



# Tata Technologies Limited

“Engineering a better world”

WWW.TATATECHNOLOGIES.COM

Report Date: December, 25, 2020  
Report Number: Annual/2020/01

ISIN: INE142M01017  
Status: Unlisted EQ  
Face Value: ₹10 per share  
Market Capitalisation:  
₹ 43 Bn

Tata Technologies is a global engineering and product development digital services company focused manufacturing clients across the automotive, industrial machinery and aerospace. Tata Technologies Ltd. was founded in 1989, as a business unit of Tata Motors. In 1994, it spun off as an independent business unit, with headquarter in Singapore and commenced operations in India in 1996.

**Share holding pattern:** It has a strong promoter presence by its parent company Tata Motors of 70.39%. The other Institutional investor is Alpha TC Holdings Pte Ltd, who in 2011 funded Tata Technologies with \$30 million through private equity. Tata Technologies is a part of the Tata Group subsidiary of Tata Motors, it exhibits the same core values of the Tata Group which are Integrity, Responsibility, Excellence, Pioneering and Unity.

It currently has a Joint Venture with Hindustan Aeronautics Ltd (HAL), Asia's premier aero structures manufacturer, for E&D of aero structures. The company is also a global leader in engineering services outsourcing and product development IT services to the global manufacturing industry. It is also a strategic partner for developing complete vehicles, engineering subsystems and components and managing the New Product Introduction (NPI) process through collaborative engineering tools.

**Line of Business:** a) Engineering, Research and Development (ER&D) services, and b) Digital Enterprise Solutions which includes offerings in Connected Enterprise IT (CEIT) and Product Lifecycle Management (PLM) services and products.

**The company has enjoyed a steady global expansion through the strategic acquisitions and integrations through the deals mentioned below:**

- ◆ In 2005, it acquired INCAT International, a British design and engineering services firm; to have a larger and stronger global position while allowing it to offer a greater range to its global customer base.
- ◆ In 2006, acquired CEDIS Mechanical Engineering GmbH of Germany to further strengthen its European client base.
- ◆ In 2013, acquired Cambric Corporation adding to Romanian delivery centres & expanding industrial machinery engineering capabilities.
- ◆ In 2017, acquired Escenda Engineering AB in Sweden which is into Automotive design.

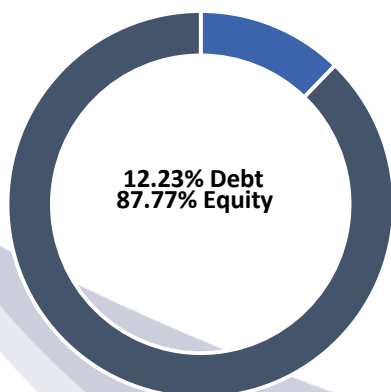
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TATA TECHNOLOGIES LIMITED



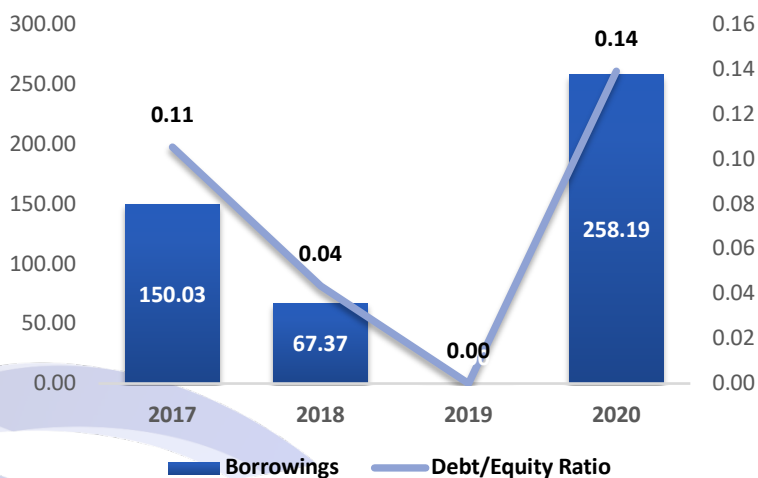
# Financial Dashboard

### Capital Structure



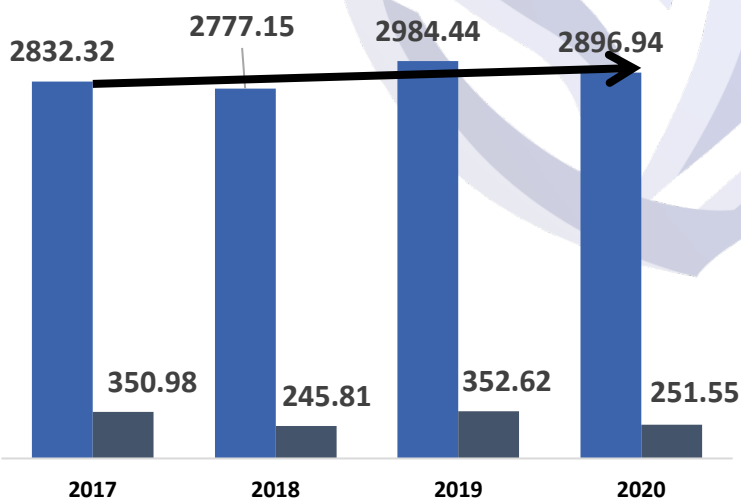
■ Debt ■ Equity

### Borrowing Trend



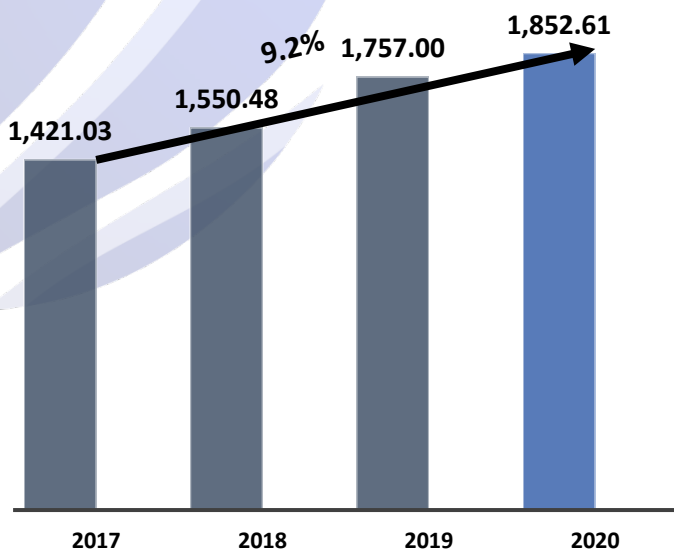
The Company is virtually debt free and the debt the portion includes “Capital Lease” recognized as per requirement of AS-116 and included while calculating Debt to Equity ratio.

### Revenue vs PAT (in ₹ Cr)



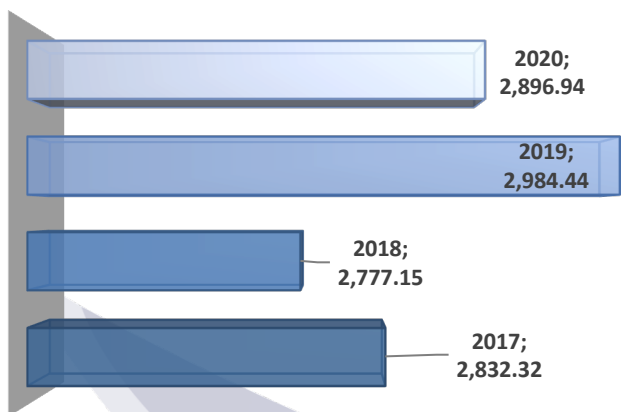
■ Revenue ■ PAT → Linear (Revenue)

### Net Worth (in ₹ Cr)

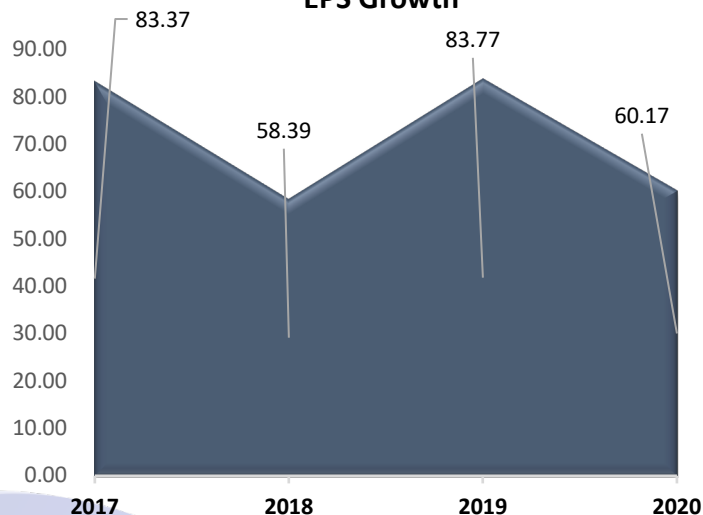




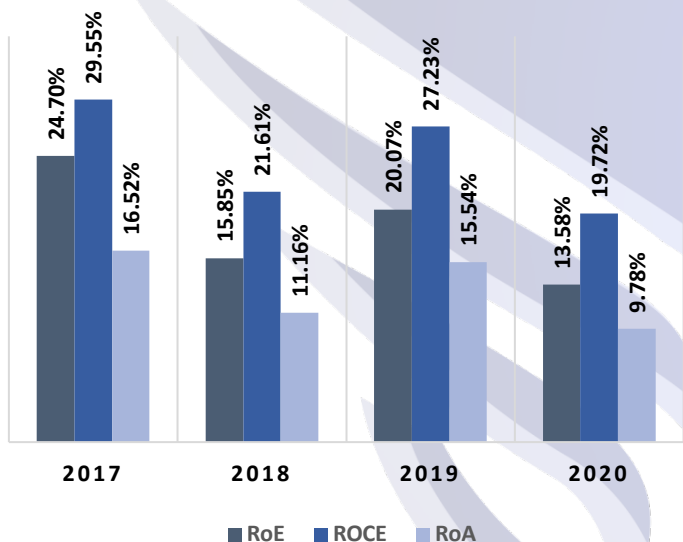
### Revenue from Operations (in ₹ Cr)



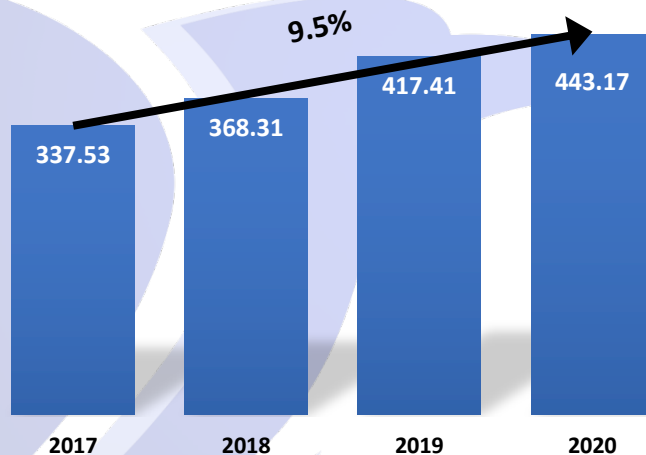
### EPS Growth



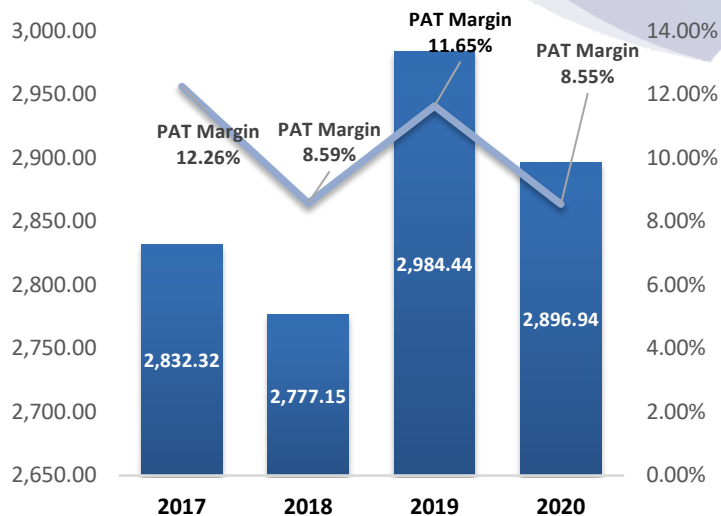
### ROE ROA & ROCE



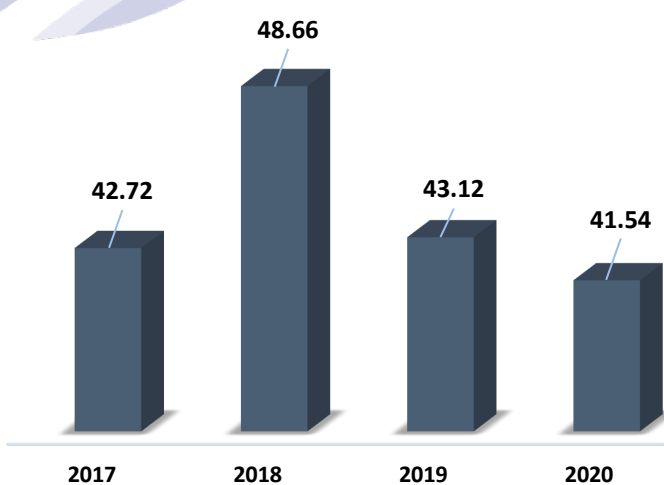
### Book Value Per Share



### Revenue vs PAT Margin



### Dividend Per Share





## Key Investment Considerations

- ◆ The Company is paying dividend consistently year on year, Dividend per share of Rs.40/- is paid during FY19-20.
- ◆ The company is Debt free from the past 2 years with zero long term debt as well as zero short term debt, (except for the capital lease) meaning that the company is 100% funded through Shareholder's Equity and is a more financial stable business.
- ◆ The Company has been consistently generating Return on Capital Employed in excess of 15% year on year.
- ◆ The net worth of the Company has grown at a CAGR of 9.2% in last 4 years.
- ◆ The total revenue has decreased by 2.93% to ₹ 2,896.94 crore in FY2020 from ₹ 2,984.44 crore in FY2019. The company generates 70% of its operational revenue from outside India and hence was impacted due to lockdown and other restrictions on account of COVID-19 in different countries.
- ◆ The profit after tax (PAT) has decreased by 28.66% to ₹ 251.55 crore in ₹ FY2020 from ₹ 352.60 crore in FY2019 on account of its impact on revenue due to COVID-19 restrictions.
- ◆ The net profit margin of the company stood at 8.68% in FY2020 as against 11.81% in FY2019.
- ◆ The return on assets (ROA) and return on equity (ROE) were 10.39% and 13.94% in FY2020 due to its decrease in sales and subsequent decrease in profits.

## Valuation

METRICS	FY2019	FY2020	Y-O-Y Change
Market Capitalization	-	4,243.03	-
Promoter Shareholding	70.39%	72.48%	2.09%
Net Worth	1,757.00	1,852.61	5.44%
Book Value per Share (in ₹)	417.37	443.17	6.18%
ROCE (in %)	27.23%	19.72%	-7.51%
ROE (in %)	20.07%	13.94%	-6.13%
P/E	-	23.26	-
Cash per Share (in ₹)	87.71	97.39	11.04%
Face Value per Share (in ₹)	10/-	10/-	-



## Future Outlook

Tata Technology is a part of the most respected Tata group with a very able management engaged into the IT and digital transformation business for manufacturing sector, with signing a global systems integration partnership with PTC. Its positioning gives it a unique advantage, as the manufacturing sector is going to adopt newer technologies and will be more digital orientation. The Company is also planning to align its business portfolio with new markets and opportunities. They are now investing into embedded electronics, digital and software systems. Last year they under built a project named as Autostar (Automotive Open System Architecture) for a major tier-1 automotive supplier. 20% of service business revenue comes from Digital now.

**Business Diversification Strategy:** The Company is now focussing on outside automotive sector, where their aero- space business grown 11% and industrial and heavy machinery (IHM) business has grown 8.2%. Geographically, business in US has grown by 13.5% with improved sales force effectiveness.

The Company is quality focus with regard to client servicing aspect, creating value for community , people working with them and thus creating potential for strong share – holder returns

As regards valuation wise with a market cap of INR 4,243.03 core, it is rightly placed in mid cap IT sector. Going forward as the economy further recovers there will be more and more demand for skilled IT work force which Tata Technology will be able to provide ,as it has already partnered with Karnataka Government for develop of 156 ITI canters.



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