TATA TECHNOLOGIES

Q1FY27 Summary

Executive Summary

Q1FY27 marks a much-needed positive inflection after a prolonged period of challenges, with performance building on the positive momentum established in Q4FY26. The sustained positive financial growth in both quarters materially improves confidence in the company's growth trajectory. Growth is expected to accelerate through the year and be substantially stronger in H2FY27. Multi-year growth is further supported by the Tenneco win, the Japanese full-vehicle program, cross-selling through ES-Tec and BMW, sustained Aerospace and IHM growth and the additional deal wins. The company's propulsion-agnostic position allows it to participate across ICE, hybrid, plug-in hybrid and battery-electric programs irrespective of the way traditional OEMs rebalance their vehicle portfolio. Since the next phase of growth will be execution-intensive, we remain watchful in terms of pace, delivery timelines, customer feedback and margin accretion.

Revenue grew 33.8% Y-o-Y (26.9% Y-o-Y organic growth) to ₹1,664crs on the back of normalization in the anchor-account, acceleration in broad-based Automotive space, stronger Europe execution and continued expansion in Aerospace and Industrial Heavy Machinery. Services remained the principal growth engine growing 34.6% Y-o-Y and contributing to 78% of revenue.

Growth was broad-based with anchor customer concentration declining to 48.9% of services revenue. Large-deal conversion also propelled growth led by the $100mn Tenneco win and the new full-vehicle development deal won from a Japanese OEM. Strategically, these deal validate Tata Technologies' ability to move beyond outsourced engineering into enterprise-wide operational modernization. Europe and represented almost 39% of company revenue as the ES-Tec acquisition, BMW-linked access, Volvo scaling and new European OEM wins are converting Germany and the broader region from a historical white space into a core growth market.

Financial Summary

Overall, Q1FY27 confirms that the recovery visible in Q4FY26 has broadened into a more durable growth cycle rather than being a one-time spurt. The latest large program deals won by the company increase revenue visibility, deepen customer integration and broaden downstream opportunities across engineering, software, manufacturing and digital transformation.

Gross margin increased by 44.2% Y-o-Y to ₹460.0crs on the back of the Services segment's Gross Profit margin rising by 48.5%. EBITDA Margin remained at the steady 16.1% range owing to the various full-vehicle and strategic programs requiring a greater headcount, training costs, along with infrastructure and delivery-readiness costs, all of which diluted margins. However, TATATECH is confident of witnessing margin improvement in the remainder of the year as the project evolves towards the monetization stage and the non-recurring expenses are wound down. The divergence between the reported EBIT growth of 31.1% Y-o-y and the 6.1% Y-o-y PAT is largely due to the incremental Interest cost being generated from the consolidated Es-Tec numbers.

A Broad Based growth and a reduced Anchor concentration

Reported revenue growth of 33.8% year on year includes the consolidation of ES-Tec, while organic revenue growth remained a strong 26.9%.

On a Q-o-Q basis, Services revenue grew 4.3%, Technology Solutions revenue increased to ₹367.7crs led by the 9.1% Q-o-q growth in the Education segment and partially offset by the 2.6% decline in the seasonal Products segment, which usually witnesses strongest growth in the October-December quarter.

As deals are monetized and delivered through this year, a strong conviction of witnessing an above average growth in H2FY27E vs H1FY27E can be expected. The focus has now shifted to its pace of execution, team and infrastructure mobilization and overall program governance.

Anchor accounts contributed 48.9% of services revenue with non-anchor customers now forming a larger share of the services business. This is a significant milestone as TATATECH is no longer confined to the volatile demand and supply of the anchor accounts.

While the Automotive business generated the 81% lion's share of services revenue, we find significant revenue growth from the Aerospace and IHM segment at $15mn.

Europe generated $67.9mn, up 10.1% sequentially, and represented almost 39% of company revenue. Deal wins and acquisitions such as ES-Tec, BMW-JV, Volvo partnership among other wins are enabling TATATECH to gain a strong footprint in the European and International automotive market.

Important Data

Nifty	24,624.65
Sensex	78,581.00

Key Stock Data

Close*	₹754
MCAP (bn)	~₹307
52-WHigh/Low	₹805/507
BSE Code	544028
NSE Code	TATATECH
Bloomberg Code	TATATECH:IN

Close as on 5th Aug 2026*

Shareholding Pattern (%) – Jun'26

Promoter	55.2
DIIs	6.3
FIIs	4.5
Public	34.0

Relative Performance

Returns (%)	Since 30Nov23
TATA TECH	(37.5)%
Nifty 50	22.2%
Sensex	16.5%

Source: Company, Way2Wealth

(Rs. crs)

	FY23A	FY24A	FY25A	FY26A	FY27E
Revenue	4,414	5,117	5,169	5,506	6,960
EBITDA	821	941	934	853	1,156
Margin (%)	19%	18%	18%	16%	17%
PAT	624	679	677	633	785
EPS (₹)	15	17	17	16	19
RoE (%)	21%	21%	19%	16%	18%
RoCE (%)	24%	26%	23%	17%	19%
P/E (x)	50	46	46	49	40
P/S (x)	7	6	6	6	4
P/BV (x)	10	10	9	8	7
EV/EBITDA (x)	37	32	32	36	27
EV/Sales (x)	7	6	6	6	4

Source: Company, Way2Wealth

Rupali Singh
rupalisingh@way2wealth.com
91-22-4019 2907

Strategic Programs and Capability Expansion

The successful $100mn, five-year Tenneco deal win is a multi-year deal which expands on TATATECH's expands the company's business into enterprise-wide modernization programs from outsourced engineering. The deal is estimated to be value accretive from the current quarter onwards and leverages the company's expertise in program management, supply-chain development, process optimization, digital transformation and AI-enabled delivery.

The Japanese OEM full-vehicle program win is significant, giving the company in-roads into an otherwise high-entry-barrier market. A full-vehicle development program win is a significant step, given the market's sophisticated requirements across all aspects of the program including vehicle engineering, systems, embedded software, validation, manufacturing engineering and global delivery.

Other, smaller deal wins will continue to keep revenue robust. These include a European luxury OEM deal across engineering, manufacturing, supply chain, purchasing and digital domains, a North American industrial equipment program covering systems, software and embedded development, a range-extender vehicle mandate, propulsion and electronics programs and a PLM and engineering-data-platform transformation.

Full-vehicle experience with new-energy vehicle companies delivered innovation and speed but produced volatile follow-on demand. With the focus shifted towards large, established, multi-national OEMs, we believe that the long term revenue and business growth will witness better continuity from one product cycle to the next and improve workforce redeployment across programs.

BMW JV Continues to Grow

BMW TechWorks crossed 2,000 engineers. Tata Technologies' share of JV profit increased 43.5% sequentially to ₹9.5crs, while total quarterly contribution, including deferred income, was ₹17.8crs. The JV strengthens TATATECH's strategic relationship with BMW while enhancing its software-led engineering capabilities and execution framework. The partnership provides additional domain expertise, strengthens its credentials in next-generation mobility solutions, and improves its ability to pursue and win larger, more complex engineering engagements.

Using AI as a Margin Accretive Tool

TATATECH is using AI as a key enabler, compressing full-vehicle development cycles to 18-24 months versus the 36-48 months often witnessed by international OEMs.

The company's key AI tool, Chromosome.ai, translates engineering knowledge into reusable knowledge bases and delivery frameworks. This becomes margin accretive as it allows for a higher throughput, greater project capacity and improved delivery predictability.

VIEW

We revise FY27E revenue to ₹6,960crs, factoring in the sustained business momentum, full-year consolidation of ES-Tec, and stronger ramp-up of recently secured strategic deals in H2 FY27. The higher revenue growth rate is also aided by a lower FY26 base, which was impacted by the cyber incident at the anchor customer, which disrupted their operations and, consequently, had a downstream impact on associated engineering programs and vendor activity.

EBITDA margins are expected to remain on an upward trajectory, but we conservatively factor in a gradual recovery with FY27E margins remaining below the historical 18%+ levels as TATATECH continues to invest upfront in scaling new engagements and integrating expanded capabilities. A faster-than-expected ramp-up of these large strategic engagements could provide meaningful upside, though execution remains the key monitorable.

The bottom line should continue to witness strong improvement. The near term trajectory is likely to lag revenue growth due to the consolidation effect of ES-Tec's expenses including higher interest costs, the one-time labour code provision reversal in FY-26 creating a higher comparison base. FY27E is thus, expected to be a strong growth year for the business. Margin growth will likely be non-linear as the company scales into larger engagements, expands across new domains and geographies, and absorbs the impact of recent investments.

With improving business momentum balanced against near-term execution and margin normalization risks, we continue to have a positive outlook on TATATECH and maintain a HOLD on the stock.

Quarterly Financials

(₹ crs)

Particulars	Q1FY27	Q4FY26	Q3FY26	Q2FY26	Q1FY26	Y-o-y	Q-o-q
Revenue	1,665	1,572	1,366	1,323	1,244	**34%**	**6%**
Services Segment	1,297	1,220	1,060	1,013	964	**35%**	**6%**
Tech Solutions Segment	368	353	306	311	280	**31%**	**4%**
COGS	437	408	342	336	307	**43%**	**7%**
Employee Exp	815	763	698	650	627	**30%**	**7%**
Oper. Exp	1,397	1,320	1,173	1,116	1,044	**34%**	**6%**
EBITDA	267	252	193	208	200	**34%**	**6%**
Margin (%)	16%	16%	14%	16%	16%		
EBI	252	205	157	177	169	**49%**	**23%**
Interest Exp	15	16	9	5	5		
Other Income	37	31	32	48	64		
Exceptional Inc / (Exp)	-	56	-164	-	-		
PBT	252	283	23	226	233	**8%**	**-11%**
PAT	181	204	7	166	170	**6%**	**-11%**
PAT (Adj for 1-time Exp)	181	162	130	166	170	**6%**	**12%**
EPS (₹)	4	5	0	4	4	**6%**	**-11%**

Source: Company, Way2Wealth

Financial Performance

(₹ crs)

Particulars	FY24A	FY25A	FY26A	FY27E	FY28E
Revenue from operations	5,117	5,168	5,506	6,960	7,950
Services segment	3,983	4,027	4,256	5,452	6,300
Technology Solutions segment	1,135	1,141	1,249	1,508	1,650
Gross profit	1,454	1,512	1,464	1,943	2,271
Services	1,256	1,304	1,232	1,672	1,966
Technology Solutions	198	208	232	271	305
Gross margin (%)	28.4%	29.3%	26.6%	27.9%	28.6%
Services	31.5%	32.4%	28.9%	30.7%	31.2%
Technology Solutions	17.5%	18.2%	18.6%	18.0%	18.5%
Operating EBITDA	941	934	853	1,156	1,359
EBITDA margin	18.4%	18.1%	15.5%	16.6%	17.1%
Profit before tax	932	921	872	1,057	1,299
Profit after tax	679	677	633	785	975
PAT margin	13.3%	13.1%	11.5%	11.3%	12.3%
EPS (₹)	16.75	16.67	15.60	19.33	24.00

Source: Company, Way2Wealth

Coverage

Date	Report / Update	Report Price (₹)	Buy Range (₹)	Target Price (₹)
24-Sep-24	Quick Insight	1,102.5	1080 – 1100	1330 – 1350
9-May-25	Q4FY25	652.00		
22-Jan-26	Q3FY26	644.00		

Disclaimer

Analyst Certification: I, Rupali Singh, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Rupali Singh, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement: TATA TECHNOLOGIES LTD. as on 6th August 2026

Name of the Security	TATA TECHNOLOGIES LTD.
Name of the analyst	Rupali Singh
Analysts' ownership of any stock related to the information contained. Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No No No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and Enlistment with RAASB/BSE and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.