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April 30, 2025

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001, India
Scrip Code: 544028

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051, India
Trading symbol: TATATECH

Dear Sir / Madam,

Subject: Transcript of the conference call on financial results for the quarter and financial year ended March 31, 2025

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the conference call on financial results for quarter and financial year ended March 31, 2025, conducted after the meeting of the Board of Directors held on April 25, 2025.

The above information will be made available on the website of the Company: www.tatatechnologies.com.

This is for your information and records.

For **Tata Technologies Limited**

VIKRANT CHANDRASHEKHAR GANDHE
Digitally signed by VIKRANT CHANDRASHEKHAR GANDHE
Date: 2025.04.30 10:09:07 +05'30'

Vikrant Gandhe
Company Secretary and Compliance Officer

Encl: As above

"Tata Technologies Limited
Q4 FY'25 Earnings Conference Call"
April 25, 2025

MANAGEMENT:	**MR. WARREN HARRIS – CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR – TATA TECHNOLOGIES**
	MS. SUKANYA SADASIVAN – CHIEF OPERATING OFFICER – TATA TECHNOLOGIES
	MS. SAVITHA BALACHANDRAN – CHIEF FINANCIAL OFFICER – TATA TECHNOLOGIES
	MR. VIJAY LOHIA – HEAD INVESTOR RELATIONS – TATA TECHNOLOGIES

Moderator: Ladies and gentlemen, good day and welcome to Tata Technologies Q4 FY25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vijay Lohia, Head of Investor Relations at Tata Technologies. Thank you and over to you, Mr. Lohia.

Vijay Lohia: Thank you, operator. Hello, everyone and welcome to Tata Technologies' fourth Quarter and full year Fiscal '25 Results Call.

Joining me on the call today are Mr. Warren Harris – CEO and M.D., Tata Technologies, Ms. Sukanya Sadasivan – COO of Tata Technologies and Ms. Savitha Balachandran – CFO, Tata Technologies.

Our Management Team will give a brief overview of the company's performance, followed by a Q&A Session. As you are aware, we do not provide specific revenue or earnings guidance, and anything said on the call which reflects our outlook for the future, or which could be construed as a forward-looking statement must be reviewed in conjunction with the risk that the company faces. We have outlined these risks in the second slide of the quarterly investor deck available on our website.

Our Press Release and Earnings Deck have been filed with the Stock Exchanges and are also available on our website, www.tatatechnologies.com. I hope you had a chance to look at them. Let me now turn over the call to Warren.

Warren Harris: Thank you, Vijay, and thank you, everyone for joining us on today's Earnings Call.

Let me start by reflecting on FY25 and sharing our strategic perspective on how Tata Technologies is positioning itself amid ongoing global macroeconomic volatility, including intensifying trade tensions, tariff-related disruptions and the transformative shift driven by AI-led innovation.

Despite navigating a challenging geopolitical environment – marked by shifting trade alliances, rising protectionism, tightening export controls and the ongoing reconfiguration of global supply chain, we have delivered a resilient set of results in FY25.

Our full year revenue grew by 1% year-over-year in Indian rupees. However, this headline figure masks a stronger underlying growth of 12% year-on-year when adjusted for the large VinFast project that concluded in FY24. We ended the year with a robust EBITDA margin of 18.1%, reflecting our continued operational discipline.

During the year, we secured a total of 17 large deals, including one marquee engagement exceeding $500 million, two deals of over $50 million, one of over $20 million and 13 in the $5 million to $20 million range. These wins underscore our growing role as a trusted engineering and digital services partner across the manufacturing sector.

Our customer base continues to strengthen with 44 clients now contributing over a million dollars annually, up from 41 in FY24. This growth reflects the deepening of our relationships and the increasing trust our customers are placing in us.

In Q4, our Services business, which accounted for 80% of our total revenue, grew by 1.1% sequentially in Indian rupees, demonstrating strong resilience in a challenging environment.

In constant currency U.S. dollar term, the business held steady quarter-over-quarter.

On the other hand, our Technology Solutions business saw a 14% sequential contraction in Q4. This decline was primarily due to a slight reduction in discretionary spend that impacted our Product business and infrastructure readiness challenges within several state ITIs in India, which impacted our ability to execute against the growing education order book.

Margins remain strong with EBITDA improving 40 basis points sequentially to 18.2%. Profit before tax rose, however, by 14% quarter-on-quarter, while net income during the same period grew 12%. Notably, we recorded a net benefit of Rs.12 crores from our BMW joint venture in Q4. This accounted for 4.6% of our pre-tax profits. We anticipate that this JV will play an increasingly significant role in driving our net profit and associated earnings per share in FY26.

The global ER&D sector is currently navigating a dynamic landscape, marked by both growth opportunities and geopolitical challenges, particularly as it pertains to ongoing tariff and trade tensions among major economies. Whilst the situation remains fluid and various outcomes are possible over the coming years, the strategic positioning of key nations is poised to reshape manufacturing hubs, disrupt global supply chains and raise input costs for some manufacturers, while simultaneously creating new opportunities for others.

In response, we expect manufacturing companies to accelerate strategic moves towards regional diversification and cost-efficient innovation. Despite short-term uncertainties, the ER&D industry continues to demonstrate strong resilience and adaptability. We believe that this environment favors agile engineering service providers like Tata Technologies, who can help clients pivot quickly and effectively.

Although we anticipate continued uncertainty over the next couple of months leading to short-term delays in customer decision making, we believe that companies will maintain investment in new products and manufacturing capacity to secure their long-term competitiveness. We are proactively positioning ourselves to be the trusted partner that the manufacturing sector will need in this evolving environment.

In support of this specifically, in March, we announced organizational changes to strengthen customer collaboration and accelerate innovation and growth. These changes included:

- A new customer-centric organizational structure and dedicated account teams for our Top 20 accounts.
- The appointment of a new executive leader to manage our strategic partnership with Tata Motors and JLR.
- We strengthened the leadership of our embedded electronics and software business to ensure end-to-end ownership of sales, solutioning and delivery.
- We implemented dedicated leadership for our aerospace and industrial heavy machinery verticals to improve focus and the relevance of our sector offerings.

- And we also invested in a series of investments in AI, IP-led solutions, and smart manufacturing platforms.

These changes will allow us to act faster, innovate deeper and scale smarter in response to the changes that are likely to define the manufacturing sector in the future.

Let me provide an overview of demand trends across the three industry verticals in which we operate:

As I said before, **in the automotive sector**, the macroeconomic environment remains dynamic, shaped by ongoing geopolitical shifts and evolving regulatory landscapes. In the US, OEMs are increasingly embracing a more balanced propulsion strategy, sustaining investments across internal combustion engines, hybrids and electric vehicles as consumer preferences and policy signals remain mixed. In Europe, uncertainty surrounding tariffs and evolving industrial policies, especially in response to competition from China, has led to delays in key investment decisions. However, we are beginning to see the early signs of foundational investments and the green shoots of improvement. While near-term caution persists, we remain optimistic about **medium-term-to-long-term ERD investment** in the automotive industry. Continued innovation in electric, autonomous and sustainable mobility is expected to be a key growth driver. Our strong domain expertise, expanded software-defined vehicle offerings and AI-led solutions across the product life cycle position us well to support OEMs and suppliers as they recalibrate for the next phase of mobility transformation.

In contrast, demand in the **Aerospace** and **Industrial Heavy Machinery** sectors remains robust. Our aerospace business posted **8% sequential growth in Q4** and nearly **doubled its revenues in FY25 compared to FY24**, supported by a healthy order book and strong execution. We are confident that this momentum will be carried forward into FY26.

On the **deal signings** front, we closed three large deals in Q4, including one exceeding $50 million. Our overall deal pipeline remains strong, and we expect conversion rates to improve once near-term market uncertainties begin to ease.

Let me share a few highlights from our Q4 wins:

- A prominent **North American electric vehicle manufacturer** has engaged us to modernize their enterprise resource planning systems. This digital transformation initiative is focused upon improving operational efficiency, boosting supply chains, transparency and enabling scalable growth in line with their rapid expansion.
- We are also collaborating with the leading **global Tier-1 automotive supplier** to develop advanced application software that optimizes energy flow across multiple battery packs in commercial electric vehicles. This solution enhances battery performance, reliability and life cycle delivering measurable efficiency gains for fleet operators.
- **A global automotive OEM** has entrusted us with establishing an offshore development center to support product engineering, embedded software and digital enterprise solutions. We are also helping them drive significant cost

optimization across product development and their IT operations.

- For an **Asian OEM**, we are leading the complete design and development of interior and exterior trims as part of a facelift vehicle program along with managing the simultaneous engineering engagement to support speed-to-market.
- **In Aerospace**, we were selected by a **North American Tier-1 supplier** to design and develop a hydraulic test bench and power pack for landing gear component testing. Additionally, we are supporting the upgrade and optimization of their product lifecycle management system.
- In the **Education sector**, we continue to scale our impact. We are partnering with the government of Uttar Pradesh to upgrade **62 Industrial Training Institutes (ITIs) across the state**. We also signed a MoU with **RV College of Engineering** to establish a **Center for Invention, Innovation, Incubation & Training**, further deepening our commitment to skilling the next generation of engineers.

We are proud to see the **real-world impact** of our investments in AI and generative AI. Since delivering our proprietary AI framework last year, we have moved decisively from experimentation to execution. Today we are deploying AI across the product value chain, enabling solutions like predictive maintenance and manufacturing and AI-enhanced object detection in autonomous driving systems to help clients drive greater efficiency and unlock competitive advantage.

A standout example of this in action is our work with the **North American Tier-1 manufacturer** where we are deploying our proprietary AI framework across multiple Brownfield plants. The solution is already delivering measurable outcomes, **reducing scrap rates, improving uptime of legacy equipment and accelerating overall manufacturing throughput.**

We remain deeply committed to embedding **AI-driven intelligence across our entire services portfolio** from product engineering to manufacturing engineering and customer experience solutions. This approach is helping us not just to improve outcomes for clients, but also to **redefine the future of engineering services.**

Tata Technologies is also evolving into an **IP-driven, platform-led organization**, focused upon building proprietary tool sets and vertical solutions that deliver faster time to market. In the **Software-Defined Vehicle** space, we are expanding our capabilities in embedded software, digital cockpit solutions, battery management and vehicle architecture, supporting OEMs and navigating growing complexity, and accelerating their product development cycles.

Our partnerships reflect this strategic shift. **The BMW joint venture** launched in November with an initial team of 100 professionals is scaling faster than we expected. We are now approaching the four-digit headcount milestone originally projected for calendar year end and anticipate continued growth throughout FY26. Our share of profit from the JV has seen a significant uplift in Q4 and we expect this momentum to continue.

Moreover, our collaborations with most of our leading customers are increasingly focused on **software, electrification and digital product development**, underscoring our expanding role as a transformation partner in an evolving automotive and industrial landscape.

FY25 has been a pivotal year for Tata Technologies from scaling strategic partnerships such as our expanding relationship with BMW to delivering engineering excellence in aerospace through programs with companies like Airbus and Air India and advancing upstream battery design and integration capabilities with Agratas. We are consistently demonstrating our ability to create value and earn the trust of our customers.

We are extremely proud to share that we have achieved our **highest-ever customer Net Promoter Score** in FY25, a clear reflection of the deepening confidence our customers place in us. Additionally, our work was recognized with **two industry innovation awards**, reinforcing our leadership in **AI and technology-led innovation** within the manufacturing sector.

As we look ahead to FY26, our priorities are clear – **scaling our software and AI capabilities, deepening our investments in IP and Software-Defined Everything (SDx)** and executing with precision on our strategy to become **the most trusted partner for engineering and digital transformation** in a world increasingly shaped by AI, software, systems thinking and speed.

With that, I would now like to invite Savitha to walk you through our Financial Performance for the Year.

Savitha Balachandran: Thank you, Warren. Good day, everyone and thank you for joining us on this call today. Let me now walk you through the financial performance of the fourth quarter and the full fiscal year of 2025.

Our revenue from operations for the quarter stood at Rs. 1,286 crores, reflecting a 2.4% sequential decline. This includes a sequential revenue growth of 1.1% in our **Services business** amounting to Rs. 1,024 crores, demonstrating resilience despite the challenging operating environment. In U.S. dollar constant currency terms, our Services business remained flat sequentially. The reduction in the headline revenue, therefore, was entirely driven by the contraction in our **Technology Solutions** business, which recorded a degrowth of 14.1% during the quarter with the Product Services decreasing by 7.7% and the Education business experiencing a much sharper drop of 20%.

You may recall that our Product business traditionally experiences a stronger performance in the third Quarter. This success creates a challenging sequential comparison for Q4. Meanwhile, our education business encountered hurdles due to delays in infrastructure-readiness from our customers in the public sector. The "phygital" Edtech approach depends on fully functional labs within the academic institutions that we collaborate with. And the construction delays that we saw in Q3 continued into this quarter as well, which negatively impacted the bookings for Q4. However, we do anticipate a gradual recovery once these projects resume with the momentum building into Fiscal '26.

As far as the full fiscal year of 2025 is concerned, our revenue from operations grew **1% year-on-year**, reaching **Rs. 5,169 crores**.

The **Services segment**, accounting for **78% of the total revenues**, witnessed a similar **1.1% year-on-year growth**, reaching a total of **Rs. 4,027 crores**.

It is important to note that this fiscal year faced a challenging year-on-year comparison, primarily due to the completion of **the major full vehicle programs for our Southeast Asian client in Fiscal '24**. In the previous fiscal year, this account contributed **over 14%** of our services revenue, while in Fiscal '25, the contribution declined to a low single digit.

Excluding this impact, the **core Services business demonstrated resilient performance**, recording a **16% year-on-year growth in rupee terms**, reaffirming the **strong underlying health** of our operations in this fiscal year. This was fueled by strong growth amongst both anchor as well as our non-anchor customers.

Our Technology Solutions segment saw a revenue growth of 0.6% year-on-year to Rs. 1,141 crores. And despite Q4 lumpiness, the Education segment was up 6.8% for the full year. In contrast the Product business experienced a 7.6% year-on-year decline.

I am, however, extremely pleased with the operational discipline our teams have demonstrated throughout the quarter, resulting in a sequential improvement of 40 basis points in the EBITDA margin, bringing it to 18.2%. This achievement was driven by a reduction in employee costs supported by factors including an improved offshore delivery ratio, a decrease in the number of contractual employees, some favorable currency movement, as well as continued optimization of our pyramid.

We concluded the year with an 18.1% EBITDA margin fully aligned with our margin preservation objective. As we step into the next fiscal, we remain committed to maintaining strong operational rigor to drive sustainable growth and profitability.

Our operating profit or EBIT increased by 1.1%sequentially reaching Rs. 214 crores and this growth was aided by a significant surge in our profit share from our joint venture with BMW, which rose seven-fold from a low base of 50 lakhs in the previous quarter when it started operations to 3.6 crores in Q4. This partnership continues to scale up steadily, aligning well with our expectations.

In addition, the other income included a deferred income of Rs. 8.3 crores, which reflects the fair value gain on the options relating to our investment in the company and this deferred income, as I have said before, is a recurring element in the foreseeable future.

I would like to emphasize that this partnership represents a long-term, strategically significant deal for us and therefore an extension of our core operations, and accordingly we represent this as part of our operating profit.

We recognize other income of Rs. 57 crores in this quarter, marking a significant increase from Rs. 27.6 crores of Q3. This sharp growth was primarily driven by four factors:

- **Interest income increased by Rs. 7.5 crores**, largely attributable to the higher cash balances as well as improved yield from our investments.
- We had about **8.8 crores of gain from the fair value adjustment of the investments** that we have made.
- **Foreign currencies gave us about 8.1 crores** compared to a loss of Rs. 2.8 crores in the previous quarter.
- And we also recorded an **R&D expense credit of about Rs. 2.3 crores as per the applicable rules against the work that qualifies for the same.**

As a result, our profit before tax experienced a robust 14.1% quarter-on-quarter growth to Rs. 258 crores. In Q4, we had a net benefit of Rs. 12 crores or 4.6% of profit before tax from our joint venture with BMW. This included the Rs. 3.6 crores from share of profit as well as the Rs. 8.3 crores of the other income referenced above.

Our effective tax rate increased 140 basis points sequentially to 26.8% in this quarter, leading to a 12% quarter-on-quarter increase in profit after tax that reached Rs. 189 crores.

Our board has recommended a final dividend of 8.35 per share for the Fiscal Year 2025, representing a dividend payout of 50%. Furthermore, the board has also proposed a special dividend of Rs.3.35 per share, and both these dividend payments are subject to shareholder approvals at the upcoming annual general meeting.

Our balance sheet reflects strong financial health with a solid cash position, robust liquidity and a favorable DSO levels. At the end of the quarter, the net cash position stood at $174.7 million compared to $154.1 million at the end of Q3. We continue to maintain robust collection efficiency with the total DSO both billed and unbilled coming in at 81 days at the end of March, an improvement from the 90 days that we reported at the end of December. Our billed DSO improved from 63 days to 54 days, while the unbilled DSO were at 27 days compared with 26 days, while our free cash flow for the Fiscal Year 2025 stood at over Rs. 900 crores.

Let me now share with you some colour on the operational Metrics:

Our headcount was almost flat at 12,644 employees at the end of the quarter, reflecting a prudent cost control and a commitment to sustainable profitability given the current macroeconomic and geopolitical conditions.

Our employee utilization levels stood at 87.5% for the quarter, a modest decline from 88% in the prior quarter. Meanwhile, our offshore revenue mix saw a sequential improvement of over

100 basis points, reaching 43% as we continue to optimize our delivery model.

We saw a small uptick in the last 12 months voluntary attrition that touched a level of 13.2% from 12.9% of the previous quarter, and this comes after nearly 12 consecutive quarters of improved attrition levels, and we remain committed to enhancing our employee engagement and strengthening retention efforts moving into Fiscal 2026.

We also continue to prioritize strengthening of our organic talent development initiatives to address the dynamic needs of our workforce and build a robust pipeline of skilled professionals. In the last fiscal year, our in-house technical learning platform, "TechVarsity", achieved a remarkable milestone by delivering over 750 technical modules. These modules reached more than 9,500 unique employees, representing 75% of our workforce. To accelerate expertise in the critical next-generation competencies that are essential for our growth, we introduced specialized learning initiatives focused on generative AI, software-defined vehicles and cyber security. And I am proud to share that over 60% of our engineering talent is now equipped with AI-readiness, paving the way for innovation and excellence in the evolving technological landscape.

In conclusion, I am pleased with our unwavering commitment to rigorous execution, which enabled us to preserve our margins despite operating in a demanding environment. This quarter, we achieved strong profitability and a solid cash flow performance. And for Fiscal '25, we sustained margins exceeding 18% for the fourth consecutive year and achieved the highest cash flows in the company's history. Moving forward, we remain committed to maintaining this operational discipline while making thoughtful and required investments in talent and capabilities to drive our long-term value for all our stakeholders.

With that, I thank you for your time and we can now open the floor for questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Abhishek Kumar with JM Financial. Please go ahead.

Abhishek Kumar: Yes. Hi. Good evening, Warren, you sounded optimistic despite the obvious challenges facing industry. I just want to understand whether there are tangible signs that some of these global OEMs are looking at increasingly doing more offshoring, are there any deal, RFP, etc., which we are pursuing, just wanted to understand what's driving the optimism that you share?

Warren Harris: Yes, good to hear from you, Abhishek. The positive sentiment that I shared was really informed by the interactions that we are having with our customers. I think shared in the Q3 Earnings Call that last year had really been impacted by the uncertainty around the administration in the United States given the elections in November and also the regulatory uncertainty in Europe. I think with clarity at the end of the calendar year, many of our customers that had delayed investments in new products were starting to get ready to execute and we were very encouraged by the interactions with the customers in both regions and we are anticipating a very strong start to this fiscal year. I think the tariff announcements have certainly complicated that situation and many of the customers that we are looking to launch projects and programs in the March and April timeframe have delayed the decision-making. But the commitment is there, and I think what everybody's looking for right now is just a certainty. And I think if we can achieve that in the next month to six weeks as the trade negotiations are progressing, then I think that we will tee ourselves up for a strong finish for the half year and we'll take momentum into the second half of the year. So that's where the sentiment is coming from. But I would just qualify those comments with, we were surprised by the tariff announcements, we may be surprised again if the negotiations do not drive the type of consistency and clarity that I think everybody's looking for.

Abhishek Kumar: Okay, that's clear. In that context, what explains better than expected ramp up in BMW, right, that also is an OEM which is facing these issues, logically one would have imagined that they will also pause. So, any color on why you think that JV is scaling faster than expectations? Thank you.

Warren Harris: Yes, I think there are two reasons. I think outside of the investment that Mercedes made in India some 20, 25 years ago, I think the German market as a whole has been slow to where to take advantage and to invest in the capabilities that we have got here in India. I think that is starting to change. And I think the commitment that BMW have made to the joint venture and to the partnership that we are building is a strategic commitment that is very central to their ambitions in both the automotive software area, the AI area and in the enterprise digital solutions. And I think one of the things that we continue to be impressed about with BMW is they like the Tatas are patient-capitalists, they are investing for the long term, and I think unlike many organizations, they seem to stay the course even during very difficult economic conditions. And so, I think the accelerated scale of headcount and business that we are seeing with the JV is really a testament to those things.

Abhishek Kumar: One last comment. Could that be a precursor to other German OEMs taking advantage of India scale and cost?

Warren Harris: The answer is very much 'yes.' I think one of the things that we are seeing from many of our German customers right now is that they are requiring a DCC component to the services that they procure traditionally the majority of the work that they've outsourced has been outsourced to onshore companies in Germany. And so, we are seeing opportunity both directly with the customers because of that prioritization in and around DCC. But we are also seeing those onshore engineering services companies also look for an offshore play. And so, we are seeing opportunity both directly with the customers and also with the organizations that traditionally we have competed with.

Abhishek Kumar: Great. Thank you and good luck in the current environment.

Warren Harris: Thank you.

Moderator: Thank you. Next question comes from the line of Chandramouli Muthiah with Goldman Sachs. Please go ahead.

C Muthiah: Hi, good evening and thank you for taking my questions. My first question is just around I think a couple of quarters back you had shared that there was some postponement of demand because of the uncertain macro and the size of deals that were closing might have been smaller deals than what was originally envisioned in the pipeline. So just trying to understand based on some of the conversations you've had recently with clients that you highlighted, are you getting the impression that once there is clarity on the regulatory environment and the tariff environment globally, the trade environment globally, some of these deal sizes might start bouncing back up or is that something which is little more of a medium-term kind of journey based on the tone of conversations you've had?

Warren Harris: I think that you've interpreted the comments that I've made in exactly the way that we see it. We certainly saw towards the end of the last fiscal year conversations and planning that gave us confidence that deal size would increase and that and behind that momentum would build. Obviously, that's been somewhat tapered by the recent announcements from the United States. But again, I think after the initial shock there is growing confidence that clarity will be brought to bear in the next month or so. And those plans that we were expecting to close in March and April will likely be closed towards the end of Q1 and as we move into Q2.

C Muthiah: That's helpful. Just to build on that, there's also been this theme of potential cost cutting-related spending which some of the Indian IT services and ER&D companies might benefit from in this sort of uncertain macro, maybe slower growth environment temporarily. So, is that also a theme which you're seeing some additional business opportunity beyond some of the traditional services that you cater to?

Warren Harris: Yes, I think so. And I think the example that I just provided about Germany is really a testament to that. I think the fact that they are looking for a DCC component to the services that they procure is that they want to bring down the unit cost of what they have traditionally positioned with the German engineering service providers. So, we do not expect headcount increases within our customers. I've commented before that as the clock speed of technology change accelerates, we are expecting our customers to concentrate on what is core to the DNA of their brand and their competitive position and more and more will be outsourced to the organizations that have a nexus and a footprint in territories like India. So, we think we are incredibly well-positioned. We are obviously doing our best to navigate the short-term context in which we are operating, but we remain quite bullish for the medium term and very bullish in terms of the long term.

C Muthiah: Got it. That's helpful, and just last question is around your anchor versus non-anchor customers. So, you have done a great job of reducing dependency on your anchor customers over the past four to five years. So, just trying to understand in this sort of macro environment, some of our anchor customers have more domestic exposure which might not be as impacted as maybe the globally exposed business. So, if you could just share some color on anchor versus non-anchor, what sort of growth opportunities that could be on a relative basis, that will also be helpful?

Warren Harris: Again, I think you have understood the circumstance extremely well. We are seeing Tata Motors continue to invest and accelerate their commitment to expanding their product portfolio, that is providing tailwinds which we are intersecting with. JLR sits outside of India and is exposed like everybody else to the uncertainties in Europe and the United States, which is their largest market. So, they are impacted in the same way that everybody else is, but Tata Motors has demonstrated resilience through the uncertainties that we have been grappling with over the last six to nine months.

C Muthiah: Got it. That's helpful. Thank you very much and all the best.

Warren Harris: Thank you.

Moderator: Thank you. Next question comes from the line of Rajiv Berlia with Citigroup. Please go ahead.

Rajiv Berlia: Yes. Thank you for the opportunity. Can you discuss the thoughts on demand from the aerospace vertical and is it fair to assume that the aerospace vertical will do well versus automotive in FY26? Also, you talked about three large deals in 4Q. Can you tell from which verticals are these large deals and when will they ramp up and will that help 1Q?

Warren Harris: Sure. If we look at aerospace, I mentioned in my opening comments that we had almost doubled the aerospace business in FY25. That reflects the growing momentum around the partnership that we have got with Airbus, but it also reflects the investments that we are making in growing the aerospace business outside of that. In North America, we have secured business with two large propulsion manufacturing players and that business has grown at a very healthy clip over the course of the last 12 months and we expect momentum to continue. So, our aerospace business today has certainly not been impacted as automotive has by the issues that relate to regulatory uncertainty and the policies from various governments in different parts of the world. One of the things that we are seeing in aerospace is that the sponsorship and the credibility that we are building with the organizations like Airbus is now precipitating in terms of introductions to organizations within their supply chain. One of the big challenges within certainly Airbus and Boeing is that they cannot satisfy the demand at the moment, and manufacturing throughput is a major issue, and we are addressing that through the work that we are doing directly with Airbus. But we are also now starting to leverage again the credibility, the understanding and the capability that we are building within the supply chain, and we won a couple of large deals in FY24 that are directly related to the sponsorship that we have received from Airbus.

As far as the large deals that we have won and I cited in my opening comments, we are deploying an AI-solution for a tier one automotive company that has the potential to extend to more than 100 plants for that tier one automotive supplier. We are at the moment going through the discovery exercise to identify the opportunities for improvement where we can deploy sensors, how we can leverage our AI framework to identify insights that will improve manufacturing uptime, again improve and accelerate manufacturing throughput, and also address things like scrap rate. So that engagement is right at the initial stages, and we expect that to scale. We won a complete package here in Asia for interior and exterior trims. It's a mid-cycle refresh activity. Again, that business was won at the end of Q4. We are just in the initial stages and so we are expecting that to ramp. And we also have made a number of comments about the challenges that we have had in the education sector given the readiness that we have had with regard to labs and the infrastructure that's required for our digital proposition. But we are continuing to win large deals, and our order book continues to expand. And so, these infrastructure issues that we expect to be addressed in the next couple of months should see the Education business scale as we move through the year.

Rajiv Berlia: Last question from my side. The 50 million deal which you announced in 4Q, is it in the education sector?

Warren Harris: Sorry, could you repeat that?

Rajiv Berlia: The 50 million deal which you had announced in 4Q, is it in the education vertical?

Warren Harris: No, it is not in education.

Rajiv Berlia: Okay. Thank you.

Moderator: Thank you. Next question comes from the line of Chirag Kachhadiya with Ashika Institutional Equities. Please go ahead.

Chirag Kachhadiya: Hello. Yes, I have a couple of questions. So, one of our top clients yesterday in their earnings call mentioned that they are focusing on Asian market and considering India and Indonesia for their assembly plants and also news articles referring that from June this year, where India plant is going to start the production. So how will this benefit us in terms of margin and getting the business like getting more volume from this account, let's say they are actually considering Asia for their volume target which they have mentioned yesterday in their earnings call?

Warren Harris: We continue to work hard to protect and evolve the relationship with that organization. We are very proud of the work that we have done for them. We are very proud of the impact that the products that we have developed have had with the markets that they are selling that product into. We are continuing to explore new ways of being able to help them execute their strategy, that includes new products, it also includes the investments that they expect to make in adding to manufacturing capacity. I think at this stage there is no definitive plan that they have as far as manufacturing capacity is concerned. I think there's a number of things that are teed up, but I think they will be waiting for market conditions to improve before commitments in capital are made.

Chirag Kachhadiya: Okay. And second is on our parent, Tata Motors also that they are facing some competition from other players in the category and they're considering more this ICE-based cars. So does that anyway impact our volume with them also?

Warren Harris: I think if you look at the Tata Motors strategy, I think it will obviously be a strategy that will flex and adjust to market conditions and the evolving regulatory framework in which they operate. Having said that, if you pick up on the public statements that Tata Motors have made, they are continuing to commit themselves to maintaining a market leadership position in EVs, they are looking to expand their portfolio, they are looking to go up market in terms of some of the segments that they support. All of those things will provide opportunity for Tata Technologies, both in terms of product engineering, in terms of helping them bring on additional manufacturing capacity and in terms of helping them digitize their entire enterprise. So, we are very proud to be a partner of Tata Motors and very proud of the performance that we have delivered in support of the breakout performance that we have seen from that organization over the last three to five years.

Chirag Kachhadiya: Okay. Thank you.

Moderator: Thank you. Next question comes from the line of Bhavik Mehta with J.P. Morgan. Please go ahead.

Bhavik Mehta: Thank you. Warren, can you talk about how the demand headwinds are playing out across different geographies in terms of US, Europe and Asia, how is it different and based on client conversations right now, where do you expect the recovery to be the fastest over the next six to nine months?

Warren Harris: I think if we take the US first, I think that there was a fair amount of positivity in the US at the beginning of the calendar year and the distraction that organizations like Stellantis had given the change of chief exec last year, that was starting to settle down and we were starting to see clarity in and around a renewed commitment to a regional approach to growing their business. That has obviously been shaken by the tariff announcements, not just in the context of the response of the markets outside of the United States to the tariffs that have been announced by the US government. But also, there's a lot of concern in and around the impact of tariffs across the global supply chains of those organizations and particularly the impact of NAFTA. So, there's a pent-up demand for investment. There was a lot of uncertainty last year during the election process. So, these organizations are ready to deploy capital in support of new products. But they need some level of certainty. And so we expect that the United States to take another month, six weeks, eight weeks before we really start to understand the full impact of the announcements that have been made. I think Europe is a little different; I think Europe is starting to recognize that they have to build resilience into their supply chain and so we are seeing some repatriation of manufacturing support within supply chains as far as Europe is concerned, and we are also seeing some progress as far as incentives and the regulatory response to a threat from China and the tariffs from the United States. And so, we are starting to see some green shoots of improvement there. But it is again tempered by the fact that everybody's still waiting for the tariff situation to play out. I was in China at the beginning of this week for the first day of the auto show and the Chinese market seems to be immune to what's happening in the rest of the world. Everybody's pressing ahead and investing as if there is no uncertainty about the future. I think if there's a topic is top of mind for Chinese OEMs, it's how do they internationalize both their products and their IP given the constraints as far as regulations are concerned. So different sentiments in different parts of the world. But everybody right now is waiting for clarity on the tariff front and for all of us, the sooner that comes, the better.

Bhavik Mehta: Okay. Got it. Thank you.

Moderator: Thank you. Next question comes on the line of Kunal with Bank of America. Please go ahead.

Kunal: Great. Thank you. Hi, Warren. A couple of questions from me. The first one is in one of the scenarios you're considering that the uncertainty comes to an end in about six to eight weeks, what would be your thought process or the eventual shape of demand -- do you think it will essentially be a case of one last quarter and then things go back to how they were at start of the year or could they end in being net new demand creation in the meanwhile or net negative?

Warren Harris: I think if I had to call it today and the fact that I am kind of qualifying that statement I think speaks to the genuine uncertainty that is out there. But if I have to call it today, I would suggest that we will get clarity in the next six to eight weeks and we would return to the type of environment that we anticipated at the beginning of the fiscal year. So, we expect improvement from Q2 to Q3 and Q4. We are still optimistic about our prospects for this fiscal year. Now, we were surprised by the tariff announcements and surprised by the magnitude of the announcements that were confirmed and it wouldn't be too much of a shock if we were surprised again, but I think given the reaction of the financial markets, given the balance that we are now starting to see from multiple stakeholders, my view would be that common sense would prevail and we'll see some certainty at the end of the first quarter.

Kunal: Right. And meanwhile on your large deal pipeline, do you still have enough in the late stages where we could sort of see more conversions like the one you got towards within Q4 or do you think that further closures of deal sizes like that would be contingent on more clarity or certainty returning to the market?

Warren Harris: We have a lot of big deals lined up, a lot of large deals that we anticipated that we would close at the beginning of the calendar year. We have seen those decisions get pushed out. We would anticipate if there's clarity that those deals would get closed. Now with any type of deals, time is always something that you worry about when deals get pushed out, there is always the opportunity that the customer has to go in a different direction. So, again, we are hoping that we will get clarity in the short term that those deals that were teed up, will get converted.

Kunal: Got it. And then the final one for me. Are you okay to be flexible on pricing till you have demand uncertainty or that's something that you would rather want to hold at the level you already are at?

Warren Harris: I am sitting next to my CFO and so I'll qualify my comments, but I think one of the reasons that we have managed to maintain margins throughout the choppiness and the volatility of FY25 is the fact that we have been very disciplined on the pricing front. And whilst there are situations where we have used pricing as an entry strategy into different customers, I think for the most part, the discipline and the rigor that has surrounded our pricing approach is something that we are committed to and something that we expect to maintain.

Kunal: Great. That's good to know. Thanks, Warren.

Moderator: Thank you. Ladies and gentlemen, we have reached the end of question-and-answer session. I would now like to hand the conference over to Vijay Lohia for closing comments.

Vijay Lohia: Thank you all for joining us on today's call. We hope we have addressed most of your questions. If you have any additional queries, please feel free to reach out to our Investor Relations team and we'll be glad to assist you. Wishing you all the best and good bye here from all of us. Thank you.

Moderator: Thank you. On behalf of Tata Technologies, that concludes this conference. Thank you for joining us. You may now disconnect your lines.