SYMBOL: SPECTSTM
ISIN: INE0OL001018

Dated: 25.11.2024

To,
The Manager-Listing Department,
The National Stock Exchange of India Limited,
Exchange Plaza, NSE Building,
Bandra Kurla Complex, Bandra East,
Mumbai-400051

Dear Sir(s)/ Madam,

Sub: <u>Submission of Transcript of conference call with the Investors/ Analyst.</u>

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are hereby submitting Transcript of conference call held to discuss the H1 & FY25, post results Conference Call of the Company on Tuesday, 19th November, 2024.

The conference call Transcript is attached herewith.

Kindly acknowledge and take on your records.

Thanking you,

Yours faithfully

For Spectrum Talent Management Limited

NITESH ANAND
Digitally signed by NITESH ANAND
Date: 2024.11.25 09:32:24 +05'30'

(Nitesh Anand)
Company Secretary
Membership No.
A28698

Encl. As above.

SPECTRUM TALENT MANAGEMENT LIMITED

H1 & FY25

POST EARNINGS CONFERENCE CALL

November 19, 2024 02:00 PM IST

Management Team

Mr. Vidur Gupta - Managing Director
Mr. Sidharth Agarwal - Whole Time Director

Call Coordinator

Strategy & Investor Relations Consulting

Presentation

Vinay Pandit: Ladies and gentlemen, I welcome you all to the H1 FY'25 Post earnings conference call of Spectrum Talent Management Limited. Today on the call from the management team we have with us, Mr. Vidur Gupta, Managing Director; and Mr. Sidharth Agarwal, Whole Time Director.

As a disclaimer, I would like to inform all of you that this call may contain forward-looking statements, which may involve risk and uncertainties. Also, a reminder that this call is being recorded.

I would now request the management to detail us about the business and performance highlights for the quarter, the growth plan and vision for the coming year, post which we will open the floor for Q&A. Over to the management.

Vidur Gupta: Thank you, Vinay, for opening this. Thank you everyone for joining in the investor post earnings conference call for H1 2025. I've come to the key facts. We are at the moment managing 33,461 workforce. This is as on 30th of September, out of which 13,623 were apprentices. Our core team has grown to 500 plus. Vendor network has also expanded.

To give you a few key milestones, at a company level we added 6,428 headcount in H1 '25, wherein H2 '24 showed a promising contribution of 15.81%, adding 3,707. So, the overall addition has been much higher. Revenue at the company level, H1 to H1 grew by 25%. Manpower and recruitment services grew by 18.7%.

We increased the headcount from 18,264 in H1 of '23 to 33,461 which is about in two years about an 83% growth. The key sectors that were driving the growth were IT, ITES, pharma, manufacturing, and retail. We also have a few very important updates where we are rebranding our IT staffing business into Speraspect. This is a brand that we have created, which will take care of not just IT staffing, but look at projects in the longer run.

The apprenticeship training vertical added trainee headcount by 5,307 wherein H2 FY'24 we added 1,051. We also started another new vertical called Retaspect, which is the retail vertical. We are already very well established as a player in staffing for the retail industry. This is taking it one step forward where we offer related services to retail companies. These related services, I will be covering in the coming slides.

Snapshot is ₹532 crores of top line. We added 99 new logos. The market is opening up. Overall revenue, H1 to H1 grew by 25%. EBITDA from an H1 to H1 grew by 10%. Overall headcount growth is 42.7%. Trainee headcount growth again is by about 22%, H1 to H1.

Now I will let Sidharth take over for the financials.

Sidharth Agarwal: Good afternoon, everyone. I will quickly renew to the financials for the organisation for the first half. So, in the first half of the year, our total revenues stood at ₹522 crores vis-a-vis ₹423 crores in the previous half year, which was around 23% or 23.5% increase half year on half year. On the EBITDA front, the EBITDA increased by 5 odd percent to ₹5.37 crores, up from ₹5.14 crores in the previous half year. The PBT also increased by around 18 odd % up from ₹3.56 crores to ₹4.2 odd crores in this particular financial half year and profit after tax stood at ₹4.32 crores versus ₹3.75 crores in the previous half year.

On the consolidated financials, the revenue stood around a 23 odd percent to ₹531 crores up from ₹431 crores. The EBITDA increased by a 5.5%, up from ₹5.41 crores to ₹5.71 crores. And the PBT increased by around 17 odd %, to ₹4.54 crores up from ₹3.86 crores in the previous half year. The profit after tax stood at ₹4.66 crores up from ₹4.04 crores in the previous half year of' 2024.

On the standalone segment, the Manpower businesses, grew by around 19 odd %. We did ₹329 crores of revenue as compared to ₹276 crores. The electronic goods did ₹192 crores in the current half year, as compared to ₹144 crores in the previous half year. So, the total revenue was ₹521 crores as compared to ₹421 crores in the previous half year.

The EBITDA, I have already spoken about. The EBITDA totalling on the manpower side was ₹4.56 crores, and on the electronic goods was ₹80 lakhs, which totals to around ₹5.37 crores, which in comparison to the last half year was ₹5.12 crores.

On the consolidated front again, the revenue on the manpower supply side was ₹338 crores as compared to ₹285 crores in the previous half year. Their exports is the same. So, the total revenue was ₹530 crores as compared to ₹430 crores in the previous half, which is around 23 odd increase in half year-on-half year basis. The EBITDA stood at ₹5.71 crores as compared to ₹5.41 crores, which is a 5.6% increase half year-on-half year.

Vidur Gupta: Thank you, Sidharth. I would also like to mention H2 numbers comparatively, we have dropped in terms of exports of electronics goods because H1 for electronics goods is usually way slower, which is where you will see the gap that is coming. It is primarily owing to that. However, on the HR services, manpower supply and recruitment services, we have grown by 6% from H2 FY '24 to H1 FY '25. This is just a brief about how our internal headcount and external headcount has grown.

In terms of productivity, we have increased. We have continuously been focusing on improving productivity per resource. So, our core employees managing the staffing piece have gone to 95, and they were managing 33,461. So, productivity is up to about 350 resources per internal person.

Now way forward. First, I want to talk about Retaspect as a vertical. So, this is an integrated HR solutions brand. We have had Mr. Naman Nangiana joined us in July 2024. He has got a lot of experience in marketing, sales, and go-to-market strategies, and he's the one who's heading this service line. We are offering productivity management solutions to drive store success by improving sales, customer satisfaction, and operational efficiencies.

We are putting in a lot of technology into place, which will assist us in an integrated application for the staff that we are deploying and, ultimately, aiding the customer in a better visibility on their own sales and what the competition is doing. We have also added learning and development, which has online training and offline training for continuous skill enhancement and improvement for the retail staff. And we are getting into trade marketing solutions, whereas these are on ground services from in shop branding to data driven insights.

Next is Speraspect. This is basically the repositioning of the IT staffing business. We feel that it needs to be represented in a different manner. And the staff that we get onboard on our payrolls from the technology sphere needs to be managed in a different way as well. Hence, the rebranding and the changed approach. Also, we feel that there are places where we can take up projects not just staffing, and we feel that that can leverage our bottom line. That is the reason for this rebrand.

We are actively now pursuing mergers and acquisitions. So not mergers, only acquisitions. We are looking for companies in specialised staffing, in IT staffing, in HR tech, in BPO, in the U.S. staffing. So, these are fields that we are focusing on, and we plan to do at least 3 acquisitions over the next 12 months so that this can all augment into a much larger setup and an integrated offering.

We have had one new addition to the team that I missed mentioning in the last conference call, which is Mr. Peush Saproo. He is joined us as the Vice President of Business Development. He has got over 22 years of experience. He was with this industry as Head of Sales in a competitor.

Now we will open the floor for question.

Question-and-Answer Session

Vinay Pandit: Sure. All those who wish to ask a question, may please raise hand. In case you are unable to ask a question or raise hand, you can just drop a message on chat, and we'll invite you to ask a question. Anybody who wishes to ask a question, please raise hand.

We will take the first question from Kishore. Please go ahead.

Kishore: Good afternoon. Thank you for the opportunity. I would like to ask you about Retaspect. Can you explain a bit about Retaspect and the need for doing this branding? And follow-up will be, is there a plan to demerge or divest these businesses separately?

Vidur Gupta: So, we are already providing a lot of talent to retail companies in a shop-in-shop format where these people are spread out all over the country. But there are some basic challenges that a lot of retail companies face. One is understanding how their product is positioned. Second, training the staff. Their reach in a lot of places is limited because they only have some staff and no senior people around. Market intelligence, where they want to map what a competitor is selling.

At the same time, when it comes to store audits, so in the application that we are working on, this application helps them identify where their product is positioned. So and considering the fact that we have so much manpower deployed all over the country, we will be able to utilise them on a gig basis where on their weekend, we are able to utilise them or on their off days we can help them audit.

In our own app, our staff can record the kind of sales the competition is making. This will help our clients take a much more informed decision about what products or what packaging to be pushing towards those particular stores according to region, because every region has a different way it functions. Every region has a different price point that things are selling at. So, all of these offerings combined needed to be positioned and packaged in a different manner.

Now we are an HR services company, until the time we don't come up with a clear brand, which represents what we want to add value with for the customer. It would not have made sense. Along with this, we have also added training. There is a gap. Retail companies want to hire staff for the store. Now there is a one, a need of training them before joining the store. After that, there is a continuous need of re-training them. We can for the online piece, at least, we have features that we are building into our own application, owing to which or through which we will be able to retrain, refresh, and better equip the store staff to be able to deliver better, to be able to deliver larger results. So that is the whole idea.

There is no plan to demerge, Retaspect. We plan to build this as a vertical and take it forward.

Kishore: Yeah. Thank you sir. And, can you throw some light on the IT Staffing and Hiring business as in general considering that it has been soft over the last one year or so?

Vidur Gupta: Right. So. with the latest election results in the U.S., there is a little bit of stability that people are now starting to feel, and investor investments in the technology space have started coming in again. We have signed up some very, very large logos in the last quarter for a lot of larger tech staffing companies or tech IT companies as a matter of fact, not tech staffing companies, tech staffing projects for IT companies.

The reason for the rebrand is, one, to be able to attract talent in the right way. A lot of talent would not want to be on the payrolls of a pure play staffing agency. Plus, a few staffing projects that we are getting, there are possibilities of converting them into managed services. These managed services may be providing IT infrastructure support. They may be smaller application development. So, when we already have the staff available, we would rather also pick up these projects to enhance bottom lines there. So that is the idea of rebranding the IT Staffing business.

Kishore: Okay. Got it sir. Thank you so much.

Moderator: Thanks, Kishore. We will take the next question from the line of Mr. Abhishek. Abhishek, you can go ahead, please.

Abhishek: Yeah. So, actually, one of the queries I had has been asked already. So first of all, I was actually there in the previous con call also. So, I remembered this thing that there was uncertainty about the future of electronics goods trading business. So, any update with regards to that? And next question I'll ask after you answer this.

Vidur Gupta: Perfect. So currently, we are continuing the Electronics Trading Good business. See till the time we have spare capital available in the company, we are going to be utilising a lot of capital towards acquisitions going forward. As and when we are able to make the acquisition, we're going to be scaling this down. If you notice, we are not putting an effort towards scaling up the electronics goods business. It is a very usually scalable business line. But the larger focus for the company is not there. So, currently, we are continuing, but in the longer run, we will be discontinuing that business.

Abhishek: Just one more small question with regards to this business only. Do the incentives that were provided in the recent budget have any effect on this electronics freight and cruise business margin wise?

Vidur Gupta: So, no, not to us. We are into a trading scenario. Whenever there are incentives that come, it only increases the number of orders that one would be getting in general. But the manufacturing companies keep these incentives to themselves. It is a field with very open pricing. If you understand what I am saying, it is a commodity. So, it will always remain to be a low margin business.

Abhishek: Yeah. And, finally, I just was hoping to get a bit more elaboration on what you mean by integrated services when you are referring to Speraspect. So, what kind of integrated services, if you could give more details with regards to that? And how do you expect them to be margin accretive?

Vidur Gupta: Yeah. So integrated services is Retaspect, not Speraspect. First, I'll talk about Retaspect. Right from talent identification, there is a need to be training talent on what the customer wants to sell. Every brand has a different selling DNA. Every brand, say it's a clothing company which is targeting an average sales price of a 1000, 1200. They are looking to sell in a different manner. They're a men's wear focused brand. They need training on that bit. If there are women's wear focused brand, staff needs to be trained in that bit. So that is one part of the training. That is integration before people get on the shop floor.

Second, once these people are selling, there are always new product introductions. So, if you look at electronics, say there is a company that that sells television. So, there is a new feature that has come in there. People need to be trained on that. They need to be informed. Plus, they need to be refreshed on the brand's value offerings. There may be schemes that the brand has come up with. So, there are trainings that need to be provided to these people.

At the same time, each brand wants to know how much the competitor is selling. We can provide a lot of that data with our staff being positioned at different places in stores. So that is where it becomes an integrated retail offering.

Abhishek: It's more about information, for collation and management.

Vidur Gupta: Yes. So one is data. Second is training. Third is an audit, a store audit. It may be a customer experience audit. So these are things that clients pay for. They want agencies to be able to provide, and they're going to different agencies for each piece.

Abhishek: Okay. So is this something that involves constructing your own. Okay. I think I understood mostly. Thank you.

Moderator: Thanks, Abhishek. We'll take the next question from the line of Kevin Shah. Kevin, you can go ahead, please.

Kevin Shah: Thank you. What's your current staff utilisation rate considering that you are today sitting on a workforce of around 33,461 employees. Which sectors are lagging behind and which sectors are also seeing good demand for manpower? You could just throw some light on it.

Vidur Gupta: Sidharth, do you want to take that question?

Sidharth Agarwal: Yeah. So, Kevin, where we are seeing upticks are mainly towards the industrial piece, because over the last year, year and a half, we have been investing on the sales side of the business. So, we hired a few sales guys and who are specific to these industrial belts. So that is where the numbers are coming in from. Also, it is helping us scale up the differential business. Because when an individual -- when an educate joins the industrial setup, they first come up as a as a trainee, which goes into our apprenticeship business. And when they are finally the one year or two years is completed as per the offering of the course, they shift onto our payrolls as an industrial associate. So that is one area that we are seeing the uptake.

And second is obviously the retail side. The FSI, it's been at par only for the last year or so for us. So, these are two main areas there, where we have increased the headcount.

Kevin Shah: Got it. So, can you also throw some update on the new government policies, that are announced in the recent budget on your NATS and apprenticeship business since the modalities were not known?

Sidharth Agarwal: So, Kevin, at this point of time, it's only a rough paper that has been floated to the industries. A final notification about the same is still awaited from the government's end. We assume that it should be available by maybe end of December or January 1st week. This is what we have been informed about. So, it is the same information that is available in the market is what we have.

Kevin Shah: Okay, just a follow-up question, so why is your revenue growth not matching the headcount growth? Like I wanted to understand where the gap is.

Sidharth Agarwal: So, Kevin, if you will see the headcount that has grown is on the apprenticeship side. The apprenticeship side, we only are charging the service charge, when we process the payroll of these individuals plus the payment of salaries to these associates happen from the client's side directly onto the government portal, which we are managing for them.

So, the headcount growth on the staffing side, if you see, GS plus IS, the headcount growth has been approximately a 1,000 odd people overall. That is the reason why the revenue has grown significantly on a half year on half year pay.

Kevin Shah: All right, sir. Thank you for answering, and all the best.

Moderator: Thanks Kevin. We'll take the next question from the line of Amit Agicha. Amit, you can go ahead please. Amit, you can unmute yourself and ask your question.

Amit Agicha: Yeah. Good afternoon. Thank you for the opportunity. I had two questions. One was, like, how does the company plan to maintain investor confidence amid thin profit margins? Are there any plans for dividend pay outs or share buybacks in the near future?

Vidur Gupta: We are an SME at the end of it, and it is imperative that we grow at a brisk pace. And at the moment, the focus for the company is to grow its size, scale and give better services. So, the margin drop is temporary, and the margin will come back. There are no plans for dividend at the moment because we anticipate we'll be needing funds, as a matter of fact for the acquisitions that we are doing.

Amit Agicha: And how's the company mitigating currency exchange risk with its global operations?

Vidur Gupta: So the moment we make an export, we book the currency at the same time. So that's how we kind of make sure that the risk is mitigated.

Amit Agicha: Thank you. That was helpful. All the best for the future.

Moderator: Thanks, Amit. We will take the next question from Shruti. Shruti, you can go ahead.

Shruti: Hello, good afternoon. We see that your ROCE is typically higher in the electronics business, while the manpower business has lower ROCE. This gives us consolidated single digit ROCE of approx 8% to 10%. Once you decide to stop the electronic good trading business, I believe it will lead to a drop in ROCE to 7% to 8%. How will you make up or compensate for this gap? Are there any inorganic plans to scale up the business to target higher growth?

Vidur Gupta: So Shruti, one, we are looking at three acquisitions. All three acquisitions are focused at high margin businesses. Specialised staffing, IT staffing, managed services. These are all businesses where the margin levels are higher. Second, the current ROCE is lower owing to the fact that we have done a lot of expansion and hired a lot of people. And typically, it takes time for people to come to the right productivity level. Also, the market environment has not been the best over the last year or so, especially on high margin business fronts, like technology and management consulting.

So, these are places where we make a higher margin compared to non-IT, HR services and these fields have been relatively quieter. And it is now that they are opening up. So, we are sure that our ROCE will rise.

Shruti: Okay, so I had another question. Your revenue are growing, but the margins on the lower side. Is there any cost pressure in terms of staffing or technology cost? Could you please share more information on this?

Vidur Gupta: So, there is continuous cost pressure. So, we are investing on technology. We've hired a team that is building our application, which we should be able to roll out in March of '25. So obviously, there is a cost that we are incurring there. The larger cost has come in because we've hired a lot of senior people. And all of these employees or all of these assets will bring in greater business in the future. But at the moment, there is a cost pressure owing to that.

It takes time for people to start delivering results. See, what happens is that if the work is slightly limited at the client's end, it is way more difficult to enter as a new agency. So, the sales cycle becomes much longer. And at the moment, the market conditions have been improving. Since March, market conditions have been improving and they continue to do so.

And we're hopeful that with the latest election results in the U.S. and the renewed confidence that we are seeing from our customers towards investing in technology, margins will improve quickly.

Shruti: Okay, sir. Thank you. That answers my question.

Moderator: Thanks, Shruti. We'll take the next question from Mandeep Choksey. Mandeep, you can go ahead.

Mandeep Choksey: Yeah, thanks for the opportunity, and congrats for the decent set of numbers. So as I can see, we have two business segments, Manpower Recruitment and export of electronic goods. Now the EBITDA margins in the electronic goods have been miniscule. So, I want to know how much of the company's capital is deployed in this line of business. And why not invest the seed funds elsewhere? I mean, in mutual funds or fixed deposits or elsewhere.

Vidur Gupta: So, Mandeepji, the margins dropped owing to a couple of model changes in the products that we were exporting. So by the time we procured the goods here, a new model came out in the market and the price dropped significantly. That is why there was a drop in margin here. Otherwise, it's a decent business. The second thing is that the capital is, that I think Sidharth will give a clearer figure how much capital is deployed at what time.

Sidharth Agarwal: So Mandeep, what usually happens in trade is that, if we remain out of the market, then people will not place orders with us. So we continuously have to be in the market in order to get the orders, from various parties who we deal with. Secondly, like Vidur mentioned that there was a loss in the first quarter of the year where there was some procurement that we did where price drop was significant.

So, the margins fell in overall, that impacted the profitability of this particular thing. The fund utilisation, what we try and do is whatever excess funds are there with the organisation, we obviously put those into liquid or overnight funds and so that we get a return on that. The remaining amount is solely or majorly for the Manpower business.

And anything in between, whenever orders are there, like mobile exports is usually a cyclical sort of a business. So, the first half of the year is usually on the lower side, the second half of the year is on the higher side. And we only intend doing this business from the time the Manpower supply business doesn't utilise all the funds that are available in organisation. So that's how we have structured the fund usage for the company.

Mandeep Choksey: Okay. Got it. And one more thing, as I can see in your presentation, you have mentioned you have closed positions in over 30 countries. And I guess we have physical presence in USA and a subsidiary in U.K.?

Vidur Gupta: Yeah. So, U.K. subsidiary we have shut, but when we say we have closed positions in over 30 countries, we have Indian clients with operations globally. We proud ourselves in saying that we are an expert with Indian companies who want to enter any overseas market.

Mandeep Choksey: Okay. So these are basically Indian companies who operate overseas?

Vidur Gupta: **Nai.** These are Indian companies who have got presence in multiple countries. So there may be a client who has hired one person, who has hired a person in Chile. There may be a client who has hired a person in one country in Africa or another country in Africa, or maybe Sri Lanka, Bangladesh. It may be Philippines. It may be in Japan. So, we have worked around the globe. So that comes as a part of our introduction where we have closed positions in over 30 countries over the past five, seven years.

Mandeep Choksey: Okay. Okay. And so, do we intend to have geographical presence elsewhere apart from U.S.?

Vidur Gupta: Not at the moment. Unless we see a very large opportunity knocking our door, we think India is the market and U.S. is the market where we should be sitting in.

Mandeep Choksey: Okay. Got it.

Vidur Gupta: The reason we closed down the U.K. subsidiary was because we wanted to, one, concentrate on the India business and at the same time start focusing on scaling up the U.S. business. For the U.S. business also, there was a lot of uncertainty till the election happened. Now that the elections have happened, we will be looking towards growing the U.S. business as well.

Mandeep Choksey: Okay. Got it. That is it from my side. Thank you.

Moderator: Thank you, Mandeep. We will take the next question from Vaibhav Kapur. Vaibhav, you can go ahead, please.

Vaibhav Kapur: Yeah, okay. So my question is with respect to the acquisitions, do you have some indicative size of the amount of capital that you'll be deploying in your acquisitions? And could you just, you have given some indication, but could you just clarify the amount of capital that you're going to remove from the other existing businesses, whether it is the U.S. or the electronic manufacturing, etc that you'd be utilising, if you go in for an acquisition?

Vidur Gupta: So, Vaibhav we are looking at deploying about ₹80 crores to ₹90 crores in acquisitions. And we will not be withdrawing anything from the U.S. Anyway, it's not a very capital-intensive field there. But at the same time, we will be obviously scaling down the mobile business as and when the capital can be deployed.

Vaibhav Kapur: Okay. And I did not get the number of the current amount of capital that was deployed in the electronics business. I just missed that.

Sidharth Agarwal: So, Vaibhav, what usually happens is that, up in the first half of the year, the capital deployment was on an average close to ₹20 crores to ₹22 crores on a monthly basis, which will increase to around ₹40 crores to ₹45 odd crores in the second half of the year.

Vidur Gupta: See Vaibhav, if you allow me, whenever we make a balance sheet, we make it on a particular day.

Vaibhav Kapur: Absolutely.

Vidur Gupta: So, kya hota hai ki the deployment comes on that particular day.

Vaibhav Kapur: Yeah, Sidharth clarified on that fact. I just wanted an indicative to know that, what's the size of the acquisition broadly. I just wanted a bird's eye view that you've given. So I think that's about it. Thank you so much.

Vidur Gupta: All right.

Moderator: Thanks, Vaibhav. We'll take a follow-up question from Kishore Pandey. Kishore, you can go ahead, please.

Kishore: Thank you for the opportunity again. I just had a follow-up question regarding your plan for the next three to five years. As in where do you see yourself in terms of size and of revenue and manpower and profitability over the next three to five years?

Vidur Gupta: It's a very dynamic shield. We want to be an integrated HR services company, which has specialised business units offering each sphere of HR. We will continue to grow by 30% year-on-year as an organisation. And currently for the next three years, we assure that or our aim is very clear to be able to grow at a 30% CAGR. So that is the intent for the moment.

Kishore: Both in terms of revenue and profitability?

Vidur Gupta: So, profitability will catch up.

Kishore: Okay.

Vidur Gupta: In the services business, whenever you're making any investment, it all comes in as an expense, unlike manufacturing where you can clearly say that this is a capital expenditure. In services, we don't have large capital expenditures. All our expenses are on employees, are on training those employees or maybe a marketing or sales. Everything is an expense. There is no fixed capital, very, very little fixed capital expenditure that we can capitalise in our books.

Kishore: Okay.

Vidur Gupta: So, all of this starts giving result with time. Plus, there are market forces at play here. So there has been a lot of global uncertainty, which now seems to be subsiding at least from the U.S. standpoint, it is subsiding. But, Middle East and Europe, it is still in a turmoil.

Kishore: Okay. So, revenue projection will be around 30% CAGR. And so, in terms of margin expansion, can we see any margin expansion also?

Vidur Gupta: We will definitely be seeing margin expansion. But I cannot say in for certain that the margin expansion will happen in the next six months or one year. Because what happens is that the moment we get an opportunity, we take it.

Kishore: Correct.

Vidur Gupta: At our current size and scale, we are clear as management that our aim is to grow the size of the company. As long as we are making profits and we are being able to grow by over 30%, that's what matters.

Kishore: Okay. Right, I got it. Thank you, and all the best.

Vidur Gupta: Thank you.

Moderator: Anybody who wishes to ask a question may raise hand or post a question in the chat box. Since there are no further question okay, we have a follow-up from Vaibhav. Vaibhav, you can go ahead.

Vaibhav Kapur: Yeah. I mean, in this con call about two or three times, you know, you've given an indication that you would like to grow at about 30 odd % or have a certain amount of scale. So just to give also a perspective in the next three, four years, what kind because you are so focused on growing it to a larger size, what advantages do scale give us that so, you would like to concentrate on the growth aspect of the company if you could.

Vidur Gupta: So, Vaibhav scale gives all sorts of advantages, starting with say, when you look at retail. Retail currently is focusing on growing on Tier 2 and Tier 3 cities. There is a cost of recruiting talent there. If we need to have a fleet on street and we only have eight, 10 requirements in a particular city, it's not viable. However, suddenly, if that number goes to a 100, it becomes viable. Technology utilisation.

The more number of people we have, the better we can utilise technology, and the overall cost per person for that technology will keep going down. Scale offers multiple, multiple benefits along with the fact that it becomes a larger brand to be able to attract larger customers.

Vaibhav Kapur: No. I mean, I get that that, scale has its advantages. But let me make this question more pinpointed in that sense that, if you concentrate on certain areas of the market rather than the entire pie, wouldn't that also give you scale in a particular area or geography or segment, rather than expanding the entire pie and going for margins or niches? Because, you'll always have larger players, right, in that sense in every domain. So wouldn't a niche strategy or make sense compared to a scale given our size? Or am I not understanding the economics of the business, right?

Vidur Gupta: So, Vaibhav, what happens is that now each of these business unit is like a business in itself. The staffing, GS plus IS a business in itself. The apprenticeship piece is a business in itself. The recruitment services is a business in itself. The IT staffing is a recruitment is a business in itself. So all of these businesses, all of them need to grow at a 30%. And at the same time, this is not one of those fields where you can say that I'm investing a certain amount of money for growth. wo nahi hota. It takes its time to grow. Unless you're making a few acquisitions, which are also something that we've lined up.

Sidharth Agarwal: So just to add further to this, if you see any of the larger customers who will be there in the market, they won't be area specific or region specific. They will have offices across the country. They will have presence in most of the states or Tier 1, Tier 2 cities for that matter. And in order for us to have those areas open to us, that scale will matter significantly.

Because larger customers, we can't say that we will not be able to maybe service them in a particular georgaphy, or b, particular geography. So, we have to show presence across country and have people to meet the requirements of the client as well.

Vaibhav Kapur: Okay. I got that. I think, Sidharth, you worded it pretty well. Thank you so much.

Moderator: Thanks, Vaibhav. We will take a follow-up question from Amit Agicha. Amit, you can unmute and go ahead, please.

Amit: Yeah, thank you for the opportunity. My question was with respect to the trade receivables increased more than 50%. Can you put some light on it?

Sidharth Agarwal: Yeah. So, Amit, what happened in, what happens in September and March is that clients also have to close their books. So they ask us to invoice on the last day or the 29th or the 30th of the month. But the payments usually come on the first, second, or third of the following month. And the payouts also happen. So, if you will see, trade receivables are higher. So is, the current liabilities with respect to the salary that will have to be paid to those associates.

So, our average run rate when we started the year was approximately ₹52 odd crores. And on September, it was around ₹63 odd crores. So that was one reason for the increase in trade receivables. The second reasoning is that, in the last week of September, a lot of electronic goods companies came up with larger discounting for which we had to procure goods in that particular week and which was shipped in the month of October.

That is the reason, which was shipped in September and the payments were received in the subsequent week or 10 to 15 odd days. That is again a reason for the trade receivables to be higher.

Amit: Thank you for the answer.

Moderator: Thank you. I think, so this was the last question for the day. I now hand over the call back to Vinay sir. Over to you.

Vinay Pandit: Yeah, thanks. So, Vidur or Sidharth, would you like to give any closing comment before we end this call?

Vidur Gupta: Thank you everyone for taking the time out and trusting in us, and we hope we will be able to deliver on the right way.

Vinay Pandit: Sure, thanks. Thank you to all the investors for joining on the call, and thank you to the management team. This brings us to the end of today's conference call. Thank you.

Sidharth Agarwal: Thank you.