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October 22, 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 half year ended September 30, 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 half year ended September 30, 2025, conducted after the meeting of the Board of Directors held on October 17, 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: 2025.10.22 15:31:54 +05'30'

Vikrant Gandhe
Company Secretary and Compliance Officer

Encl: As above

"Tata Technologies Limited
Q2 FY'26 Earnings Conference Call"
October 17, 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

MS. GEENA BINOY – CHIEF HUMAN RESOURCES OFFICER – TATA TECHNOLOGIES

MR. VIJAY LOHIA – HEAD INVESTOR RELATIONS – TATA TECHNOLOGIES

Moderator: Ladies and gentlemen, good day and welcome to Tata Technologies 2Q FY26 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 touchtone phone. Please note, this call 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, sir.

Vijay Lohia: Thank you, Yashashri. Hello, everyone, and welcome to Tata Technologies Second Quarter of FY26 Earnings Call. I am Vijay Lohia, Head of Investor Relations.

Joining me today are Mr. Warren Harris – CEO and Managing Director; Ms. Sukanya Sadashivan – Chief Operating Officer; Ms. Savitha Balachandran – Chief Financial Officer; and Ms. Geena Binoy – Chief Human Resources Officer.

We will begin today's session with an overview of the Company's Performance from our Leadership team, followed by Q&A.

Before we begin, a quick reminder: We do not provide specific revenue or earnings guidance. Any forward-looking statements made during this call should be considered in the context of the risks outlined in the second slide of the quarterly fact sheet available on our website.

Our Press Release and Earnings Presentation have been submitted to the stock exchanges and are also available on our website. We hope you have had a chance to review them.

With that, let me now hand over the call to Warren.

Warren Harris: Thank you, Vijay. Hello, everybody, and thank you for joining us. It is a pleasure to be with you today to discuss our performance for the second quarter of fiscal year 2026.

This quarter marks an **important step forward for Tata Technologies** – a **return to sequential growth** and a reaffirmation of the **resilience, innovation, and execution excellence** that define our company.

In Q2, we delivered **5.1% sequential growth in our services business and 6.4% overall revenue growth in Indian rupees.**

After a few softer quarters, it is encouraging to see **momentum returning across our key accounts.** This reflects both an **improving demand environment** and the **trust our customers place in Tata Technologies.**

We continue to see **strong performance in aerospace**, which alongside the industrial heavy machinery vertical, **delivered 14% revenue growth in US dollar terms**. This was driven by sustained demand and consistent execution across **MRO, PLM, manufacturing engineering, and digital transformation engagements.**

The automotive vertical also regained positive momentum, recording a 0.5% sequential increase in US dollar terms, a clear sign of stabilization and improving demand.

Our **technology solutions business** grew **10.6% quarter-over-quarter**, with strong performance in both the **Education** and the **Products** segments. The education vertical rebounded as previously delayed projects went live, and we also closed a large deal in this space. With a **healthy pipeline ahead**, we are confident as we enter the second half of FY26.

We also closed three **large deals during the quarter:**

- **One, with a Tier 1 automotive supplier** where Tata Technologies has been engaged to **harmonize its product data and information technology landscape across a series of recent acquisitions.**
- The second is for the **development of a heads-up display unit** for a **Scandinavian OEM**, showcasing our **capabilities in delivering advanced in vehicle digital solutions.**
- And the third is our **first direct deal with a German OEM,** focused on **traditional body engineering services that will contribute to all future vehicle programs, highlighting the accelerated progress we continue to make in this region.**

These wins **exemplify both the scale and diversity of our engagements,** and demonstrate our ability to **deliver complex, high-value solutions across multiple regions and segments.**

Our **EBITDA margin** for the quarter was **15.7%.** However, adjusting for **one-off cyber incident-related expenses** that we booked in Q2, relating to an attack that we reported earlier in the calendar year, margins **improved from 16.1% in Q1 to 16.4% in Q2,** reflecting steady progress in operational efficiency and cost discipline.

This performance underscores our **balanced approach, focusing on margin improvement whilst also protecting delivery capacity in anticipation of growth in the second half of this year.**

We have made **deliberate choices – prioritizing capability building, customer delivery and innovation investments over maximizing short-term margins,** because we believe this approach best positions us for **sustainable long-term value creation.**

A major strategic milestone this quarter was the signing of a **definitive agreement to acquire ES-TEC**, a move that significantly advances our European presence and automotive engineering capabilities.

This acquisition:

- Provides **direct access to Volkswagen** as a key customer,
- Strengthens our **leadership position in Germany,** and
- Adds deep expertise at the top end of the systems engineering automotive V-cycle.

With a team of over **300 highly skilled engineers**, ES-TEC brings advanced capabilities in **ADAS, Connected Driving, and Embedded Software** – areas central to the industry shift towards **software-defined intelligent mobility.**

ES-TEC's longstanding relationship with Volkswagen, the world's leading automotive R&D spender, together with Tata Technologies' industry-leading automotive services portfolio, opens the door to deeper collaboration on next-generation mobility programs, including EV platforms, software-defined architectures, and virtual validation initiatives.

This acquisition also creates substantial cross-selling and portfolio synergies, enabling us to engage more deeply with OEMs as they navigate their way through the once-in-a-generation structural changes that are currently defining the global mobility sector.

Q2 was also a quarter of strong **operational and innovation milestones.**

- We successfully introduced the **Digital Key feature** for an Indian automotive OEM, enabling iPhones, Apple Watches, and Android Devices to function as smart keys.
- **We launched WATTSync**, our **digital battery passport platform,** which combines **block chain-based traceability** and **AI-driven insights** to help manufacturers meet global sustainability regulations and unlock new business models like **Battery-as-a-Service.**
- **We achieved ASPICE Capability Level 3 Certification**, reinforcing our credibility and readiness to collaborate with leading global automakers.
- **We announced a strategic partnership with Synopsys** to enable **virtual validation** in software-defined vehicles, accelerating OEMs ability to integrate and validate software more efficiently.
- **We expanded** our **European footprint** with a new office in **Munich**, strengthening our engagement with OEMs in the region.

- **We secured** key projects with major automotive suppliers in North America and Europe, including **PLM implementations, PDIT harmonization, and battery management systems development.**
- **We partnered** with the **Government of Maharashtra** to establish a **Center for Invention, Innovation, Incubation and Training**, deepening our commitment to developing future-ready engineering talent in this state.
- **We scaled** our **BMW joint venture** to over 1,000 employees.
- **We also invested** in employee development, **training over 7,200 employees** in this quarter, including **1,200-plus in generative and agentic AI.**
- We also received, and we are very proud of this, **Gold at the 2025 Brandon Hall Group Excellence Awards** for our **Employee Recognition Program**, celebrating our culture of engagement, collaboration, and excellence.

Together these achievements demonstrate the **depth of our innovation**, the **strength of our partnerships**, and our **focus on building future-ready capabilities** across our business.

Looking ahead, we remain **optimistic about the second half of fiscal year 2026.**

We are seeing **encouraging signs of recovery** across all three major industry verticals, **with large deal wins providing strong visibility** into future growth.

While Q2 performance was solid, we anticipate some moderation in Q3, followed by a sharp recovery in the fourth quarter.

As you may have read in the press, **JLR's IT systems are in the process of being carefully restored**, and we are at the moment grappling with the implications of that.

To sum up, Q2 has been a **quarter of meaningful progress**.

We have delivered a **return to growth**, improved margins, strengthened our **strategic presence in Europe**, advanced our **innovation agenda**, and continue to **invest in our people and partnerships.**

I want to extend my sincere thanks to our employees for their commitment to our customers for their trust, and to our shareholders for their continued confidence in our company.

As we enter the second half of FY26, we do so with **renewed confidence, a robust foundation, and a clear focus on delivering sustainable technology-led growth.**

Thank you, and I will now hand over to "Savitha to take you through the Financial Details." But before I do that, let me extend a very Happy Diwali to everybody.

S Balachandran: Thank you, Warren. Hello, and a warm welcome to everyone joining us on the call today.

I am pleased to report that we delivered a sequential revenue growth of **6.4%,** reaching **Rs. 1,323 crores** this quarter despite operating in a macro environment marked by economic uncertainty. On a constant currency basis, our total revenues were up **4.5%.**

Our services business that contributes **77% of our total revenue,** grew **5.1%** sequentially to **Rs. 1,013 crores**, and by **3% in constant currency**, in line with the outlook we shared during last quarter's call. While we continue to see some delays in ramp-up of large deals and protracted decision cycles, this quarter's growth was supported by contributions from deals closed in the last quarter, along with a strong performance in the **Aerospace and in the Industrial Heavy Machinery segments**. These segments delivered a **14% sequential revenue increase in US dollar terms**, driven by steady demand and consistent execution across **MRO, PLM, manufacturing engineering, and digital transformation engagements.**

Looking ahead to the second half of Fiscal '26, we remain cautiously optimistic. While Q2 marked a return to growth, we expect some moderation in momentum during Q3, primarily due to the near-term temporary headwinds. That said, we anticipate a recovery in Q4 supported by recent deal wins, improving demand signals, and normalization of customer operations.

Our Technology Solutions portfolio, which contributes the **remaining 23% of our revenue**, delivered a strong **10.6% sequential growth** this quarter. This performance was driven by strong momentum both in the **Education** and in the

Products business. The education business saw a meaningful recovery as previously deferred projects moved into execution. With a healthy pipeline and continued traction across key accounts, we remain confident as we enter the second half of fiscal '26.

Our EBITDA margin for the quarter stood at a reported number of **15.7%,** which includes a **one-time consulting expense of approximately over Rs. 10 crores** that was incurred in connection with an incident that was referenced by Warren in his remarks.

Adjusting for this exceptional item, our **normalized EBITDA margin came in at 16.4%,** reflecting a **30-basis points improvement quarter-over-quarter**. We also continue to upgrade our digital infrastructure, our global footprint, such as the opening of the new office in Munich, as well as in people capabilities in line with our business requirements and outlook.

Looking ahead in **Q3**, we anticipate some margin pressure due to the **upcoming salary revision** and some **temporary headwinds** in our customer operations as they continue efforts to restore their systems.

Reported EBITDA came in at Rs. 208 crores, up 3.8% sequentially. Our share of profit from our joint venture with BMW grew 10.6% sequentially to Rs. 5.3 crores, while the net benefit from the joint venture stood at Rs. 13.6 crores, contributing 6% to our overall pre-tax profits. As a result, our operating profit or EBIT grew 4.6% quarter-on-quarter to Rs. 190 crores.

Our other income saw a decline of 24% sequentially to Rs. 48 crores, driven mainly by the lower unrealized foreign currency gains of about Rs. 18.5 crores compared with Rs. 25.3 crores in the previous quarter.

As a result, our profit before tax declined 3% quarter-on-quarter to a number of Rs. 226 crores. On a year-on-year basis, our profit before tax was up 3.9% and in the first six months of this fiscal year, our PBT is up 5% compared with the first half of last fiscal.

Our effective tax rate remained flat at 26.8%. Resultantly, our profit after tax was down 3% to Rs. 165 crores. In the first six months of the fiscal year, our PAT is up 5% on a year-on-year basis.

In terms of collection efficiency, we saw an uptick in DSO, which stood at **109-days as of September end** from **87 days in June**. This increase primarily reflects **broader business conditions and certain customer-specific temporary situations that have impacted payment timelines.**

Our net cash position as a result stood at $123 million at the end of September compared with $159 million at the end of June. We continue to, however, operate as a debt-free balance sheet company.

That said, we **expect our DSOs to gradually revert to their historical range over the next couple of quarters** as these temporary factors normalize and collection cycles stabilize.

Turning to our operational metrics:

Our total headcount at the end of the quarter stood at 12,402 compared to 12,407 in Q1, remaining broadly stable and aligned with our calibrated hiring approach. During the period, we continued to invest selectively in strategic talent across digital engineering, embedded systems, and AI-led transformation to strengthen differentiated delivery and long-term growth.

We also advanced internal mobility, rotation, and re-skilling through our internal tech varsity, enabling talent repurposing as well as improved utilization.

Investments in upskilling continue to accelerate, particularly across areas such as SDV, AI, and cybersecurity to deepen technical expertise and build a future-ready workforce.

Our trailing 12-month attrition rate rose modestly to 15.1% compared to 13.8% in the previous quarter, reflecting natural market movements and industry normalization. Attrition remains within acceptable levels, supported by strong employee engagement and internal career pathways.

We continue to emphasize retention through growth opportunities, continuous learning, leadership development, ensuring that our talent ecosystem remains motivated, capable, and aligned with the company's transformational agenda.

Before I conclude, I would like to also briefly touch upon a strategic development during the quarter, the signing of the definitive agreement to acquire **ES-TEC**.

We expect the transaction to close in Q3, subject to customary closing conditions and regulatory approvals. Post-closing, our immediate focus will be on ensuring a smooth integration, aligning our go-to-market strategies, and unlocking synergies across talent, technology, and customer relationships.

We are confident that this acquisition will be attractive to our growth and margin profile and will further strengthen our position as a trusted partner in the automotive engineering ecosystem.

To conclude, Q2 has been a quarter of meaningful progress and renewed momentum. Despite operating in a complex macro environment, we have delivered sequential growth across both services and technology solutions, maintained profitability, and continued to invest in strategic capabilities that position us well for long-term success.

While we expect Q3 to reflect some temporary headwinds, including seasonal factors, we remain confident in our ability to navigate these challenges and return to a much stronger growth in Q4.

Our focus remains on deepening customer relationships, driving operational excellence, and building a future-ready organization through continued investment in talent, technology, and transformation.

Thank you to our employees for their unwavering commitment to our customers for their continued trust, and to our shareholders for their support. We look forward to building on this momentum in the second half of fiscal '26.

And before I close, I take this opportunity to wish you and your family a very Happy Diwali. We hope the festival brings you lots of joy, good health, and success your way. We will now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Chandramouli Muthiah from Goldman Sachs. Please go ahead.

C Muthiah: Hi, good evening and thank you for taking my questions. My first question is just around the contract which you mentioned. There was some lumpiness and delays in education-related business from the previous quarters. I just want to understand what would be the approximate case of that contract.

Moderator: I am sorry, your voice is breaking. It is sounding muffled.

C Muthiah: My first question is just around the education business. You mentioned that there were delays in education business contract actualization in the past two quarters which has benefited this quarter. I just want to understand what is the sizing of that deal which has benefited this quarter?

Warren Harris: In terms of the situation that has played out in education, earlier in the calendar year, there were some delays in terms of getting access to some of the innovation centers that we were equipping with the next-generation capabilities and training curriculum that support our education value proposition. Those centers have now come online and so we have been able to play some level of catch-up in Q2. We also have continued to reinforce our order book. I referenced one deal that we closed in Maharashtra in Q2, but there have been other deals that we have closed. So, we expect continued momentum in technology solutions and specifically in education in the coming quarters.

C Muthiah: Just to follow up, I just want to understand, we have seen close to 11% QoQ growth in technology solutions. If it is most of that growth, let us say in terms of quantifying it, all of that growth is due to the lumpiness benefit? I think education and technology solutions is positive in the third quarter and the second quarter. I just wanted to follow up on if any quantification you are able to provide around the lumpiness of this deal?

Warren Harris: The improvement was both in products and in education. The first quarter of our fiscal year is typically a soft quarter for products and so we have seen improvement in that. In the second half of the year, as a number of maintenance contracts continue to get refreshed and renewed, the second half of the year is a good seasonal period for our products business. Again, we expect continued growth in education, and we also expect to enjoy the seasonal benefit of the improvement in the second half of the year that typically underpins what happens in products.

C Muthiah: Got it. That is helpful. Second question is just around your prepared remarks. We have, I think, done much better this quarter in terms of QoQ growth than the previous two where there were potentially macro headwinds that were delaying decision making at some of our core customers. You did mention that you are cautiously optimistic on the back half. Maybe 3Q will be seasonally weak, but you are hopeful that things pick up in 4Q. I just want to understand, based on some of the recent deal wins, do you think 4Q can be equally as good as this quarter in terms of QoQ growth you have been able to deliver in the core business? Any additional color you are able to provide on what is giving you confidence around potentially better 4Q in this part of the recovery in the cycle?

Warren Harris: Just again to provide confidence, in Quarter 1 and at the beginning of the fiscal year, I have commented that we expected strong momentum in this year based upon the conversations that we were having in the fourth quarter of last year. Last year was somewhat unsettled because of the election in the US and some of the EV incentives in Europe running off. So, early part of the calendar year, we had some very, very good discussions with our customers about new products and the contribution that we can make to that.

We saw some of that get somewhat undermined by the tariff announcements at the beginning of Q1 that not only impacted the North American manufacturing sector, but also impacted those customers in automotive, aerospace, and industrial heavy machinery that looked to sell into the United States because everybody was impacted, I think, in either direct terms or indirect terms through their supply chains.

So, what we anticipated in Q1, it started to play out in Q2 because the uncertainty that was there after the tariff announcement is starting to clear and most of our customers are now getting aligned with the new normal in terms of the tariff environment specifically.

So, many of those investment decisions that we were looking to intersect with at the beginning of the fiscal year have now come through in Q2, and that is what has largely driven the improvement that we have seen. We expect that to continue. Our customers and the markets that we serve are largely product-led. In all of the sectors, there has been some impact as far as investment – related to some of the geopolitical and the macroeconomic issues. Whilst not everybody will agree with the changes that have been enacted, at least we have got clarity now. Our customers, as a result of that, are returning to making investments in the next-generation products that stimulate the demand that we support. So, we are expecting a continued improvement from the perspective of the needs that our customers are looking to place with us.

C Muthiah: Thank you very much and all the best.

Moderator: We will take our next question from the line of Manik Taneja from Axis Capital. Please go ahead.

Manik Taneja: Hi. Thank you for the opportunity. I just wanted to get alternative inputs on a couple of things. You are saying that third quarter should probably be soft. Q4 is when you expect a sharp rebound. Just to understand if that comment essentially is on an organic basis, or even you will probably close this acquisition and thereby that is supporting the revenue growth momentum? That is question number one. The second thing is if you could give us some qualitative sense in terms of our automotive vertical performance between anchor customers and external customers, how they may have done in the second quarter, and how should we be thinking about the prospects between these two segments on a go-forward basis?

Warren Harris: Thank you for the question. I think our comments in terms of our opening remarks relate to our organic performance. As has been referenced a couple of times, Q3 is seasonally soft given the festivals and the holidays in different parts of the world. We, like everybody else, are going to be impacted by that.

Our commentary is related to seasonal issues and specifically one or two customer situations that we are looking to quantify at this point in time. As far as automotive is concerned, one of the things that was very pleasing in Q2 was that we were able to drive growth across the three industry verticals. Even though the aerospace and industrial heavy machinery verticals delivered double-digit sequential growth, we were also able to squeeze out growth in automotive. That is really the first time for a number of quarters. We really think that all goes well in terms of the industry and by association, the prospects for Tata Technologies.

Manik Taneja: Sure. Would it be possible for you to give us some sense on your double-digit aspiration that you had through a better part of this year, do you still think that is a possibility for FY26 or probably given the way we have performed and given your expectations for the third quarter, that expectation may not turn out to be true?

Warren Harris: Our aspirations of double-digit growth will always be there. I think at this point in time, our objective and our target will be to ensure that the order book and the momentum that we take into the next fiscal year will provide a platform for double-digit growth in FY27. I think at this stage, I certainly do not want to quantify specifically what we will look to drive in terms of growth in this fiscal.

Manik Taneja: Sure. The last one is on the BMW joint venture. You achieved the 1K headcount mark much ahead of the initial plan by December. Are you essentially willing to share some more milestones or the progress that you expect on that joint venture over the next couple of years?

Warren Harris: What I will say is both in quantitative terms and also in qualitative terms, the JV continues to exceed the expectations of both Tata Technologies and BMW. We have exceeded the headcount targets through the teams that we are managing in the three hubs, in Pune, in Bangalore, and in Chennai. That momentum we expect to continue. I think the brand has really been established now in the Indian context. That is allowing us the opportunity to attract and retain some of the brightest automotive talent in the industry. I think what is also encouraging is the fact that the type of work that is being undertaken by the JV is of a very high level of complexity and sophistication. The feedback from BMW and the teams in

Munich specifically is that they are very, very pleased with the work that is being undertaken. I think that augurs well, not only for growth, but the type of responsibility that the JV will increasingly be given.

Manik Taneja: Sure. Thank you. All the best for the future.

Moderator: Next question is from the line of Abhishek Kumar from JM Financial. Please go ahead.

Abhishek Kumar: Hi. Good evening. Warren, you mentioned in your initial opening remarks that Q3 headwind is because of delays in JLR, IT systems still being restored, etc., Just wanted to understand what is the visibility we have at this stage of these challenges getting resolved during the quarter, and what would be the potential impact from JLR alone in Q3? And a related question is that when we say headwind in Q3, are we referring to some decline in sequential growth or just lower growth for Q3?

Warren Harris: I think as far as JLR is concerned, let me just qualify the comments that I made at the beginning. We are very much involved with supporting the phased restoration of the IT infrastructure at JLR, and I am very, very proud of the work that our teams have undertaken to support the ability of JLR to bring back up their production facilities and their core enterprise IT systems. We are working with JLR to ensure that all of our teams that are strategically important to JLR are in a position to continue the contribution that we have now made for many, many years. But the comments that I made is that JLR themselves are still going through, as they bring up their systems, what their short-term priorities are. And whilst they are going through that exercise, I think it is prudent for us to signal that there could be, and I want to stress could be, some impact in the next couple of months. But the visibility on that is something that will only play out in the next two to three weeks. So, right now, I am not in a position to quantify. All that I will say is that we are working hand in glove with the JLR teams. We are doing everything that we possibly can to support their phased deployment of their IT systems, and we are going to do everything that we can to ensure that they are in a position to restore their operations to where it was before the attack.

Abhishek Kumar: Yes, and so potentially Q3 can be a negative quarter from services perspective, negative growth quarter?

Warren Harris: Again, at this point in time, I am not going to size what the impact of JLR is going to be because I simply do not know. And I think outside of that, we are going to continue to reinforce our support towards growth. And so, we are doing everything that we can to ensure that we build upon the momentum that we have established in Q2.

Abhishek Kumar: Sure. My second question is on your acquisition, ES-TEC, looks like a very exciting asset, they are growing very fast. So, what are the kind of synergies we see? Is the buyer of their services versus what we would typically sell to in Volkswagen similar or do we have to leverage on their relationship to build more relationships? And also, Savitha mentioned it is margin accretive. Any color on their margins, because what we have seen is onsite centric, niche firms like this generally are margin dilutive for IT services firms?

Warren Harris: Yes, I think what attracted us to the organization were two things. One was the capability that they have at the top end of the automotive V-cycle. They do an awful lot of work in the area of systems architecture, functional and specification definition. And they do a lot of work in and around test and validation. And to your point, that is very high end and very niche and complex work. And they have not only been able to protect themselves during the recent downturn and continue growth, but they have also been able to reinforce their strategic position as far as the VW ecosystem is concerned. Because of that special position, they have a great deal of influence at the top end of the VW group. And certainly, we are expecting that influence and the trust and confidence that VW has in them to influence our ability to be able to sell the broader Tata Technologies portfolio to VW. And one of the things that we are working very hard on right now is to identify what lines of service we should prioritize as part of that pursuit of synergies. As far as margins and growth are concerned, we expect ES-TEC to continue the momentum that they have established. We are not disclosing the specific margins that they support. But we do not expect any impact upon the unit economics of that asset as a result of the transaction.

Abhishek Kumar: Sure. Thank you and all the best. Thank you.

Moderator: We will take our next question from the line of Puneet Lineswala from Win Investments. Please go ahead.

Puneet Lineswala: Yes. Hi, this is Puneet. I wanted to ask a few questions regarding the aerospace division, which we look forward to knowing what exactly is the core we plan to explore in the aerospace division, like, is it more about the passenger vehicle segment or any other segment where we eye to venture into?

Warren Harris: Well, if you look at aerospace, there are a number of domain areas that we are developing capability in. We are developing capability in aero structures and interiors. We are developing capability in propulsion systems. We are developing capability in MRO systems. And we are also leveraging our experience from automotive and industrial heavy machinery to help aerospace customers deploy digital solutions to address one of the big challenges of the industry, which is manufacturing throughput. And so, we are investing in those areas and we are seeing double-digit growth across all of those domains. We have not only built a relationship that we are very proud of at Airbus, but we are growing within the Airbus supply chain. And we are also investing very heavily in North America, specifically with the propulsion system manufacturers. So, there is an area that has demonstrated growth whilst automotive and industrial aerospace has been somewhat flat. And we expect that to continue. We are confident because of the growth that is projected for aerospace. But we are also confident because India specifically and the Tata Group will play a very big part in the aerospace industry in the future. And we intend to take full advantage of the opportunity that that represents.

Puneet Lineswala: Thank you very much. I will go to my next question. In the coming years, once the tariff and everything is settled down, how do you see the aerospace affecting or making its mix in our revenue structure ahead?

Warren Harris: I think that the OEMs will have to factor their sourcing decisions and their supply chain decisions against the impact of tariffs. But I think if you were to canvas opinion from the big players, Airbus and Boeing and their associated supply chains, I think while tariffs are important, building as many aircraft as the demand requires at the moment is an even greater priority. And so, our view, and I think this is the view of the industry, is that accessing capability will be more important than the implications of some of the recent tariff regulations that have been rolled out.

Puneet Lineswala: Okay. Thank you very much. I am done.

Moderator: We will take our next question from the line of Rohit Jain from Tata Capital Partners. Please go ahead.

Rohit Jain: Yes. Hi. Thanks. My first question is on attrition. Attrition levels have moved up noticeably from last quarter to this quarter and are at multi-quarter highs. So, what are your thoughts there? And the second question is on margin. You highlighted that there is going to be margin impact in the coming quarters because of wage hike. Can you help quantify that? Thank you.

Warren Harris: I will have Geena, our CHRO talk about attrition.

Geena Binoy: Yes. So, there has been a slight uptick in attrition from 13.8% that we had in Q1 to 15.1% now. But this attrition is broadly in line with the trends that we are seeing in the industry. A little bit of this is on account of the engineering area and we see some uptick in the attrition in this area. And this is mainly because we are losing some talent to the GCCs and the OEMs. So, that is the only comment I have on this.

Rohit Jain: Okay. And on the margin?

Warren Harris: In terms of margins, we are looking to balance the capacity that we believe that our growth expectations in the second half of this year and next year will require with the ongoing pursuit of ever improving and optimizing of the profitability of the company. And that balance is something that we will continue to strive to effect.

Rohit Jain: Given that you have wage hike in the next quarter, can you quantify the impact of wage hike without looking at other factors?

Warren Harris: All I will say is that we rolled out wage increments or salary increments for about 88% of our employee base. And we are, as we always do, applying the various operational levers that will allow us to mitigate the impact of those changes. And so, as we do every year, we will look to offset operationally the cost and the impact of the expenses that are related to the increments that we are committing ourselves to.

Rohit Jain: And so, just to harp on this, given that next quarter is going to be a weaker quarter because of the factors that you have highlighted and the fact that we have wage hike also in that quarter, is it fair to assume that next quarter the margins could be lower than the actual reported margins this quarter, is that the right takeaway?

Warren Harris: As Vijay said at the beginning, we do not provide specific guidance on revenue or margins. I am not going to quantify it for you. All that I will say is that we rolled out salary increments. That will represent an incremental expense in the third quarter. And we will apply the traditional levers to do what we can to offset that.

Rohit Jain: Fair enough. Thank you. Thanks a lot.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Vijay Lohia for closing comments. Over to you, sir.

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 questions, please feel free to reach out to the investor relations team and we will be happy to assist you. Wishing you all the best and goodbye from all of us here. Thank you very much.

Moderator: Thank you, members of the management. On behalf of Tata Technologies, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.