Dated: 19 Jan 2026

Tata Technologies (TATATECH) - SELL

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.651	**Rs.470**

Rationale:

- Q3FY26: Mixed quarter; brighter near-term outlook.
- TTL delivered in-line services revenues, but profitability fell short of expectations.
- Weakness in the education business weighed on overall performance.
- The focus now shifts to capturing revenue synergies from the Es-Tec acquisition to partly derisk volatility from anchor clients.
- Our DCF-based FV is Rs470, implying 23x Dec’27E EPS.
- Improved execution at non-anchor clients provides greater confidence in elevated growth rates. TTL trades at 33x FY27E P/E, which is rich, in our view.

Positives:

- Management expects 10%+ qoq services revenue growth in Q4FY26 (4%+ organically).
- Aerospace vertical continues to scale at a robust rate of 19% qoq (US$ terms) in Q3.

Negatives:

- C/C revenue growth of 2.3% qoq (Kotak: 5.0%), with services up 3.8% qoq (Kotak: 2.7%), including ~300 bps from Es-Tec.
- EBIT margin down 260 bps qoq to 11.5% (Kotak: 13.2%).
- Services segment gross margin decreased 130 bps qoq to 28.7%.
- Adjusted net profit was Rs135 cr (Kotak: Rs160.4 cr), down 19.9% yoy.

EBIT: Earnings Before Interest and Tax. EPS: Earnings Per Share. TCV: Total Contract Value. DCF: Discounted Cash Flow.

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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