Retail Equity Research

Tata Technologies Ltd.

Accumulate

Company Update

Sector: IT Enabled Services

26th February, 2026

Key Changes	Target ▲		Rating ▲		Earnings ▲
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	TATATECH:IN	82,249	TATATECH	544028	12 Months

Target	**Rs. 655**
CMP	**Rs. 583**
Return	**+12%**

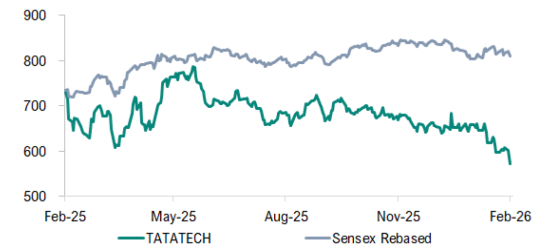
Data as of: 26-Feb-2026, 17:00 hrs

Company Data	
Market Cap (Rs.cr)	23,751
52 Week High — Low (Rs.)	797 - 569
Enterprise Value (Rs. cr)	23,528
Outstanding Shares (cr)	40.6
Free Float (%)	42.9
Dividend Yield (%)	2.0
6m average volume (cr)	0.1
Beta	1.2
Face value (Rs.)	2.0

Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	55.2	55.2	55.2
FII's	4.9	5.3	5.5
MFs/Institutions	3.3	2.9	2.9
Public	30.0	30.3	29.8
Others	6.6	6.4	6.6
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-15.6%	-16.3%	-21.9%
Absolute Sensex	-3.2%	1.1%	10.4%
Relative Return	-12.5%	-17.4%	-32.4%

*over or under performance to benchmark index



Y.E March (Rs cr)	FY26E	FY27E	FY28E
Sales	5,363	6,213	6,908
Growth (%)	*3.8*	*15.8*	*11.2*
EBITDA	834	1,056	1,217
EBITDA Margin (%)	*15.5*	*17.0*	*17.6*
PAT Adjusted	681	824	948
Growth (%)	*0.6*	*21.1*	*15.0*
Adjusted EPS	16.8	20.3	23.4
Growth (%)	*0.6*	*21.1*	*15.0*
P/E	34.1	28.2	24.5
P/B	6.7	6.7	6.7
EV/EBITDA	27.6	21.6	18.6
ROE (%)	*14.9*	*23.8*	*27.3*
D/E	0.1	0.1	0.1

Strategic Expansion Underpins Growth Potential

Tata Technologies Ltd, a subsidiary of Tata Motors Ltd, is a global product engineering and digital services company with over 12,600 employees and 20 global delivery centres across 27 countries in Asia-Pacific, Europe and North America.

- In Q3FY26, consolidated revenue grew 3.7% YoY to Rs. 1,366cr, led by Services segment growth, new strategic deal wins and favourable currency movements.
- Revenue from the Services segment rose 4.7% YoY to Rs. 1,060cr, aided by strategic deal wins and strong vertical performance (particularly aerospace and IHM).
- Revenue from the Technology Solutions segment rose 0.3% YoY to Rs. 306cr, as temporary softness in the education business offset gains from year-end product lifecycle management software renewals.
- EBITDA declined 17.6% YoY to Rs. 193cr, while the EBITDA margin contracted 370bps YoY to 14.1% owing to annual wage revisions (increasing employee costs) and a temporary dip in revenue from a large client account.
- Reported profit after tax (PAT) slumped 96.1% YoY to Rs. 7cr, primarily due to one-time exceptional items of Rs. 164cr related to new labour codes and acquisition-related costs for ES-Tec.

Outlook & Valuation

With strategic integration, ES-Tec enhances its European footprint, while deeper engagement with Volkswagen and ongoing portfolio diversification should gradually reduce client concentration risk. During the quarter, the company secured six key deals across automotive and industrial segments, spanning full-vehicle programs and sustainability projects with global OEMs. Growth is driven by automotive recovery and SDV programs, with aerospace revenue projected around $40 million in FY26. Opportunities are also expanding in commercial vehicles and factory automation. Despite regulatory changes and industry headwinds in key markets, management anticipates healthy sequential revenue growth in Q4, with margins improving from recent levels, driven by a secured pipeline and improving customer decision cycles. Additionally, management is targeting double-digit revenue growth for FY27. Hence, **we upgrade our rating to Accumulate on the stock, based on 28x P/E on FY28E adjusted earnings-per-share (EPS), with a rolled-forward target price of Rs. 655.**

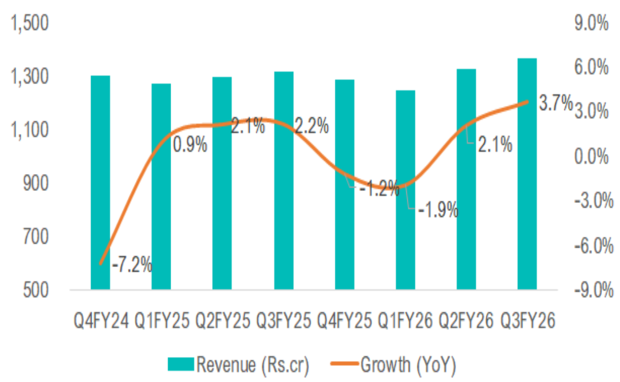
Quarterly Financials Consolidated

Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	1,366	1,317	*3.7*	1,323	*3.2*	3,933	3,883	*1.3*
EBITDA	193	234	*-17.6*	208	*-7.2*	601	701	*-14.2*
Margin (%)	*14.1*	*17.8*	*-370bps*	*15.7*	*-160bps*	*15.3*	*18.0*	*-270bps*
EBIT	157	204	*-23.0*	177	*-11.3*	503	611	*-17.7*
PBT	23	226	*-89.8*	226	*-89.8*	481	663	*-27.4*
Rep. PAT	7	169	*-96.1*	166	*-96.0*	342	488	*-29.8*
Adj PAT	171	169	*1.1*	166	*3.0*	506	488	*3.7*
Adj. EPS (Rs)	4.2	4.2	*1.1*	4.1	*3.0*	12.5	12.0	*3.7*

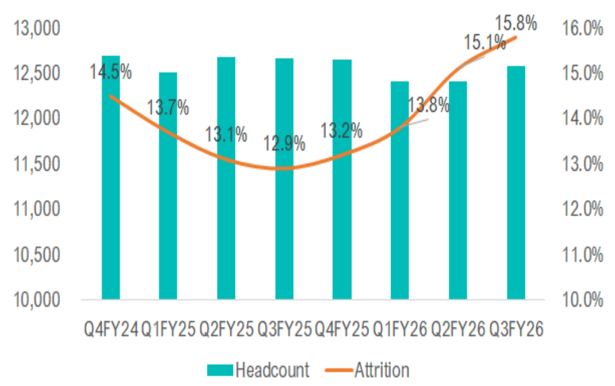
Key concall highlights

- Growth in industrial heavy machinery is being driven by demand in the Commercial Vehicles and Off-highway segments. The momentum is supported by Tata Motors CV's acquisition of IVECO, with Tata Technologies playing a key role in integration and synergy creation.
- The company has also been expanding its presence in North America and in the aerospace sector, highlighted by its deepening partnership with Airbus.
- During Q3FY26, the company secured six strategic deal wins, including its first full vehicle programme in 18 months with a global automotive original equipment manufacturer. This landmark win strengthens its product development capabilities and signals early signs of recovery in the sector.
- The BMW joint venture continues to scale up, now employing over 1,500 engineers. As a pivotal element of BMW's global engineering strategy, this partnership has enabled Tata Technologies to secure several direct framework agreements with BMW across Europe.
- As of December 2025, the headcount increased 1.4% QoQ to 12,580, (net addition of 178), while LTM attrition rose to 15.8% in Q3FY26 from 15.1% in the previous quarter.
- The management provided a robust outlook for Q4FY26, guiding for sequential revenue growth exceeding 10%, driven by a strong deal pipeline, successful integration of the ES-Tec acquisition and increased investments in delivery capacity.

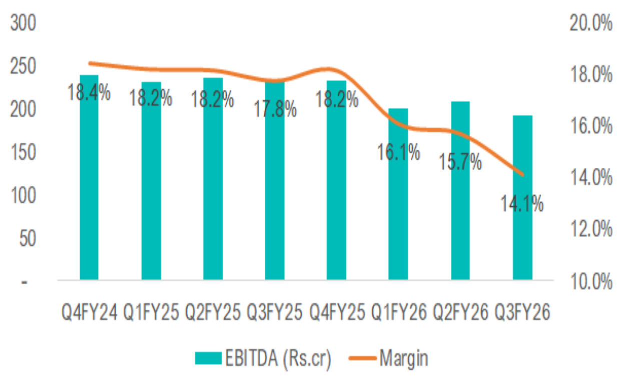
Revenue



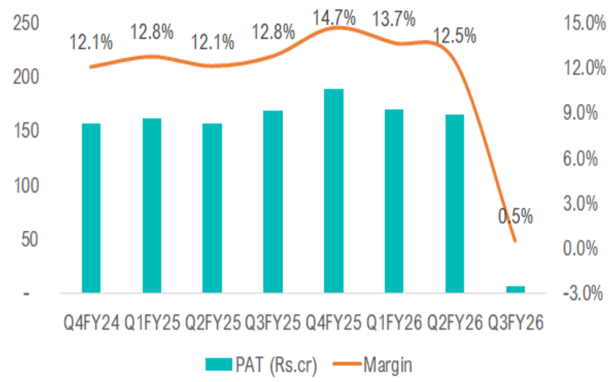
LTM Attrition



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates			Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	5,341	5,764	5,363	6,213	6,908	*0.4*	*7.8*
EBITDA	926	1,073	834	1,056	1,217	*-9.9*	*-1.6*
Margins (%)	*17.3*	*18.6*	*15.5*	*17.0*	*17.6*	*-180bps*	*-160bps*
Adj. PAT	687	790	681	824	948	*-0.9*	*4.4*
EPS	16.9	19.5	16.8	20.3	23.4	*-0.9*	*4.4*

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	**5,117**	**5,168**	**5,363**	**6,213**	**6,908**
% change	*15.9*	*1.0*	*3.8*	*15.8*	*11.2*
EBITDA	**941**	**934**	**834**	**1,056**	**1,217**
% change	*3.6*	*-0.8*	*-10.7*	*26.7*	*15.2*
Depreciation	106	121	130	140	148
EBIT	**835**	**813**	**704**	**916**	**1,069**
Interest	19	20	23	21	33
Exceptional items	-	-	164	-	-
Other Income	116	128	186	227	254
PBT	**932**	**921**	**704**	**1,122**	**1,291**
% change	*5.4*	*-1.1*	*-23.6*	*59.4*	*15.0*
Tax	253	244	187	298	342
Tax Rate (%)	*27.1*	*26.5*	*26.5*	*26.5*	*26.5*
Reported PAT	**679**	**677**	**517**	**824**	**948**
PAT att. to common shareholder	**679**	**677**	**517**	**824**	**948**
Adj.*	-	-	164	-	-
Adj. PAT	**679**	**677**	**681**	**824**	**948**
% change	*8.9*	*-0.4*	*0.6*	*21.1*	*15.0*
No. of shares (cr)	40.6	40.6	40.6	40.6	40.6
Adj EPS (Rs.)	**16.7**	**16.7**	**16.8**	**20.3**	**23.4**
% change	*9.0*	*-0.4*	*0.6*	*21.1*	*15.0*
DPS (Rs.)	10.1	11.7	11.1	12.9	14.7

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	913	903	446	653	813
Accts. Receivable	1,148	1,006	1,309	1,522	1,699
Inventories	-	-	-	-	-
Other Cur. Assets	1,912	2,765	3,431	3,612	3,781
Investments	-	-	-	-	-
Gross Fixed Assets	746	789	923	1,072	1,231
Net Fixed Assets	310	261	265	275	286
CWIP	-	-	-	-	-
Intangible Assets	840	869	928	968	1,010
Def. Tax -Net	253	342	374	387	445
Other Assets	202	520	575	618	669
Total Assets	**5,578**	**6,664**	**7,327**	**8,035**	**8,703**
Current Liabilities	2,041	2,605	3,335	3,986	4,587
Provisions	58	60	63	63	64
Debt Funds	257	237	250	259	264
Other Liabilities	1	183	220	264	317
Equity Capital	81	81	81	81	81
Res. & Surplus	3,140	3,498	3,379	3,382	3,390
Shareholder Funds	3,221	3,579	3,460	3,463	3,472
Minority Interest	-	-	-	-	-
Total Liabilities	**5,578**	**6,664**	**7,327**	**8,035**	**8,703**
BVPS	79	88	85	85	86

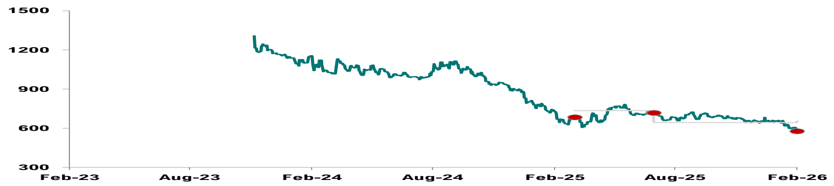
Cash Flow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	**785**	**798**	**647**	**964**	**1,096**
Non-cash adj.	-277	-243	-299	11	-89
Other adjustments	-	-	-	-	-
Changes in W.C	-214	144	-276	-148	-129
C.F. Operation	**294**	**699**	**72**	**827**	**878**
Capital exp.	-91	-31	-134	-149	-159
Change in inv.	192	-325	-	-	-
Other invest.CF	293	268	68	69	70
C.F - Investment	**394**	**-89**	**-66**	**-80**	**-89**
Issue of equity	-	-	-	-	-
Issue/repay debt	-58	-69	10	5	1
Dividends paid	-499	-416	-450	-524	-597
Other finance.CF	-	-1	-23	-21	-33
C.F - Finance	**-557**	**-486**	**-463**	**-540**	**-629**
Chg. in cash	131	124	-457	207	160
Closing Cash	**913**	**903**	**446**	**653**	**813**

Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	18.4	18.1	15.5	17.0	17.6
EBIT margin (%)	16.3	15.7	13.1	14.8	15.5
Net profit mgn.(%)	13.3	13.1	9.6	13.3	13.7
ROE (%)	21.1	18.9	14.9	23.8	27.3
ROCE (%)	24.0	21.3	19.0	24.6	28.6
W.C & Liquidity					
Receivables (days)	81.9	71.0	89.1	89.4	89.8
Inventory (days)	-	-	-	-	-
Payables (days)	196.2	193.4	197.1	193.5	189.8
Current ratio (x)	1.9	1.7	1.5	1.4	1.3
Quick ratio (x)	1.0	0.9	0.7	0.7	0.7
Turnover &Leverage					
Gross asset T.O (x)	7.2	6.7	6.3	6.2	6.0
Total asset T.O (x)	0.9	0.8	0.8	0.8	0.8
Int. covge. ratio (x)	44.2	41.4	31.2	42.8	32.7
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	8.0	5.2	4.3	3.7	3.3
EV/EBITDA (x)	43.3	28.7	27.6	21.6	18.6
P/E (x)	61.0	40.6	34.1	28.2	24.5
P/BV (x)	12.9	7.7	6.7	6.7	6.7

Recommendation Summary - (Since listing)



Dates	Rating	Target
27-Mar-25	HOLD	735
24-Jul-25	SELL	644
26-Feb-26	Accumulate	655

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	**Upside is above 10%**	**Upside is above 15%**	**Upside is above 20%**
Accumulate	**-**	**Upside is between 10%-15%**	**Upside is between 10%-20%**
Hold	**Upside is between 0% - 10%**	**Upside is between 0%-10%**	**Upside is between 0%-10%**
Reduce/sell	**Downside is more than 0%**	**Downside is more than 0%**	**Downside is more than 0%**
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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