

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		

TATA TECHNOLOGIES

Q3FY26 Summary

Q3FY26 represents a seasonally soft quarter for Tata Technologies, impacted by fewer billing days due to global holidays and festivals, alongside a temporary billing disruption by one of its largest automotive customers (JLR / TaMo) in Q2FY26, following a cybersecurity incident.

Despite these headwinds, the company reported a 3.2% Q-o-Q revenue growth at ₹13.66bn, indicating resilience across its diversified client portfolio and vertical mix. Services revenue of ₹10.6bn, grew 4.7% Q-o-q, largely driven by deal ramp-ups from prior quarters and continued momentum in aerospace and industrial heavy machinery. Technology Solutions revenue came in at ₹306crs, supported primarily by a 30% Q-o-q increase in the Products sub-segment, reflecting the typical year-end discharge of PLM software budgets. The quarter included one month of revenue contribution from ES-Tec following the completion of the acquisition in November 2025.

EBITDA margin declining to 14.1% from a normalized 16.4% in Q2FY26, driven by annual wage hikes implemented in Q3 and JLR/TaMo's billing disruption in Q2FY26. However, with both events in the rearview, EBITDA margins in Q4FY26E are poised to soar above the preceding quarter's levels. This growth is expected to be broad-based, driven by a large and diversified pipeline across verticals and products.

Six large deals across its verticals were closed during Q3, spanning automotive, industrial, software-led engineering, and education. These included a strategic full-vehicle development program with a global automotive OEM, entry into embedded and software engineering with a European OEM through displacement of incumbent suppliers, chassis and climate engineering programs across multiple platforms, and a circularity and sustainability engineering engagement with a European luxury automaker.

One-Time Exceptional Disruption

Reported PAT for Q3FY26 / 9-mo-26 was significantly impacted by a one-time expense of ₹164crs. This comprised of ₹140crs related to incremental employee benefit provisions arising from India's new labour codes and ₹24crs of acquisition-related costs for ES-Tec. Adjusted for these items, profit before tax declined 17% sequentially to ₹187crs, while adjusted Profit After Tax stood at ₹135crs.

Aerospace Continues to Fly High

Aerospace revenues grew 19% Q-o-q, with the management guiding a close of \$40mn in business by fiscal year end. With 8 engineers receiving the Design Organisation Approval (DOA) Technical Approver certification, Tata Tech's eligibility is considerably broadened and allows it to participate in larger, higher-integrity, safety-critical and industrialization work packages within the Airbus ecosystem. Additionally, its larger participation in the EMES3 supply chain program, new wins in U.S. propulsion and engine engineering, and a growing number of turnkey MRO-related programs in India will propel the business to higher altitudes.

Automotive begins to Accelerate

Automotive continued to account for roughly 80% of overall revenues, down from approximately 90% a year ago, reflecting faster growth in non-automotive verticals. During the quarter, Tata Technologies secured its first full-vehicle program win in nearly 18 months, which management cited as evidence of improving OEM decision cycles in Europe and North America.

Automotive industry's product-led structure had muted investment activity in the past 18 months owing to geopolitical, regulatory, tariff-related and broader market uncertainty by OEMs. H2-CY25 emerged as an inflection point, as OEMs resumed previously deferred investment cycles and re-engaged on

Important Data

Nifty	25,157
Sensex	81,909

Key Stock Data

CMP	₹644
MCAP (bn)	₹261.15
52-WHigh/Low	₹841/597
BSE Code	544028
NSE Code	TATATECH
Bloomberg Code	TATATECH:IN

Close* as on 21st January 2026

Shareholding Pattern (%) – Dec'25

Promoter	55.2
DII	02.9
FII	05.5
Public	36.3

Relative Performance

Returns (%)	Since 30Nov23
TATA TECH	(5.35)%
Nifty 50	(3.89)%
Sensex	(4.36)%

Source: Company, Way2Wealth

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R&D programs aimed at strengthening their competitive positioning over the next two to three years. This improvement in investment activity is beginning to translate into order inflows, with Q3FY26 marking the company's first full-vehicle program win in nearly 18 months. This improving demand visibility and the company's strategic positioning within automotive is expected to keep the growth momentum going in Q4 as well.

BMW JV Continues to Pace

The BMW joint venture continued to scale during the quarter, with Tata Technologies' share of profit increasing 37% sequentially to ₹7.3crs. The net benefit from the JV was ₹15.6crs, contributing 8.3% to adjusted pre-tax profits. The JV workforce has scaled to over 1,500 engineers, and management highlighted expanding direct framework agreements with BMW in Europe beyond the JV structure.

Workforce to be more Qualitative than Quantitative

Gross employee count increased by 178 Q-o-q (incl. ES-Tec) to 12,580 employees. Excluding the ES-Tec acquisition, employee count declined by ~144 Q-o-q on account of a calibrated workforce rationalization. TTM attrition increased marginally to 15.8% (15.1% in Q2FY26). Hiring and upskilling efforts continue to be in focus around areas of embedded engineering, software-defined vehicles, AI, and digital transformation.

VIEW

The 10%+ Q-o-Q revenue growth target in Q4FY26E, EBITDA margin expansion beyond Q2 levels, and the double-digit organic revenue growth target for FY27 are largely driven by shifts in the aerospace and automotive business mix. Progress in securing multiple aerospace contracts, including the expansion of in-house capabilities through DOA certifications, supports improved long-term growth visibility in this segment. In Automotive, the steady shift away from project-based work toward more recurring lines such as embedded software, software-defined vehicle (SDV) engineering, and validation services strengthens overall business growth and stability. The ES-Tec acquisition is expected to be incrementally positive, given its role in deepening software and embedded capabilities within the automotive portfolio. At CMP, the stock trades at 32x FY-27 EPS, which we believe has potential for significant upside given the numerous levers of growth. We thus **recommend a HOLD at this point of time.**

Quarterly Financials

Particulars	Q3FY26	Q2FY26	Q3FY25	Q-o-q (%)	Y-o-y (%)	9MFY26	9MFY25	Y-o-y (%)
Revenue	1,366	1,323	1,317	3%	4%	3,933	3,883	1%
<i>Tech Solutions Segment</i>	1,060	1,013	1,013	5%	5%	3,037	3,003	1%
<i>Services Segment</i>	306	311	305	-2%	0%	897	880	2%
EBITDA	193	208	234	-7%	-18%	601	701	-14%
Margin (%)	14%	16%	18%	-	-	15%	18%	-
EBIT	184	203	229	-10%	-20%	583	686	-15%
Exceptional Items	164	-	-	NA	NA	164	-	NA
PBT	23	226	226	-90%	-90%	481	663	-27%
PAT	7	166	169	-96%	-96%	342	488	-30%
PAT (Adj for 1-time Exp)	135	166	169	-18%	-20%	470	488	-4%
EPS (₹)	0.16	4.08	4.16	-96%	-96%	8.44	12.03	-30%

Source: Company, Way2Wealth

Financial Performance

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	3,530	4,414	5,117	5,169	5,422	6,018	6,741
EBITDA	646	821	941	934	839	1,083	1,240
Margin (%)	18.3	18.6	18.4	18.1	15%	18%	18%
EBIT	560	726	835	813	706	983	1,150
PBT	587	796	932	921	710	1,093	1,270
PAT	437	624	679	677	514	820	953
EPS (₹)	10.8	15.4	16.7	16.7	18.3	20.2	23.5
RoE (%)	19%	21%	21%	19%	13%	18%	19%
RoCE (%)	25%	24%	26%	23%	18%	22%	23%
P/E (x)	67	47	43	44	52	32	28
P/S (x)	8	7	6	6	5	4	4
P/BV (x)	13	10	9	8	7	6	5
EV/EBITDA (x)	44	35	30	31	31	24	21
EV/Sales (x)	8	6	6	6	5	4	4
Net Worth	2,280	2,989	3,221	3,579	3,913	4,446	5,065
Borrowings	-	-	-	-	-	-	-
No of Shares	41	41	41	41	41	41	41
CMP	653	653	653	653	653	653	653
Mkt Cap	26,493	26,493	26,493	26,493	26,493	26,493	26,493

Source: Company, Way2Wealth

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Disclosure of Interest Statement: TATA TECHNOLOGIES LTD. as on 22nd January 2026

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