



# Investor presentation Q3 FY2024

25<sup>th</sup> January 2024

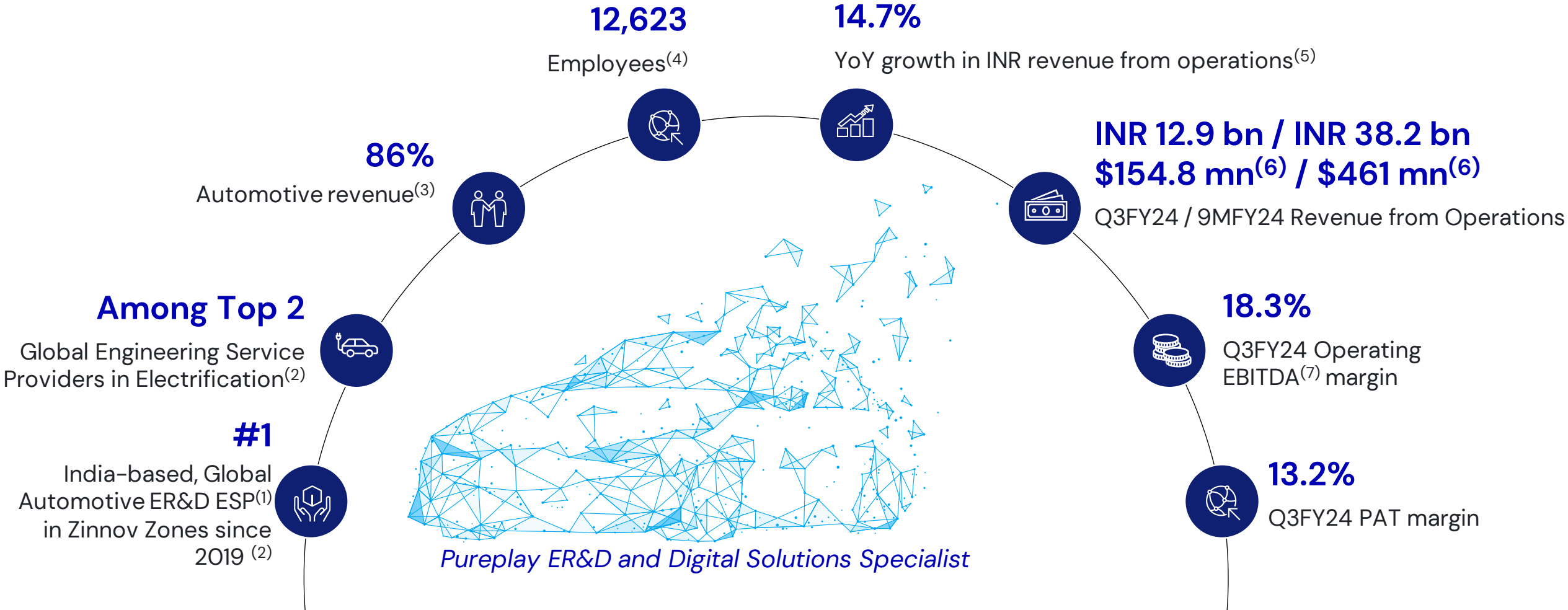
Scrip: BSE 544028, NSE: TATATECH



## Disclaimer

This release may include opinions and assumptions about future performance which could be considered forward-looking statements. Forward-looking statements intrinsically cover several risks and uncertainties, which may lead to a material difference between actual results and the statements themselves. Such statements comprise the company's current visibility on market movements, client discussions, and related factors. Tata Technologies Limited does not assume an obligation to update or revise any forward-looking statements.

# Leading global engineering services company



Note: (1) ER&D Service Provider; (2) Source: Zinnov; (3) % of automotive revenue attributable to the Services segment for Q3FY24 period; (4) FTE and contracted employees as of Dec 31, 2023 (5) Q3FY24 over Q3FY23; (6) Revenue from operations where the revenue from operations is accounted for on a monthly basis and converted using the average of the \$ conversion rates during each month for the relevant currencies; (7) Operating EBITDA is calculated as EBITDA less other income.

## Q3'24 Financial highlights



### Revenue

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- Total operating revenue at ₹12,895 million, up 1.6% QoQ and up 14.7% YoY
- Services segment revenue of ₹10,012 million, up 0.6% QoQ and up 9.3% YoY
- In USD, total operating revenue at \$154.8 million, up 0.9% QoQ and up 13.4% YoY; and in constant currency up 1.9% QoQ and 11.6% YoY
- In USD, Services segment revenues came in at \$120.2 million; down 1.7% QoQ and up 8.3% YoY; and in constant currency, down 0.5% QoQ and up 5.8% YoY



### Profitability

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- Total company gross margin at 28.4%, vs. 27% QoQ and 29.1% YoY
- Services segment gross margin at 31.8% vs. 29.9% QoQ and 30.9% YoY
- Operating EBITDA at ₹2,366 million; EBITDA margin at 18.3%, vs. 16.9% QoQ (adj.) and 18.3% YoY.
- Net income at ₹1,702 million; Net margin at 13.2%

## Message from the CEO & MD and the CFO



Warren Harris  
CEO and MD

“ We delivered sequential growth and a healthy operating EBIDTA margin at 18.3% in Q3FY24 while making strategic investments in relationships to enable future growth. Our deal win momentum has stayed robust, with 5 large deals won in the quarter, including one deal with over \$50 million in TCV and another one with \$25 million in TCV. We remain positive on customer spending in the Automotive vertical as OEMs continue to pivot towards electrification and other alternative propulsion systems. The Aerospace industry is looking upbeat, with a good pickup in demand there. We are investing in building capabilities at scale and remain confident about the long-term fundamentals of our business. We have seen our employee engagement initiatives yield success with a steady reduction in attrition levels over the last few quarters. We continue to focus on engineering a better world for our customers, employees, partners and the community.



Savitha Balachandran  
CFO

“ We continue to maintain a sharp focus on profitability and cash flow generation in our business. Despite the seasonally soft quarter, our margins have remained resilient reflecting strong operational rigor and execution. Our long-term levers of margin growth include increased offshoring, further improvement of our people pyramid and operating leverage as our business scales. The free cash flow to net income conversion in the first nine months of the year has also remained robust.

## Strategic wins and developments



A leading Global automotive original equipment manufacturer (OEM) has onboarded Tata Technologies as its Strategic Engineering partner for “Full-time equivalent (FTE) Engineering Services” engagement



A leading European luxury automotive original equipment manufacturer (OEM) has chosen Tata Technologies for the design, development, implementation and validation of AUTOSAR based software for drive unit (DRVU) Electronic Control Unit (ECU) (Gateway Module).



A leading Aerospace original equipment manufacturer (OEM) has chosen Tata Technologies for M&T engineering engagement.



A North American automotive original equipment manufacturer (OEM) partnered with Tata Technologies to implement SAP and product lifecycle management (PLM) managed services.



A leading Asian automotive original equipment manufacturer (OEM) has chosen Tata Technologies for the development of a premium crossover sedan.

## Income statement – consolidated

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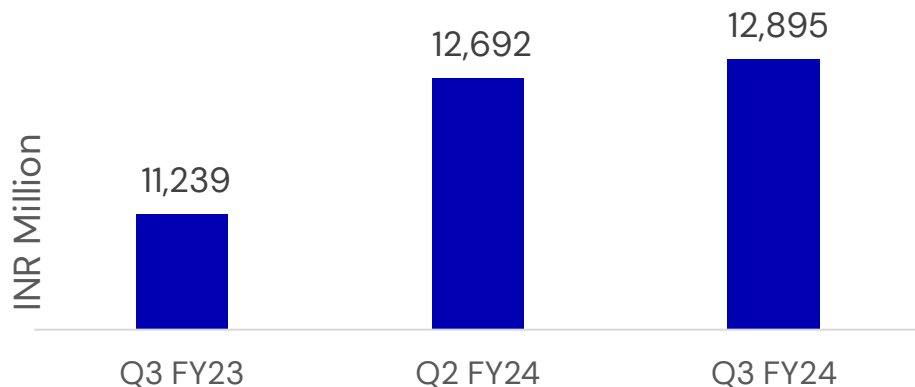
INR Mn	Q3 FY23	Q2 FY24	Q3 FY24	QoQ	YoY		
<b>Revenue from operations</b>	<b>11,239</b>	<b>12,692</b>	<b>12,895</b>	<b>1.6%</b>	<b>14.7%</b>		
Services Segment	9,163	9,953	10,012	0.6%	9.3%		
Technology Solutions segment	2,076	2,740	2,883	5.2%	38.9%		
<b>Gross Profit</b>	<b>3,266</b>	<b>3,428</b>	<b>3,663</b>	<b>6.9%</b>	<b>12.2%</b>		
Services Segment	2,833	2,972	3,183	7.1%	12.3%		
Technology Solutions segment	433	457	481	5.2%	11.0%		
<b>Operating EBITDA</b>	<b>2,058</b>	<b>2,143</b>	<b>2,366</b>	<b>10.4%</b>	<b>15.0%</b>		
EBIT	1,818	1,882	2,094	11.3%	15.2%		
PBT	1,945	2,133	2,350	10.2%	20.8%		
<b>Net Income</b>	<b>1,484</b>	<b>1,604</b>	<b>1,702</b>	<b>6.1%</b>	<b>14.7%</b>		
EPS (diluted)	3.65	3.95	4.19	6.1%	14.8%		
<b>Margins (%)</b>							
Gross Margin	29.1%	27.0%	28.4%				
<i>Service Segment</i>	30.9%	29.9%	31.8%				
<i>Technology Solutions segment</i>	20.9%	16.7%	16.7%				
Operating EBITDA Margin	18.3%	16.9%	18.3%				
EBIT Margin	16.2%	14.8%	16.2%				
Net Income Margin	13.2%	12.6%	13.2%				
<b>USD Mn</b>	Q3 FY23	Q2 FY24	Q3 FY24	QoQ	YoY	In Constant Currency	
						QoQ	YoY
<b>Revenue from operations</b>	<b>136.5</b>	<b>153.4</b>	<b>154.8</b>	<b>0.9%</b>	<b>13.4%</b>	<b>1.9%</b>	<b>11.6%</b>
Service Segment	110.9	122.2	120.2	-1.7%	8.3%	-0.5%	5.8%



# Q3'24 Financial highlights

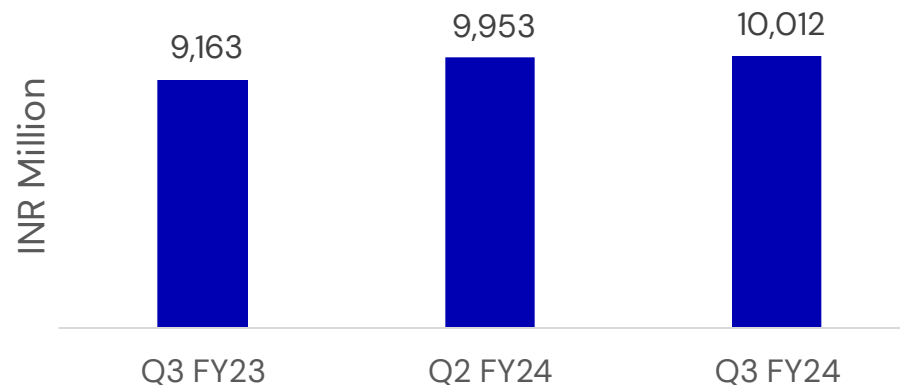
## Revenue from operations

+14.7% YoY; +1.6% QoQ



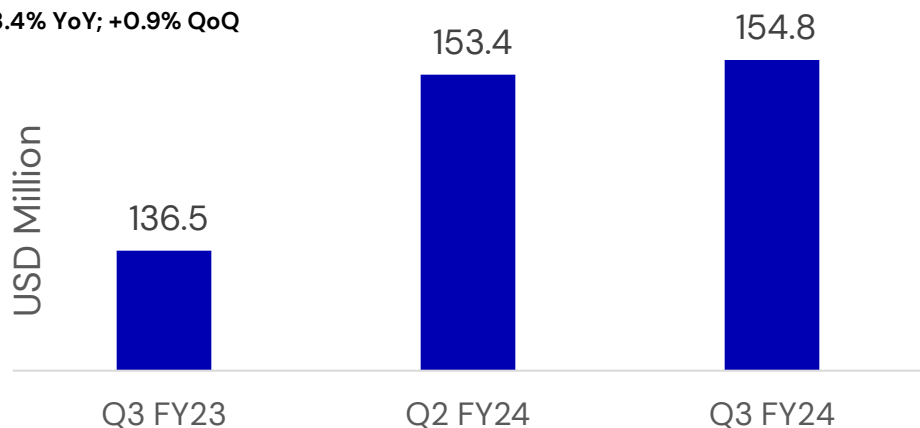
## Revenue from Services Segment

+9.3% YoY; +0.6% QoQ



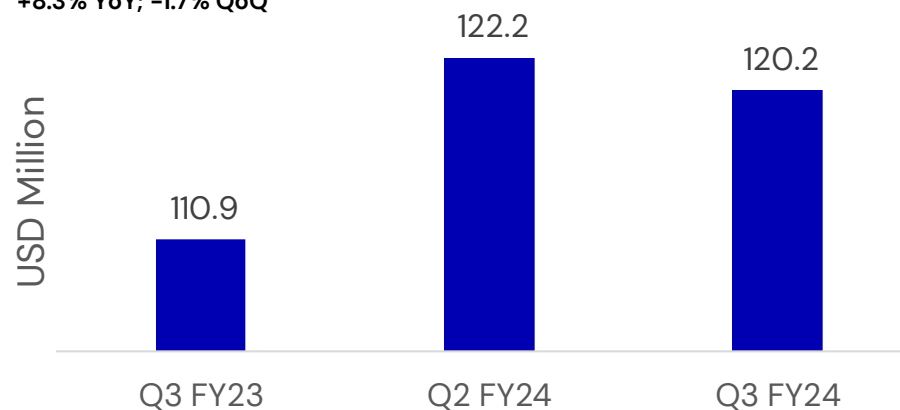
## Revenue from operations

+13.4% YoY; +0.9% QoQ



## Revenue from services segment

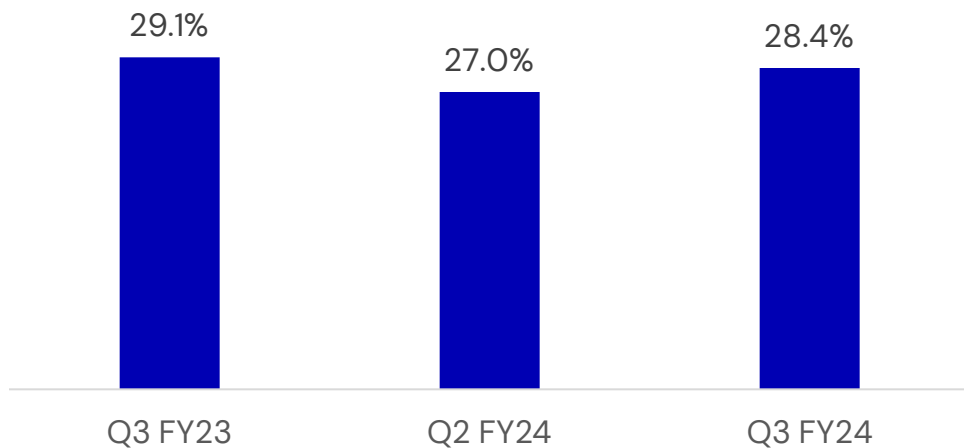
+8.3% YoY; -1.7% QoQ



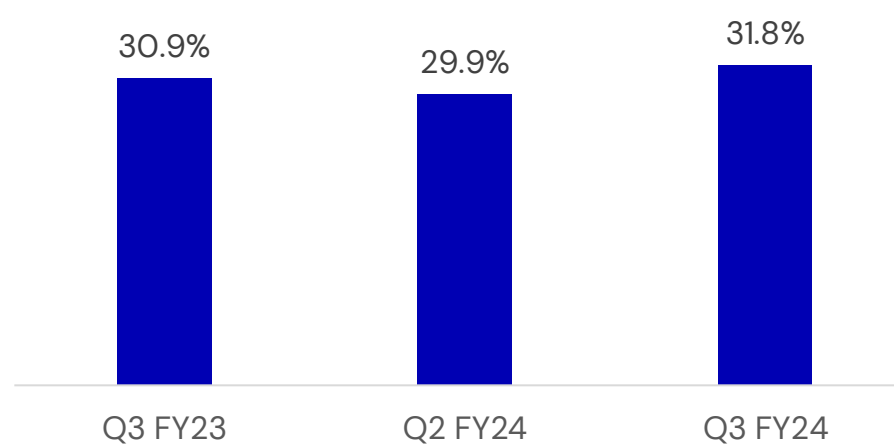


## Q3'24 Financial highlights

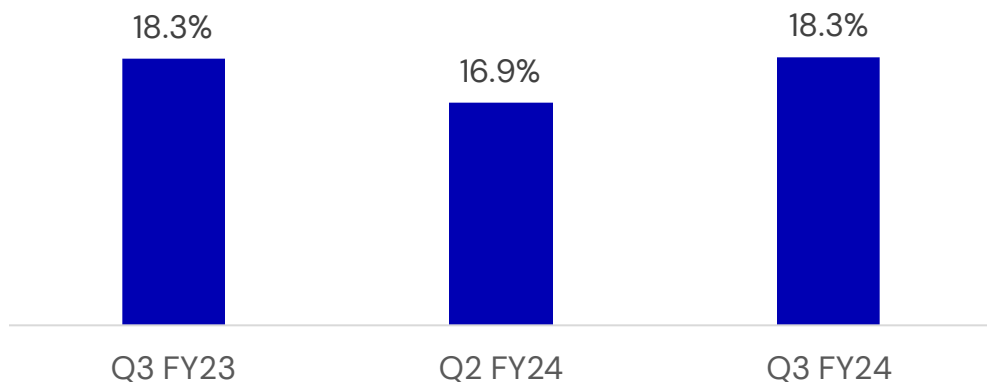
### Gross Margin %



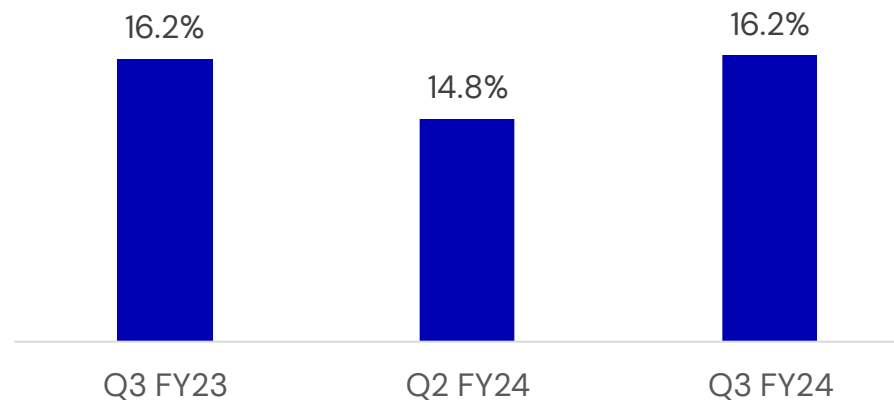
### Gross Margin: Services Segment



### Operating EBITDA Margin

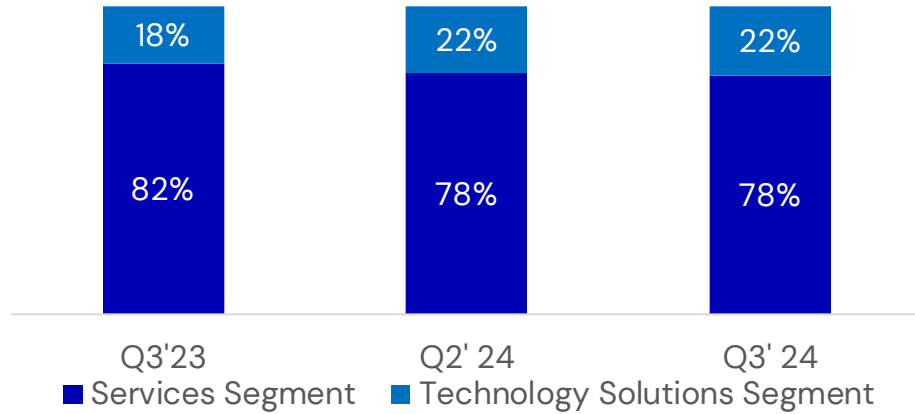


### EBIT Margin

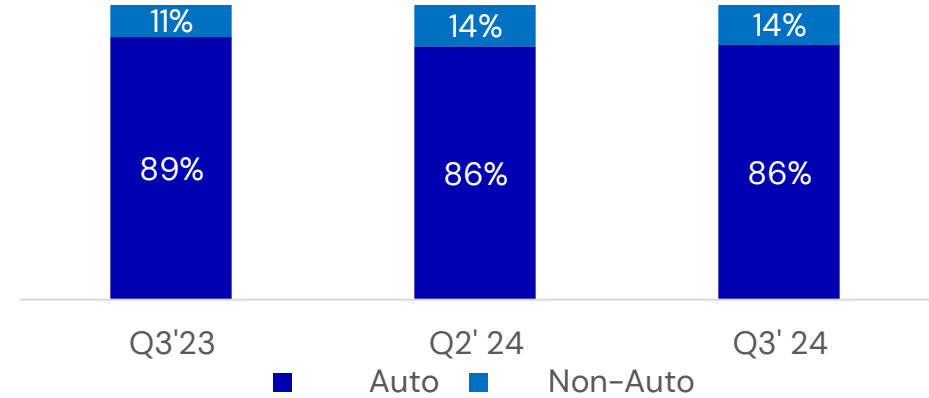


# Q3'24 Financial highlights

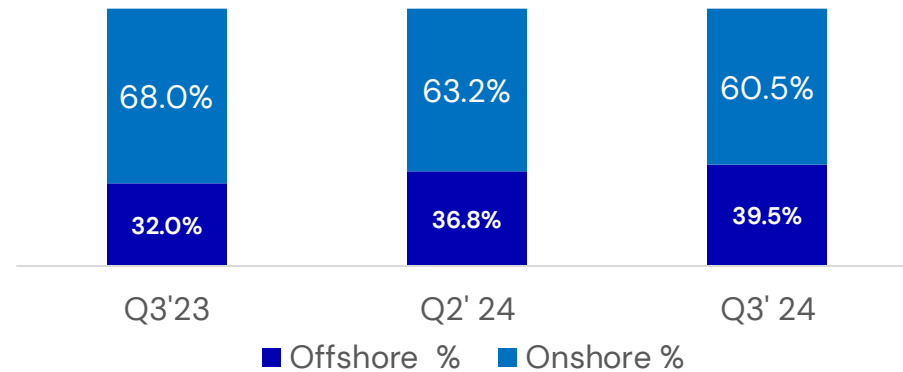
% of Operating Revenue



% of Services Segment Revenue



Revenue Mix



Offshore revenue represents Services revenue delivered from India & Romania and sourced outside India & Romania

## Q3'24 Key metrics

### Services: Customer Pyramid (LTM)

	Q3' 23	Q2' 24	Q3' 24
> 50 Mn	3	3	3
10-50 Mn	3	3	3
5-10 Mn	4	4	4
1-5 Mn	24	28	29

### Employee metrics

	Q3' 23	Q2' 24	Q3' 24
Headcount	11,081	12,451	12,623
Voluntary attrition, LTM	23.5%	17.2%	15.4%

Headcount includes FTEs and contractors

### Liquidity metrics

	Q3' 23	Q2' 24	Q3' 24
DSO : Billed + Unbilled (days)	94	92	95
Cash and Cash Equivalent (\$ Mn) <sup>(1)</sup>	164.3	120.0	132.5
FCF <sup>(2)</sup>	1,929	1,920	2,198

1) As on last day of the respective reporting period

2) FCF computed as Adj. EBITDA (-) Net Capital Expenditure

# Engineering better innovations for customers



## Collaboration with Agratas for designing best-in-class battery solutions

- The collaboration will enable Agratas to accelerate product development, including the design and integration of battery cells into modules and packs for global customers in the mobility and energy sectors.
- Tata Technologies will develop digital business architectures to support the production of best-in-class battery solutions at Agratas' gigafactories in India and the UK.
- Through this collaboration, we will expand its upstream capabilities, strengthening its end-to-end EV design and development capabilities.



Agratas partners with Tata Technologies to fast-track the development and industrialisation of best-in-class battery solutions

# Software-defined vehicle (SDV): Developments

Significant progress in establishing brand recall and credibility within SDV



We joined AUTOSAR in Aug-2023; AUTOSAR is a global development partnership which aims to standardize the software architecture of vehicle electronic control units (ECUs)

Through our partnership with Arm, we have jointly developed solutions for SDVs using the SOAFEE framework and the same was demonstrated at ELIV'23 in Germany and CES'24 in Las Vegas

At ELIV 2023 [Bonn, Germany], we showcased our next-gen SDV innovations and our alliances with industry leaders across the SDV value chain to help automotive OEMs develop competitive products

At CES 2024 [Las Vegas, USA], we showcased our turnkey software-defined vehicles (SDVs) approach to demonstrate how we enable an enterprise to deliver SDV solutions by our E2E offerings

We inaugurated our first innovation centre in Coimbatore, focused on solutions for global customers through development, testing, and integration of vehicle software solutions





# Thought leadership towards engineering a better world

With our thought leadership, we have showcased our expertise in automotive, aerospace, industrial heavy machinery, and digital enterprise solutions and demonstrated our commitment to shaping the future of these industry verticals.

**Tata Technologies sees large opportunities in aerospace sector**

IPO-bound Tata Motors' promoted company aims to leverage automotive expertise to tap opportunities in adjacent verticals including transportation and construction heavy machinery

South Asia Secretary, CEO, Tata Technologies, at a Press Conference, Special arrangement

Tata Motors' promoted Tata Technologies Ltd. is leveraging its automotive expertise to serve clients in adjacent verticals such as aerospace where it sees large opportunities for growth, a representative said.

The company is willing to secure projects with the top Engineering R&D (ER&D) spenders within its focus verticals of automotive, aerospace and transportation and construction heavy machinery (CHM).

The company's clients primarily include Tier 1 suppliers and OEMs. For example, it has been selected as an Engineering, Manufacturing, Engineering, and Client Service Strategic Supplier ("EMESS") by the global aerospace company, Airbus.

The global ER&D spending for the aerospace and defense market was valued at \$32 billion in 2023 and is expected to increase by approximately \$10 billion by 2026, according to a Zinnov report.

**Tata Technologies Steps On The Gas In New Skills**

Srinjoy Bal  
16 Nov 2023 | 09:34 AM | 2 Min Read

The company believes that this is essential in understanding customer requirements better

Nachiketa Paranjpe, President - Automotive Sales, Tata Technologies, believes that the changes underway in the automotive industry will translate into huge opportunities going forward.

This is because every new technology or feature that needs to be integrated into the vehicle requires specialised skills, he told Mobility Outlook. For vehicle manufacturers, managing rigorous software and vehicle configurations, hardware and software combination or the entire database of updated software is a challenge.

Tata Technologies can help OEMs and Tier 1 suppliers in adapting to new-age technologies but this means it needs to be ahead of the curve and at the cusp of tech changes. According to Paranjpe, upskilling workforce skills becomes critical and this is where a nuanced approach is essential. Here is where Tata TechWise offers upskilling and cross-skilling learning paths with its e-learning modules, accreditation support and workshops on latest technologies.

The internal tech university uses a proprietary tool called "GetIt" to maintain the content database for education and keep the database updated. The idea is to help students focus on self-learning and avoid unnecessary pitfalls. While the TechWise initiative is limited to India, the company has collaborated with universities for joint courses overseas. Beyond this, it ensures that employees have the right mental attitude to learn new things.

Tata Technologies also works closely with leading customers to stay abreast of technology changes, Paranjpe said this

**How Tata Technologies is Helping Automobile Companies Build AI-Powered Cars**

Published on December 21, 2023 in Intellectual AI Discussions

Tata Technologies made a bumper debut this year on Indian stock markets, with share price jumping 180% over the Initial Public Offering (IPO) price within minutes. Its stellar debut is backed by its strong emphasis on technology innovation and a commitment to delivering cutting-edge solutions in the rapidly evolving landscape.

The company, which started as an automotive design unit of Tata Motors in 1989, has emerged over the years as a top engineering, research, and

**"Analytics-Based Approach Key To Retaining Tech Talent"**

Pawan Bhageria, President - Global HR, IT, Admin & Education, Tata Technologies believes that integrating India's extensive expertise in product development and engineering services with a global outlook positions Indian tech companies as significant global players

Retaining the dynamic landscape of the tech industry requires a strategic alignment of talent management with organisational goals. From identifying essential skills to fostering successful synergy with core values, effective recruitment, skill development and performance evaluation play pivotal roles. Pawan Bhageria, President - Global HR, IT, Administration & Education, Tata Technologies believes that addressing both organisational needs and individual aspirations, alongside adapting to evolving workforce models, ensures a robust and scalable workforce.

In the context of tech talent, how can organisations align talent management strategies with the organisational goals to ensure a robust and scalable workforce?

To create a strong and adaptable workforce, companies need to integrate their talent management strategies with their



# Engineering better careers



# Engaging academia in innovation through Tata Technologies InnoVent

Launched in July'23, the program received an overwhelming response and saw 814 unique projects from 2,696 participants across 229 colleges across the country



Seen in the photo, jury members Mr Warren Harris, CEO & MD Tata Technologies, Mr. JS Kutty, Mr. Sven Patuschka, Chief Technology Officer – Tata Motors, Mr. Ravi Arora, Senior Vice President & Head Group Innovation – Tata Sons and Mr. Prasad- Tata Motors during the team presentation of the final evaluation round

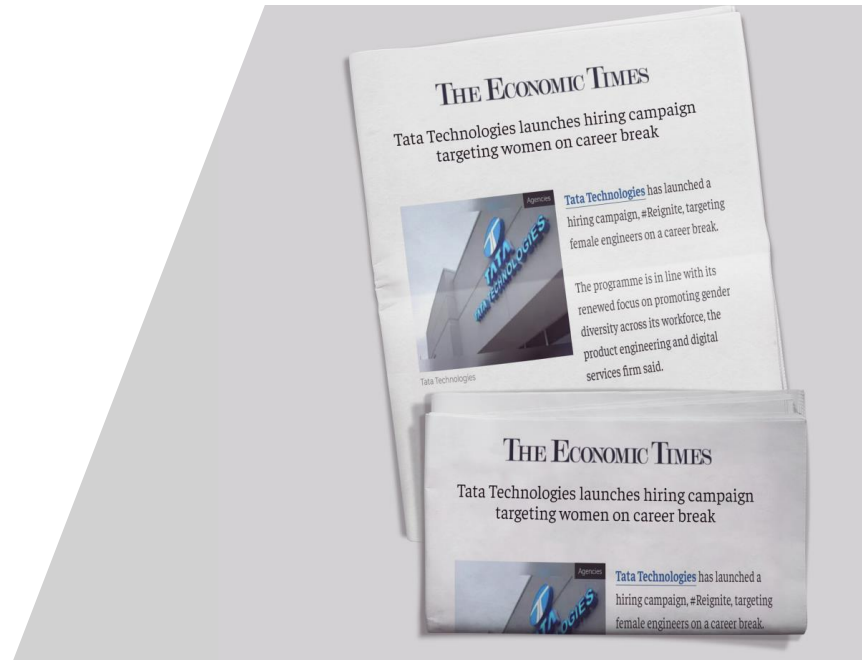


Group photograph featuring the winning teams, all participating teams, esteemed jury members and Tata Technologies Executive leadership team Mr Shailesh Saraph – EVP & Global Head – ER&D Delivery, Ms. Geena Binoy – EVP and Global Head – DES Delivery, Mr Prahlada Rao – President and Client Partner – Tata Motors, and Mr. Santosh Singh EVP and Global Head – Marketing and Business Excellence.

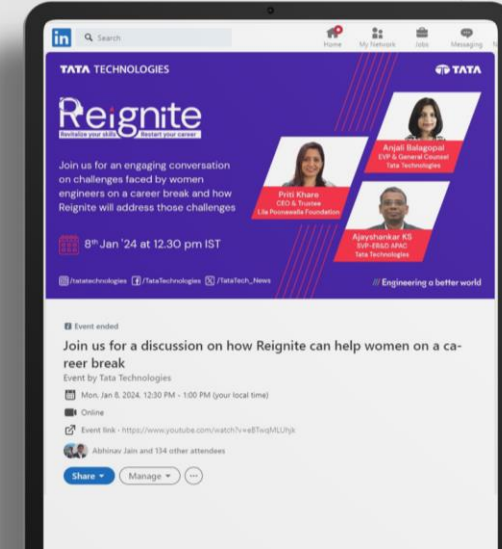
Tata Technologies InnoVent Demo Day saw 10 finalists, with the top 3 teams receiving cash prizes worth INR 4.5 Lakhs and the top 10 finalists were offered career opportunities

# Reignite campaign for empowering women on career break

Reignite is a platform specifically designed for women innovators to facilitate a smooth re-entry into the workforce. With targeted upskilling and curated mentorship programs.



The Press Release & Social Media Release are covered by 4000+ online business publications and 90+ major regional media publications



- The program covered 4000+ online business publications and 90+ major regional media publications.
- To date, we have received 200+ women applicants under this program. Screening of the CVs is ongoing

## About Tata Technologies

Tata Technologies (BSE: 544028, NSE: TATATECH) is a global product engineering and digital services company focused on fulfilling our mission of helping the world drive, fly, build, and farm by enabling our customers to realize better products and deliver better experiences. We are the strategic engineering partner businesses turn to when they aspire to be better. Manufacturing companies rely on us to enable them to conceptualize, develop and realize better products that are safer, cleaner, and improve the quality of life for all the stakeholders, helping us achieve our vision of #EngineeringABetterWorld.

For more, visit us at <https://www.tatatechnologies.com/> or learn more [here](#). Follow us on [Instagram](#), [LinkedIn](#), [Twitter](#), [Facebook](#) and [YouTube](#) for the latest updates.



# Contact Us

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