TeamLease®
Putting India to Work

November 15, 2023

To Listing Department BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001 Scrip Code: 539658	To Listing Department National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot no. C/1, G Block, Bandra Kurla Complex, Bandra(E), Mumbai - 400 051 Scrip Code: TEAMLEASE

Dear Sir/Ma'am,

Sub: TeamLease Services Limited (TeamLease/Company) - Transcript of Q2FY24 Earnings Call

Ref: Regulation 30 of the SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015 (SEBI LODR Regulations, 2015)

With reference to the captioned subject and pursuant to Regulation 30 of the SEBI LODR Regulations, 2015, please find enclosed the Transcript of Q2FY24 Earnings Call hosted on Wednesday, November 08, 2023 at 04:00 P.M. IST. The same is also available on the website of the Company at https://group.teamlease.com/investor/earning-call-transcript/.

Kindly take the above said information on record as per the requirement of SEBI LODR Regulations, 2015.

Thanking You.
Yours faithfully,

For **TeamLease Services Limited**

ALAKA CHANDA
Digitally signed by ALAKA CHANDA
Date: 2023.11.15 11:27:51 +05'30'

Alaka Chanda
Company Secretary and Compliance Officer
Encl: As above

"TeamLease Services Limited

Q2 FY '24 Earnings Conference Call"

November 08, 2023

MANAGEMENT:	**MR. ASHOK REDDY -- MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – TEAMLEASE SERVICES LIMITED** **MR. SUNIL CHEMMANKOTIL – CHIEF EXECUTIVE OFFICER, SPECIALIZED STAFFING – TEAMLEASE SERVICES LIMITED** **MR. KARTIK NARAYAN -- CHIEF EXECUTIVE OFFICER, STAFFING – TEAMLEASE SERVICES LIMITED** **MR. RAMANI DATHI -- CHIEF FINANCIAL OFFICER – TEAMLEASE SERVICES LIMITED** **MR. KUNAL THARAD -- HEAD, INVESTOR RELATIONS – TEAMLEASE SERVICES LIMITED**
MODERATOR:	**MS. ADITI PATIL – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to TeamLease Services Q2 FY'24 Earnings Conference Call hosted by ICICI Securities. We have with us today Mr. Ashok Reddy, MD, and CEO; Mr. Sunil Chemmankotil, CEO, Specialized Staffing; Mr. Kartik Narayan, CEO, Staffing; Mr. Ramani Dathi, Chief Financial Officer; and Mr. Kunal Tharad, Head, Investor Relations. We will start off with the remarks from the management, after which we will open the floor for Q&A session.

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 star then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to the TeamLease management. Thank you, and over to you, Mr. Reddy.

Ashok Reddy: Thank you very much. Good evening. Just to highlight that we have been maintaining a steady growth rate, and that has kind of played out into this quarter also. With the associate number additions in the quarter, we have now crossed overall numbers of three lakhs across the cluster of businesses that we have.

At the group level, the revenue has grown 5% quarter-on-quarter and EBITDA by 21%. Part of this has also been on account of the seasonality that the EdTech business has. The year-on-year revenues grew 16%. The element of the headwinds in DA and the specialized staffing continued to play out.

Overall, we've added over 122 new logos during the quarter. While the specifics of general staffing and specialized staffing will be covered by Kartik and Sunil. In the Degree Apprenticeship side, I think the training headcount growth has become positive in the last two months. While for the quarter, we still stay negative.

The traction of being able to get the numbers in on the National Apprenticeship Promotion Scheme and the Work Integrated Learning Program have started to play out. And we are able to compensate the NEEM losses by onboardings on these fronts. I think we still have about 8,000, 9,000 NEEM apprentices who would probably exit by end of Q4, and that's really what we're looking at.

On the HR services front, the seasonality where Q1 is low on revenues did play out. Q2 onwards, we've started seeing an uptick in the revenue front, where revenues have grown 26% quarter-on-quarter and 20% year-on-year. And the EdTech business also is looking at more partnerships with universities, premier educational institutions, and other product avenues that will drive their future growth.

I think we stay positive to the element of the demand that is there in the market. And we are seeing good demand coming in for the staffing side from industry verticals, primarily driven

by BFSI and Consumer. Specialized staffing still has the headwinds largely from an element of the macros of the industry segment while we've been signing up new GCC customers that have been giving us some volume at a lower level but giving us open positions and volumes.

I think as we go forward, sustaining the element of growth with productivity will be the key focus. And before we dive into the questions, I'll call Kartik to give an update on staffing, and then, we take it on.

Kartik Narayan: Thanks, Ashok, and good evening, everyone. I'm pleased to share the highlights from our Q2 FY'24 performance. During this quarter, we've witnessed notable progress in general staffing with a net addition of nearly 14,200 associates, marking the highest number reported in the last seven quarters.

We experienced a 6% quarter-on-quarter sequential growth in headcount and an 18% year-on-year. In terms of revenue, we had a 20% revenue growth quarter-on-quarter last year to this financial year and a 21% for the entire H1 last year. This is reflecting the positive momentum in our business and the market.

Our growth is advancing in tandem with that of our major clients, leading them to pursue cost effectiveness for their increasing volumes, which in turn affects our average revenue per unit, known as PAPM. Some of you do recall that we had spoken about initiatives around cross-selling and upselling into our base.

We are seeing some initial results coming through, basis which PAPM has registered a marginal improvement of 2% quarter-over-quarter. We are beginning to observe initial positive indicators, yet the comprehensive impact on revenue and the tangible realization of these efforts will necessitate a longer timeframe to fully materialize.

As we navigate through the evolving landscape of the BFSI and Consumer sectors, we are greeted with a robust pattern of growth that speaks volumes for the potential lying ahead. The drive towards formalization within the leading players in the consumer space promises a strong undercurrent for the sustained growth.

In Q2, hiring has increased by 20% in Tier 2 and Tier 3 cities for the same period last year. In the second half-year competition, the choice is amount for our customers. Our company has witnessed the reaffirmation of trust. Customers we see are gravitating back towards our brand, recognizing the distinct advantages we offer, commitment to compliance. Our cutting-edge hiring and technological solutions stand out as key differentiators.

Financial services and consumer goods are top two segments in terms of absolute growth and associate base, closely followed by retail and telecom. Consumer Goods and TelTech achieved growth rates of over 40% and 90%, respectively, in terms of associate growth compared to the previous quarter.

Our sales effort resulted in 33 new logo sign-ups, primarily in the consumer, manufacturing, and BFSI segments. We hired around 20,000-plus individuals during Q2 through own sources with a 6% increase from previous quarter.

Our full-time equivalent FTE improved by 2%, driven by a 6% increase in associate headcount. Our investments in digitization initiatives have shown positive efficiency gains, allowing us to cater to a larger client base while maintaining our core employee strength.

As we move forward, we see positive signs around hiring in telecom, financial services in the services sector as well as the consumer space. There are specific opportunities around manufacturing led by PLI schemes. These open positions are field recruitment in non-metro locations, and we're working on improving our execution capabilities in hiring in this sector.

Looking ahead to Q3, we have a healthy pipeline and see emerging demand across most of our customers. While the challenges in certain sectors persist, we believe in the opportunities presented by continued formalization along with anticipated capacity to be positive for us.

Our focus remains steadfast on building a high-quality business anchored on strong commercial focus and exceptional customer service. We are also investing to build our hiring engine. The benefits of digitalization and process improvements are starting to manifest, and we're optimistic about the impact they will have in the future.

Thank you so much. And with this, I will hand it over to Sunil.

Sunil Chemmankotil: Thanks, Kartik. Good evening, everyone. I'm pleased to share the Q2 performance on specialized staffing. We witnessed a marginal improvement in hiring with the global capability centers while the hiring in IT services companies continue to be subdued, leading to an overall drop of 60% in the hiring requirements.

The macroeconomic situation is forcing our clients to go very slow on fresh as well as replacement hiring and focus on improving utilization rate, as you all know. On the positive side, we see a lot of new GCCs being set up in India, and the existing ones are expanding.

Hence, we see a great opportunity to improve our wallet and market share in this space. We have added 10 new logos in this quarter, and six out of them are large and strategic accounts, obviously, GCCs. Our sales pipeline continues to be strong, and we expect this strong sales momentum to continue for rest of the fiscal year.

Now, coming to commercials -- sorry, financials, our revenue grew marginally by 3% sequentially and 2% on a year-over-year basis. Our headcount grew 1% sequentially and de-grew 6% on a year-on-year basis. This de-growth in headcount is primarily driven by headcount reduction from services clients, although we could replace this with additions in GCCs to some extent.

Our EBITDA grew nominally by 2% sequentially, while on a year-on-year basis, we have a substantial dip of 25%. Across the board, we are diverting our business towards high-quality, high-potential, and high-margin accounts and reviewing our strategy for the relatively low-margin accounts.

Looking ahead, we believe that the headwind will continue in the IT services companies in rest of this fiscal year. This, coupled with macroeconomic situation, inflation, and geopolitical situation might put additional pressure on adding new headcount.

We expect Q3 will be muted for us on the back of furloughs and above-stated challenges. We will continue to focus on adding new strategic clients across the industries, fast track our digitization efforts and focus on cost optimization and productivity improvement. These actions are intended to help us weather the current storm and position the company for future growth. Thank you.

Ramani Dathi: Thank you, Sunil. Good evening, everyone. We have received income tax refund of INR48 crores, including INR3.5 crores of interest income during the quarter. The refund pertains to assessment year 2023. Total outstanding income tax receivable as of 30th September '23 stands at INR212 crores.

Our total cash balance as of Q2 is INR323 crores, including free cash of INR240 crores. EBITDA to operating cash flow conversion is maintained above 70%, excluding the one-time TDS impact in Q1.

Core employee headcount has remained almost flat between March '23 to September '23. Core cost has been rationalized by about INR50 lakhs per quarter compared to March '23 run rate. Staffing vertically is impacted by DA NEEM headcount loss over the last four quarters, mainly at EBITDA level.

DA has now turned net positive on headcount addition, and absolute EBITDA growth continues on a sequential basis. We still have about 10,000 NEEM trainees, expected to attrite by Q4 FY'24. EdTech business has launched a new revenue line offering called Digivarsity, which is a multi-employer, multi-university platform that helps students make informed career decisions. Group level margins continue under pressure because of headwinds in IT staffing. However, absolute profits will improve sequentially, led by growth and operating leverage in staffing business. Thank you.

Ashok Reddy: We are now open for the questions.

Moderator: First question is from the line of Mukul Garg from Motilal Oswal Financial Service. Please go ahead.

Mukul Garg: So I just wanted to start with what's kind of the current view on the margin profile in the general staffing business. How much of impact there was because of the DA in the kind of ramp down this quarter? How should we look at it as you are mentioning that the new schemes, NAPS and WILP, kind of scaling up? So should that now start kind of acting as a tailwind to your margins? Or will that still remain a headwind, if you can just kind of give a sense on like how to look at it?

Ashok Reddy: So while we have another 10,000 NEEM headcount to fall off and sunset over the coming few months, the realization on the NEEM front is higher than the realization in the NAPS and WILP programs. Obviously, under the NEEM program, we had 100% of the trainees assigned to learning. And in the element of NAPS and WILP, we are at about 15% to 20%.

So I think we have kind of addressed the volume side of the challenge, where we are now getting into a net positive front on the numbers front. I think the second element to address will be the value side where we are able to sell a larger percentage of the new onboards to the education linkage that would improve the realization.

So I think at least for the coming two quarters there will be some more pressure from a net revenue perspective on the DA front while it won't be a pressure from the headcount perspective.

Mukul Garg: So, again, should we just -- because I know Y-o-Y comp will be tough. So if we focus on Q-o-Q comparison and then going to Q1 where these guys have kind of cost increase. But how much of tailwind should this start now have as the...

Ashok Reddy: Mukul, your voice isn't coming through clearly. There is a kind of an echo.

Mukul Garg: So I will think that while Y-o-Y comparison, this is tough, given the mean impact, but on a Q-o-Q basis, how should we think about the impact from the scale up as net adds kind of ramp up, margins will obviously be higher than your general staffing business.

So on an overall basis, how should we think about the staffing margin profile? And again, if you can just also blend in the movement on PAPM and how productivity gains are kind of translating into higher margins. How should we look at profitability going forward?

Ramani Dathi: So Mukul, in terms of staffing vertical, including DA business, so we should be able to maintain EBITDA growth of 5%, 5% to 6% sequentially going forward. Converting that into margin basis points would be difficult. As you know, since we don't have control on the top line. Depending on the associate's salary range, that marginal expansion can change. But on absolute profits, we are confident that we'll expand 5% to 6% on a sequential basis.

Mukul Garg: Sorry, about pushing back on this. But when you're saying that sequentially, you can expand the margins by 5% to 6%, that is something which is independent of any operating leverage

gain? Or can that really add to that? Just trying to understand like how the numbers will move given the whatever revenue base impact will be there given the high seasonality in H2?

Ramani Dathi: We don't have that kind of unusual seasonality in H2, Mukul. So this 5% to 6% that I'm indicating on a quarter-on-quarter profit improvement is with volume, operating leverage, as well as marginal improvement in PAPM.

Mukul Garg: Understood. Got it. And can you just share the PAPM number?

Ashok Reddy: It's about INR680 in the staffing business, little over INR680, so INR684.

Mukul Garg: And is it fair to assume that you are on track to kind of improve margins sequentially over next few quarters?

Ramani Dathi: Mukul, let me correct, again. We are confident of improving absolute profits sequentially. Margins as a percentage, yes.

Ashok Reddy: It's dependent on the salary levels that are paid out. So that's what Ramani is calling out. We don't have a control on that, but absolute profits will go up.

Mukul Garg: Okay. But on the salary level, is there some supply-side inflation, which is kind of reducing your confidence to talk about margins or what's going on there? The sense which we had earlier in the previous calls was that the staff cost will remain under our control given the environment. Is there a change to that?

Ashok Reddy: No, no. Staff cost at our end is under control, our core employee cost. The wages and salaries paid typically is a function of the industry that is growing and the kind of competitive pressures there. So we don't have -- I mean, broadly we'll have some element of change that happens, but we don't know the exact -- we don't call that number out.

Moderator: Next question is from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra: Sir, my first question is on the improvement that we have seen in the PAPM. So we have been seeing improvement after like many quarters. And -- if you can explain what is driving this improvement in PAPM, is it existing contracts that are being repriced or the like newer contracts that we're getting into are seeing higher PAPM? So this is the first question. And also, if you can throw some light on the PAPM in the apprenticeship segment, how that has moved over the last few quarters?

Ashok Reddy: Yes. So I think on the staffing side, while we've been going back for holding price with the existing customers, a lot of it is not necessarily getting repriced up. At least we are not repricing it down. The second element is obviously new contracts that we are signing up, which are not necessarily large volume mandates, but the longer tail has a better realization overall. And I think the third element is also what we've been focusing on, which Kartik called

out, of upselling the various other modules around learning and the DWS services and all of that, has seen some traction play out.

So I think a combination of all of that has kind of held the price and given a marginal improvement in the -- on the PAPM front. On the DA side, I think largely, the element of the PAPM for NEEM used to be around INR1,100, it's about INR500 to INR600 in the WILP/the NAPS side. Obviously, like I called out, while we had 100% of the new trainees in learning, we need to have a larger percentage of the NAPS trainee's kind of been sold the learning, and that is something that the team is consciously going to be working on.

Amit Chandra: And sir, on the apprenticeship segment, so we have a flattish number this quarter. But this is like despite the drop that we're seeing in the new program. So ex of that, what was the addition in the like DA field? And the additional 10,000 like NEEM associates that we are having, like will it move out of the system over the next two quarters?

And ex of that, how we are seeing the DA business over the next two or three years? Because we are investing into that business, we have got a new like leader also who will be heading the DA field. So what is the strategy out there? Because after that, we will be left with around like 30,000 associates on the DA side. So how do you see this segment doing over the next two to three years?

Ashok Reddy: So while we lost about 7,000 to 8,000 NEEM numbers for the quarter, the balance kind of about 6,000 have been added in the non-NEEM segment, 6,000 to 7,000. That's why we've had about a minus short of 1,000 on the trainees' front for the quarter.

I think going forward, we see the 10,000 kinds of exiting probably over the next two quarters. And net of that, we should be positive from the non-NEEM additions front. I think we have now healthy number of clients signed up with open positions and transition pipeline build. And that is something that would consciously be driven to ensure that over the coming two quarters we have a net positive in headcount on the apprenticeship side.

Amit Chandra: And sir, my last question is on the core cost -- core employee costs. So -- we have not added the core employees over the last like two, three quarters, and we have done cost -- like rationalization there. So if you can share the core cost for the quarter and how it has moved sequentially in Y-o-Y?

Ramani Dathi: Yes. So core products on a sequential basis, we have rationalized by another 50 lakhs for this quarter. And we are taking measures to kind of maintain at this run rate. There can be some marginal growth, but that's not anything that would impact our margins and growth rates. So on an annual basis, we have brought down the core costs by almost 8%. So this is net of the salary inflation hit that we have taken in the month of April, Amit.

Moderator: Next question is from the line of Aasim from DAM Capital.

Aasim: I had a question on this NAPS learning element that you just mentioned, 15%, 20% on NAPS over 100% that used to be a NEEM. So what exactly is this if you could help me understand?

Ashok Reddy: And so the NEEM scheme, which was basically the National Employability Enhancement Mission, permitted the onboarding of trainees, and they had to have a learning connect. So one element of the markup was to administer the trainee the life cycle of the trainee like we do in the staffing business.

The second element was the alignment to university program for learning, and that was an additional charge. Under the apprenticeship scheme, the element of the degree linkage is not compulsory. So we do the life cycle management of the apprentices, and we charge for that.

But ideally, from a retention and productivity performance perspective, selling education linkage is an over-and-above variable. So I think there are corporates that are paying, first, let's just get the apprentices on board and let's get the number play in place.

And then we will look at the element of the education linkage as addressing attrition or productivity. So we've kind of been able to sell and onboard customers for the apprenticeship program. So the numbers are starting to come in. The element of the education linkage would have to be an additional sale over and above that.

Aasim: Okay. So to just to increase this proportion, I mean, is it more to do with working with corporates who end up taking these apprentices? Or is there a government angle also involved?

Ashok Reddy: No, there's no government angle on the education side. So this is working with the corporates. They pay this fee over and above the administration fee. And this is primarily a book for the apprentices to stay on for a longer period in time because there is an education linkage and a degree connectivity that they can walk out with.

Aasim: Okay. Second question is on the associate additions on general staffing ex of that NEEM meta thing. So in H1, would many of the NEEM dropouts have moved to general staffing as well? And would that have helped us -- like show as a strong growth in additions -- associate additions?

Sunil Chemmankotil: Yes. No, I think these two are completely separate. All the headcount additions, which have happened in general staffing, is organic, and new opportunities that we have gotten into the field.

Ashok Reddy: And also just sectorally, a large element of growth in the staffing business has come from BFSI and Consumer, and a large element of the loss that has happened on the NEEM front has been in the manufacturing and has been in the services sector. So it's not a transition that has happened from a NEEM side into the staffing side.

Moderator: Next question is from the line of Ms. Aditi Patil from ICICI Securities. Please go ahead.

Aditi Patil: Yes. So my first question is on Specialized Staffing. So over here, revenue has grown more sequentially, like 3.3% versus headcount growth of 0.7%. So are we seeing any benefit of pricing in this business?

Sunil Chemmankotil: Not really. It's not the pricing. There is some timing difference as well as -- some of the numbers which have come in are -- have come in at higher bill rates.

Ashok Reddy: So just to address that, Aditi, I think this is a function of the kind of profiles that are coming in. They are at a higher bill rate and higher salary levels, which kind of drives the element of the revenue growth, but it doesn't necessarily translate down to the bottom line because we are losing the headcount from other areas.

Aditi Patil: Okay. Got it. And is the like higher billing rates linked to the GCC segment?

Ashok Reddy: Yes.

Sunil Chemmankotil: Yes. And just to add to that, while there have been additions at a higher bill rate, the total impact of the margin will be seen in the subsequent quarters because these two quarters, we have more holidays coming in.

Ashok Reddy: They'll be what they call the furloughs to be provided for in this quarter. And typically, most of the IT sector companies are kind of closing down on additional headcount in the third quarter. So that will play out going forward.

Aditi Patil: Okay. Got it. And my next question is on like general staffing. So you mentioned that financial BFSI and Consumer segments are driving demand over here. So like which subsegment or which profiles are having high demand and like how sustainable it is in -- like can you give some outlook for the next two quarters and next year?

Sunil Chemmankotil: Yes. So, Aditi, the largest expansion, which is taking place is with respect to sales profiles as far as banking finance is concerned. So these are individual sales folks selling asset and liability products. So that is one large area of expansion. We are expecting that to sustain over the next several quarters.

On the consumer space, it's as much organic growth as much as we are able to get what I mentioned during my initial comments. Customers who are coming to us for reasons of compliance, hiring technology, etcetera, and all that, so might not necessarily at least in this Q1 and Q2 be growth, which is because of market expansion, but largely about customers who are coming to us for what we bring them -- for what we bring to them on the table guide. So that's exactly what's happening on the consumer space. So profiles out there is largely around, again, sales, service technicians, and so on and so forth.

Ashok Reddy: I think, Aditi, on this front, it's a combination of domestic consumption-driven demand at our client side and an element of formalization of the workforce that was there with the customer base. We believe this will play out into the coming quarters. At least, as of now, the feedback that we have from the customers is still quite positive around the element of the demand outlook, and I think, hiring outlook. So I think this will play out into the coming quarters.

Aditi Patil: Okay. Sure. Okay. And in the DA business, the incremental headcount you are seeing from new programs, so like are they linked to -- any way linked to the government schemes or it is purely you selling to corporates and like how sustainable it is?

Ashok Reddy: No. So all these apprentices are under the various schemes that the government has. So it is regulated from an environment of how we can get them on board. But finally, it is a sale to a corporate to deploy these appendices under the various schemes that the government has. So yes, we are working within the ambit of the schemes that the government has, but there is an element of the corporate sale that we need to do.

Aditi Patil: Okay. But like do you see any risk of the newer programs also getting discontinued sometime in future or the...

Ashok Reddy: These are -- none of them are new schemes, Aditi. These are under the old Apprenticeship Act, which has been there for 60-plus years and the element of tweaks that the government has been doing. So I really don't see them shutting this down. Actually, the government authorities have actually been trying to expand the element of the adoption and implementation of the apprenticeship scheme with corporates.

So a lot of corporates -- I mean, all corporates have to have a certain percentage of the workforce as apprentices, and many don't. The government has actually been sending out notices and asking for compliance under the Apprenticeship Act. So I don't, at least in the foreseeable future, see a challenge to the manner in which the deployment of apprentices is happening.

Moderator: We have our next question from the line of Aasim from DAM Capital. Please go ahead.

Aasim: Okay. I'll just repeat my question. So the unbilled revenue in six months FY'23 has jumped to INR230 crores versus INR156 crores. So is this something to call out here? Or is this just a timing issue?

Ramani Dathi: It's just a timing issue, I think. So there is no call out or unusual activity here.

Moderator: We have our next question from the line of Dhvani Shah from Investec Capital Services India. Please go ahead.

Dhvani Shah: Just one question. Could you give me the PAPM for NEEM and the existing, like the total one for DA?

Ashok Reddy: Sorry. Can you just call that question out again, Dhvani Shah?

Dhvani Shah: I just wanted to know PAPM for Degree Apprenticeship?

Ashok Reddy: It's about INR600.

Ramani Dathi: So currently it is at about INR600.

Dhvani Shah: Got it. And the new programs that have come in are coming at a lower at INR500. Is that what you called out earlier? Is that correct, INR500 to INR550, sorry?

Sunil Chemmankotil: That's correct.

Dhvani Shah: Okay. Understood. And just on the core employee headcount, that's up 3.2%. Or is this also a function of the demand you're expecting for the festive season?

Ramani Dathi: What is the 3.2%? Sorry, can you please repeat?

Dhvani Shah: The increase in core employee number Q-o-Q.

Ramani Dathi: Okay. So that's just refilling at very low end of core employees. And on a half-year basis, it has actually remained flat between Q1 and Q2. If you take as a consolidated number, it is flat. And at cost, it has actually come down. While there is a marginal increase in headcount, at core cost level, it has come down.

Dhvani Shah: Understood. Just also if you can give some outlook on how you are seeing the additions in the associate number for the festive season that would be helpful.

Ashok Reddy: So there isn't too much of seasonality in this. While the demand has been steady, the outlook from most of this onboarding is that they will stay for the longer haul.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for the closing comments.

Ashok Reddy: Thank you. So as we have been driving on growth, I think we will continue to take measures toward cost optimization, improving our hiring delivery for customers. And the focus on sales through team build and team restructuring, should help us to accelerate the revenues and the absolute profits. Clearly, the headwinds in the IT staffing business continue to play out. We are trying to mitigate that with the element of signing up more new customers, expanding the base of clients in the product and in the GCC front to drive the number growth into the future.

On the DA front, also, I think the element of shift from the NEEM scheme into the other schemes is playing out on the volume front. Key focus is going to drive volume coupled with the aspect of value as we go forward. And I think that's something that we will continue to look at. But overall, I think with the leadership teams now built across all business units, we are looking to continue to maintain the growth momentum as we go forward.

I think the market outlook from a demand perspective is healthy other than in the IT staffing front, and we will play to that with the competencies that have been built internally. Thank you, and we look forward to being in touch.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.