs, aerospace and defense. The 'One Tata' philosophy further benefits group companies with focus on utilizing scale, simplification, and synergies between Tata group companies. In addition to benefiting from the high standards of corporate governance and brand value associated with the Tata Group, the Company also has the opportunity to leverage and benefit from the Tata Groups' global network for exploring potential business opportunities and acquiring direct access to senior decision makers at potential end clients.

The Company is led by a highly experienced and professional board of directors, from diverse backgrounds with execution track records across various industries such as automotive, electronics, legal, IT services, fast moving consumer goods and insurance. The Company's management team is led by its Chief Executive Officer, Warren Harris, and its Chief Financial Officer, Savitha Balachandran. The Company's Key Managerial Personnel and Senior Management Personnel have deep industry experience, with each having several years of experience, which contributes to effective operational coordination and continuity of business strategies.

(Source: Red Herring Prospectus)

Competition Landscape

The global ER&D industry is intensely competitive. Competitors include large ER&D consulting and technology firms globally, divisions of large multinational IT firms, and in-house ER&D departments of pure-play technologies firms, in addition to numerous smaller local competitors in the various geographic markets in which Tata Technologies Limited operates. The global ER&D spend is allocated across in-house ER&D departments of enterprises, GCCs and third-party ESPs. The third-party ESP outsourced market is currently pegged at \$105-100 billion (₹8,620 -9,031 billion). The market is global and fragmented in nature and can be broadly classified into four categories as shown below.

Large IT Service Providers	Indian heritage ER&D Specialists	Western European Specialists	High Growth Service Providers
Capgemini, Accenture, TCS, Wipro, Tech Mahindra etc	KPIT, LTTS, Tata Elxsi, Tata Technologies, etc	Alten, Akkodis, Bertrand, EDAG, Magna Steyr, etc	EPAM, Globant, Endava, etc
<ul style="list-style-type: none"> Historically IT and BPM focused players Increased enterprise spending on R&D even during the pandemic which is making the large SPs bet big on ER&D 	<ul style="list-style-type: none"> Focused sales teams with pure play branding allows them a differentiated positioning Pointed focus on translating their niche ER&D prowess into large deals 	<ul style="list-style-type: none"> Historically focused on asset heavy verticals Low potential to address Digital Engineering with limited software engineering component in their revenues 	<ul style="list-style-type: none"> Engineering culture, Digital talent, Agile pods and India alternate presence (EE, LATAM) Majority of players are digital natives and largely focused on digital engineering services across industries

(Source: Red Herring Prospectus)

Competition

The Company operates in a global and fragmented market, competing with a variety of companies. The Company's key competitors in the ER&D service market include pure play Indian ER&D service providers such as L&T Technology Services, KPIT Technologies and Tata Elxsi, IT service providers such as Tata Consulting Services ("TCS"), Wipro and Tech Mahindra, global ER&D service providers such as Bertrandt, Magna Steyr and EDAG and in-house ER&D departments of its clients (Source: Zinnov Report). Despite high competitive pressure, the Company believes that its global footprint with balanced talent presence across offshore and onshore locations, deep domain knowledge, technological and process knowledge and capabilities, scale capacity, ability to undertake turnkey projects and its long standing client relationships differentiates the Company from its competitors and will allow it to continue to successfully compete in the industry. (Source: Red Herring Prospectus)



Peer Comparison

Name of the company	Face Value (Rs. per share)	Revenue from operations for Financial Year 2023 (In Rs. Crore)	Basic EPS for Financial Year 2023 (Rs.)	Diluted EPS for Financial Year 2023 (Rs.)	P/E for Financial Year 2023	RONW for Financial Year 2023 (%)	NAV per Equity Share as at March 31 , 2023	Market capitalization as on March 31, 2023 (In Rs. Crore)
Tata Technologies Limited	2	4,414.17	15.38	15.37	32.51#	20.87%	73.65 #	N.A.
Listed peers								
KPIT Technologies Limited	10	3,365.03	14.10	13.95	80.31	22.91%	61.58	25,009.74
L & T Technology Services Limited	2	8,013.60	110.80	110.48	37.47	23.54%	470.66	35,680.23
Tata Elxsi Limited	10	3,144.72	121.26	121.26	61.55	36.21%	334.92	37,111.15

(Source: Red Herring Prospectus)

NAV per Equity Share for the Company is calculated on diluted basis, # calculated P/E at the upper end of the price band on FY23 EPS

Key Risks

- 1) Tata Technologies Limited derives a material portion of their revenues from the top 5 clients by revenue generated in each of the six-months period ended September 30, 2023(57.36%) and September 30, 2022(63.94%) and for Fiscals 2023(60.94%), 2022(50.6%) and 2021(55.29%) ("Top 5 Clients") which include Tata Motors Limited (its Promoter) and certain of its subsidiaries (other than Jaguar Land Rover Limited) (collectively, "Tata Motors") and Jaguar Land Rover Limited (and certain other subsidiaries of Jaguar Land Rover Automotive PLC) (collectively, "JLR", and together with Tata Motors, the "Anchor Clients"). If any or all of their Top 5 Clients were to suffer a deterioration of their business, cease doing business with the company or substantially reduce their dealings with them, company's revenues could decline, which may have a material adverse effect on the business, results of operations, cash flows and financial condition.
- 2) 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. Automotive segment contributes 69.09%, 76.56%, 70.94%, 64.51%, and 66.08% of total revenue from operation as on six month ended September 30, 2023, September 30,2022, FY2023, FY2022 and FY2021 respectively.
- 3) Company expects a significant amount of future revenue to come from new energy vehicle companies, many of whom may be startup companies. Uncertainties about their funding plans, future product roadmaps, ability to manage growth, creditworthiness and ownership changes may adversely affect business, financial condition and results of operations.
- 4) Tata Technologies Limited is subject to laws, rules and regulations related to system failures, disclosure of confidential information or data security breaches that are frequently evolving and may require the company to incur additional expenses. Company's failure to comply with these laws, rules and regulations could harm their reputation, damage their relationships with clients and cause them to lose clients.
- 5) Certain of Tata Group Companies, namely Tata Consultancy Services Limited and Tata Elxsi Limited, are engaged to a limited extent, in a similar line of business as the company, and to this limited extent, there may be common pursuits between the Company and such Group Companies. While Tata Technologies Limited is a pureplay engineering, research and development, and digital solutions specialist offering end-to-end solutions across the value chain with a focus on manufacturing led verticals, Tata Consultancy Services Limited offers end-to-end IT solutions across verticals and Tata Elxsi Limited is a design specialist focused on software and digital engineering services.

(Source: Red Herring Prospectus)



Disclosure under SEBI Research Analyst Regulations 2014:

Sr.no.	Particulars	Yes/No
1)	Research Analyst or his/her relative's or Ajcon Global Services Limited financial interest in the subject company(ies):	No
2)	Research Analyst or his/her relative or Ajcon Global Services Limited actual/beneficial ownership of 1% or more securities of the subject company (ies) at the end of the month immediately preceding the date of publication of the Research report	No
3)	Research Analyst or his/her relative or Ajcon Global Services Limited has any other material conflict of interest at the time of publication of the Research Report	No
4)	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5)	Ajcon Global Services Limited has received any compensation from the subject company in the past twelve months	No
6)	Ajcon Global Services Limited has received any compensation for investment banking, or merchant banking, or brokerage services from the subject company in the past twelve months	No
7)	Ajcon Global Services Limited has received any compensation for products or services other than investment banking, or merchant banking, or brokerage services from the subject company in the past twelve months	No
8)	Ajcon Global Services Limited has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9)	Ajcon Global Services Limited has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10)	Research Analyst or Ajcon Global Services Limited has been engaged in market making activity for the subject company(ies)	No

Disclaimer

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Ajcon Global Services Limited is a SEBI registered Research Analyst entity bearing registration Number INH000001170 under SEBI (Research Analysts) Regulations, 2014.

Individuals employed as research analyst by Ajcon Global Services Limited or their associates are not allowed to deal or trade in securities that the research analyst recommends within thirty days before and within five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, We and our affiliates, officers, directors, employees and their relative may: (a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage.

Ajcon Global Services Limited is a fully integrated stock broking, investment banking, merchant banking, corporate advisory, commodity and currency broking Company. It may therefore have commercial relationship for the above said services with the Company covered in this Report. Ajcon Global Services Limited research analysts responsible for the preparation of the research report may interact with trading desk personnel, sales personnel and other parties for gathering, applying and interpreting information.

Ajcon Global Services Limited encourages independence in research report preparation and strives to minimize conflict in preparation of research report. Ajcon Global Services Limited or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Ajcon Global Services Limited nor Research Analysts have any material conflict of interest at the time of publication of this report.

Ajcon Global Services Limited or its associates may have commercial transactions with the Company mentioned in the research report with respect to advisory services.

The information and opinions in this report have been prepared by Ajcon Global Services Limited and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Ajcon Global Services Limited.



While we would endeavour to update the information herein on a reasonable basis, Ajcon Global Services Limited is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Ajcon Global Services Limited from doing so. This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed.

This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Ajcon Global Services Limited will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Ajcon Global Services Limited accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Ajcon Global Services Limited or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

It is confirmed that Akash Jain or any other Research Analysts of this report has not received any compensation from the company mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Ajcon Global Services Limited or its subsidiaries collectively or Directors including their relatives, Research Analysts, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Ajcon Global Services Limited may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor Ajcon Global Services Limited have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on Ajcon Global Services Limited by any Regulatory Authority impacting Equity Research Analysis activities.

Analyst Certification

I, Akash Jain, research analyst, author and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view (s) in this report.

For research related queries contact:

Mr. Akash Jain – Vice President (Research) at research@ajcon.net

CIN: L74140MH1986PLC041941

SEBI registration Number: INH000001170 as per SEBI (Research Analysts) Regulations, 2014.

Website: www.ajcononline.com

Registered and Corporate office

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062