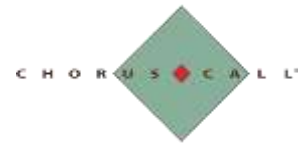




“NIIT Limited  
Q2 FY '25 Earnings Conference Call”  
October 25, 2024



**MANAGEMENT:** **MR. RAJENDRA PAWAR – CHAIRMAN**  
**MR. VIJAY THADANI - MANAGING DIRECTOR AND**  
**VICE CHAIRMAN**  
**MR. PANKAJ JATHAR – CHIEF EXECUTIVE OFFICER**  
**MR. SAPNESH LALLA– NON-EXECUTIVE DIRECTOR**  
**MR. SANJEEV BANSAL – CHIEF FINANCIAL OFFICER**  
**MR. KAPIL SAURABH – HEAD M&A AND IR**

**Moderator:**

Ladies and gentlemen, good day, and welcome to NIIT Limited Q2 FY '25 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 star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vijay Thadani, Managing Director and Vice Chairman of NIIT Limited. Thank you, and over to you, sir.

**Vijay Thadani:**

Thank you. Good afternoon to all of you. Many thanks for joining this call, and thank you very much for your interest in NIIT Limited. I would like to use this opportunity to provide an update on quarter 2 results for the financial year '24-'25 or FY '25 as we call it. I do want to inform you that I have with me the CEO of the Company, Mr. Pankaj Jathar; Mr. Sapnesh Lalla, the Non-Executive Director; the CFO, Mr. Sanjeev Bansal, as well as senior members of the leadership team. And we would be all very happy to have Mr. Pawar, our Chairman; and Mr. Rajendran, Joint Managing Director, who are also on this call.

And we would like to together answer all your questions. Purpose was to provide you the update on quarter 2 results, as I said. Just want to set the backdrop. I do want to point out that over the last few quarters, while NIIT has seen a remarkable recovery from the impact of global economic uncertainty and the hiring freeze in IT sector, which has been there since quarter 3 of FY '23, the company continues to remain in an investment cycle. Just to remind you that this recovery is based on the certain pivots that the company made.

One was to start focusing on Tier 2 GSIs and GCCs. Second was to focus on the India enterprise story where the India Enterprises are modernizing themselves very, very fast. The third was to focus on advanced technology programs for large GSIs and therefore, create a new niche for NIIT's positioning there. And the fourth was the BFSI sector, the strong growth that BFSI sector, especially private banks are experiencing and take advantage of their training needs and be prepared for that.

I would say that this strategy has worked out well. The progress has been very good, and the recovery has led to large parts of NIIT's business, which are now profitable and are recording satisfactory business metrics. But overall NIIT business is still in an investment cycle, given there are a couple of businesses which require attention that we had clearly called out at the time of demerger and even before that as we were transforming the company.

We see a tremendous opportunity for growth ahead of us, and we have an ambition and growth plan to address this opportunity. We are investing in raising our revenue trajectory, and we want to do this sustainably and profitably. Some notable features this quarter, I just want to point out, though I had introduced him last time. We started the quarter with Mr. Pankaj Jathar joining us as the Chief Executive Officer from July 1st.

He has -- after he joined, he has also strengthened the management team and has given impetus to growing the business and adding some new offerings. We continued focus on AI and new advanced programs. We have incorporated generative AI in all our offerings. We launched a

new initiative to help enterprises adopt generative AI, which has met with an encouraging response. And we created specialized offerings for senior technology working professionals such as digital architects, product engineers and product managers.

So I would now hand you over to Pankaj. And I would request him to give an initial brief to you after which, we'll open it for Q&A. I must put a disclaimer first, he has a very bad throat, but he insists that he would like to give the briefing himself. So we would listen him out, and if any parts are not easily audible to you, I'll repeat those for you.

**Pankaj Jathar:**

Thanks, Vijay. And yes, I'm just giving evidence of a bad throat. Good afternoon to all of you. Thank you for joining the call. As Vijay just mentioned, I joined as CEO from 1st of July. It's a pleasure to be back in the company. And an exciting opportunity to lead the organization on its ambitious growth journey. On this earnings call, I shall be discussing the operating performance of the company for Q2 FY '25 and also outline the plan for the rest of the year.

Let's start with the Q2 financials. Revenue for Q2 was at INR907 million, we were up 10% quarter-on-quarter and 11% year-on-year. EBITDA was at INR21 million compared to negative INR2 million for last quarter and INR22 million for last year. Net other income for the quarter was INR188 million, which is predominantly contributed by treasury. Profit after tax was INR118 million versus PAT of INR78 million last quarter and INR106 million in Q2 last year.

PAT is up 53% quarter-on-quarter and 11% year-on-year. EPS was INR0.9 per share in Q2 versus INR0.6 in Q1 and INR0.8 last year. On revenue, let's just add some color. This is the third successive quarter of year-over-year growth. As you know, business was impacted last year due to a virtual freeze in hiring by large IT services firms. Swift actions that the company took led to recovery in both technology as well as in banking and other segments.

These actions have resulted in a sustainable and profitable growth trajectory for tech as well as for BFSI and others. These actions included for tech programs specifically, we expanded coverage into GCCs and Tier 2 GSIs. We focused on advanced tech skills, training in them, example, cybersecurity, digital architects and delivery manages.

From BFSI and other programs, we increased penetration into large private banks. We now work with the top 4 private banks for training both early career and working professionals. The broad-based offerings for India enterprises as well, which include solutions for enterprise-wide adoption of GenAI.

We have also experienced positive benefits of increased training spends by a few Tier 1 GSIs. Adding to the product mix -- the outcomes from the product mix, revenue from BFSI and other programs is up 17% quarter-on-quarter and 19% year-on-year. Revenue from technology programs is up 6% Q-o-Q and 7% Y-o-Y.

BFSI and others mix versus technology was at 36:64. The same thing was 34:66 last year. The learner mix, that kind of people who are using training, revenue from early career programs was up 8% Q-o-Q and 9% Y-o-Y. Revenue from working professionals program was up 12% Q-o-Q and 14% Y-o-Y.

The early career is to work-pro mix was at 48:52, very similar to last year when it was 49:51. For early carriers, BFSI and other programs have grown significantly. And similarly for workflows, technology programs are leading the growth. All round growth is visible from both the categories in terms of product mix as well as in categories in learner mix. Vijay, I think you can take over...

**Vijay Thadani:**

Yes, sure. So while he grabs some hot water, I'll continue with that. So on margins, as we mentioned, company is in the middle of investment cycle, and we are investing -- raising our revenue trajectory. And we want to do this in a sustainable and profitable manner. So the margins for this are the net result of many products, which are growing at a steady rate and have their cruising altitude margins or close to that.

But there are a couple of them, especially for example, the NIIT digital part, which continues to remain in an investment phase and after Pankaj's coming in, he has hastened the pace of development of that business to get market ready where we can then invest for further growth. So a number of initiatives in quarter 2 were done to improve visibility. We did continue to gain traction in the specialized programs for digital architects, as we said a short time ago. This puts us in a very unique position with respect to technology leaders in the country.

The added advantage is, this also helps us because they are mentors to many other technology professionals that are also big employers for top tech talent in the country. The generative AI opportunity has been -- NIIT has been an early mover on generative AI and we would like to retain that advantage. We've created a unique set of offerings for Indian enterprises to enable adoption of generative AI. We have conducted special programs addressing senior management in over 30 companies for generative AI.

In addition to that, we are also working or have rolled out a pilot for hybrid channel for learner acquisition and engagement in NIIT Digital. We are gearing up with the slew of offerings, which will enable our students to pursue personalized learning path with multiple new age career options. So all these investments are visible in the EBITDA margin, which is where I talked about the investment cycle. We continue to expand our reach with new customer additions across product lines and new innovative programs.

During the quarter, the company ramped up execution of India-wide channel enablement for a large global consumer tech company. The company is also exploring opportunities for training in key R&D and other sectors concerning energy transition. We have met with some very encouraging results, but we'll be sharing those in the coming quarters.

In terms of the quality of work that we do, it gives us a lot of pleasure in announcing that the company won a record 18 Brandon Hall Awards. Brandon Hall Awards in the learning industry are like the Oscars and therefore, to win Brandon Hall Awards in multiple categories, indeed is a matter of great pride for each NIITian who has contributed to this success.

Coming to the balance sheet. The balance sheet metrics remain strong. Our overall days sales outstanding were 56 days compared to 53 days last year and 54 days last quarter. This is typically happening -- the small changes happen depending on the quarter end billing, which happens --

which smoothens itself out over the year. Capex for the quarter was at INR97 million, and that is consistent with the guidance and the plans that we had.

Net cash at the end of the quarter was INR7,201 million, which is up from INR7,185 million in quarter 1 FY '25 and it is versus INR6,974 million last year same time. Headcount, we continue to consolidate on our headcount, and we have reduced the head count by 108 on a year-on-year basis and 17 on a quarter-on-quarter basis. And the headcount at the end of the quarter was 735 on full payroll of the company.

The company has been focused on cost rationalization and conversion of costs from fixed to variable over the last year while continuing to invest in growth. I think we will continue on this trajectory for some more time given the volatility in the environment. At the same time, Pankaj's plan is also to add key salespeople and key other positions in the coming quarters, which may contribute or will contribute to increase in headcount.

On our guidance, success with GSIs, increased penetration across GCCs, India Enterprise and BFSI are expected to continue to drive growth throughout the year. We are starting to see green shoots in IT hiring. We did experience some positive headcount addition after 6 to 7 quarters of decline in head count as we saw from the IT majors or IT services majors quarterly results. While hiring volumes are rather low, as one would expect at this time, we see moderate pickup in the coming quarters.

The company has been making investments to expand our capability and reach to execute some of these given that our footprint has expanded with having added many more logos of Tier 2 GSIs as well as GCCs. We plan to accelerate investments in second half in both enterprise and consumer go-to-market strategies, leading to commensurate contribution to growth in the second half of the year. Given this, we continue to expect a sequential growth of over 10% quarter-on-quarter.

And given the planned investments, Q3 will have low single-digit margin as we had guided before. Green shots in IT hiring and acceleration in coming quarters will contribute to our picking up momentum in subsequent quarters. And therefore, we retain our guidance of full year revenue between INR380 crores to INR400 crores with a low single-digit margin for the full year.

Just to complete, overall, we continue to see a large opportunity ahead of us and remain committed to our stated long-term goals. NIIT has been a strong and trusted brand. It has a differentiated deep skilling methodology, which has now got proven again and again and gets recognized in the large number of orders that we get, and it's deliverable over a scalable delivery platform with proven outcomes. We have 200-plus active corporate partnerships and customers with more than 90% of revenue coming from repeat customers. More than 30 OEM partnerships give us an early access to cutting-edge technology.

We have a strong balance sheet to invest in innovation and growth. And much of the irrationality that was prevailing in the market due to EdTech startups willing to burn cash and the funding pressure has died down, creating a healthier industry and competitive environment. Significant

business transformation cycles are ahead as India is gearing up for a heavy growth in coming times as well as the global environment all pointing to India becoming a very big supplier center, both for services as well as for manufactured goods in times to come. This would create demand for specialized talent, which we are well poised for growth.

So the focused entity that NIIT has now become enables us to be nimble and agile to address this market. So we continue to look for opportunities for both organic and inorganic growth. We have been examining a number of targets. And at an appropriate time, we would be sharing the progress whenever some distinctive progress happens. There is one item in the balance sheet, which of notes accounts, which I thought I would highlight just in case there is a question on that.

And that is the capital reduction exercise, which we did in one of the subsidiaries of NIIT Limited in NIIT Mauritius. It's a small amount. However, at the same time, it's important to point out. Today, the Board has also approved this capital reduction in our wholly owned subsidiary in Mauritius. This administrative action is part of an overall optimization and simplification exercise that the company had done pre-COVID. This is the last remaining leg of that action, which was pending for a while because of a number of statutory as well as other regulatory requirements.

The subsidiary in Mauritius has stepped down subsidiaries further, which are profitable and generate cash. As NIIT Limited, we would like to access that cash. And I think the capital reduction will allow the company to access this cash available in subsidiaries more efficiently than ever before. There is no impact of this action on our stand-alone or consolidated financials, but it was a material call that the Board took, I thought it would be wise for me to share this with our shareholders as well as investor community in general.

So I would like to stop our brief at this point of time and open it up for Q&A for all of us to participate in. Pankaj will join in answering questions whenever his voice permits. Otherwise, I will play his master's voice.

**Moderator:** We will now begin the question and answer session. We'll take our first question from the line of Rahul Jain from Dolat Capital.

**Rahul Jain:** Just trying to get your inputs on 2 elements. Firstly, when you say that the INR380 crores to INR400 crores kind of an outlook remain intact, -- so will that -- what could be the key driver for that? That is first part of the question. And also it would be good if you could address the seasonality element of our business given that last year was slightly different in numbers trend in my understanding. So what is the best way to look at the seasonality from quarter-to-quarter perspective in both the segments?

**Vijay Thadani:** Okay. So what will contribute to INR380 crores to INR400 crores, we are already at this point of time at about INR170-odd crores -- INR173 crores, right? And that gives us another INR110 crores to reach the -- or INR107 crores to reach the INR380 crores mark and INR127 crores to reach the INR400 crores mark.

The variables within that are not exactly to do with whether we have enough orders or not, but it is on the timing of execution of those orders. We have a strong pipeline as well as an order book. And there is a solid demand, which is coming from, as we said, GCCs as well as select GSIs have already started consuming training. We also see banking and financials, the banking recruitment continuing.

And I think we have our capacity well loaded as far as that part is concerned. So the concern, if it all, will come from whether the GSIs that we are banking on to come back with the hiring, will that have a solid effect on that. And that, I think, is visible in the INR380 crores to INR400 crores range that we are looking at. If that starts happening faster, we may find ourselves on the upper end of the range.

And that's why I think we gave the range because I think the unknown part is to do with that, both in our enterprise as well as BFSI as well as -- or sorry, our stack route and technology training as well as BFSI, I think we otherwise have and also for Indian enterprises, a lot of our order book is already in. So to that extent, it's an execution play.

Answering your second question. At this point of time, seasonality tends to get clouded because we are on a steep recovery. Otherwise, quarter 3 should be a lower quarter because quarter 3 is typically a quarter where enterprises don't spend much because of holiday season. Students don't spend much because either they are in their -- again, because of the holidays and festive season or they have just got into newer jobs, so they have not yet started consuming training. So quarter 3 traditionally is the low quarter for us when our early career part is very strong.

But in this case, since we are on a recovery phase, I think we would see quarter-on-quarter growth, that's what we are talking about in this 10% quarter-on-quarter growth, which typically in quarter 3 would be difficult to imagine. All this is happening is off-season, very much like nowadays seasons have lost their meaning. If you see the rains in Bombay and Bangalore at this time of the year, I think is pointing to, I think economy is also going through a similar environment, hopefully, not permanently, but in a temporary way.

So I think seasonality -- finally, quarter 1 and quarter 2 should normally be high periods for us. Quarter 3 tends to be low. Quarter 4 shows a slight recovery, but in that BFSI tends to consume less. That's our overall pattern I'm talking about. But this year, I think those patterns are slightly disturbed and hopefully, for our benefit.

**Rahul Jain:**

Vijay, just -- yes. Of course, this is helpful. Just trying to understand it slightly better because if you see -- looking at your own comment that you're pretty confident in terms of GSI potentially spending in Q3 and then you're also saying Q3 could be ideally looked at 10%, which would mean at the upper band, you would require 30% growth Q-o-Q to achieve that task or maybe 8%, 9% growth on the lower band.

So lower band, I can understand, but you still want to retain the top end of the band because that could imply 30% growth on top of 10% growth. And as you said, the seasonality at this point is not in our favor in H2. So if we have demonstrated 10% growth sequentially in the last 2 quarters, what makes us think that, that same momentum should continue?

**Vijay Thadani:**

Yes. So I think this time, the growth trajectories that we have pointed out, these trajectories are based on what we have in our hands rather than banking on historic reasons for growth in times to come. So if the quarter-on-quarter growth in the third quarter, for example, is on a higher side, then only there is a likelihood that you will get the fourth quarter in the INR380 crores to INR400 crores range, otherwise -- I mean, on the upper side of the range.

You are absolutely right. In quarter 4, there are a few things which no season can take care of, which is that financial years have to end and BFSI -- bank's attention does get focused on making sure that they strengthen their balance sheet. So quarter 3 does have a role to play, an important role to play.

**Moderator:**

We'll take our next question from the line of Ganesh Shetty, an Individual Investor.

**Ganesh Shetty:**

Congratulations for a decent set of numbers in very tough macroeconomic conditions. Recently, we have launched gNIIT program again. And can you please throw some light on the acceptance and the way ahead for this program?

**Vijay Thadani:**

Ganesh Ji, you have been very kind with your words and your encouragement. Thank you very much. I also noticed that you keep a very close watch on the company. You noticed I did not talk about the gNIIT program, and the reason for that is that we are actually, right now, testing something under the radar, not yet for full commercial launch. But yes, there is work going on. And I think the basic issue which is coming out of it follows. People get into higher education and higher education puts you in a particular tunnel, one tunnel or the other.

Of course, with the new education policy, you can switch tunnels, but nevertheless, we still remain within a tunnel. You can't create your own tunnel. And our purpose was to make sure that we create a program which offers people the flexibility to have multiple career options because as we have seen, youngsters more than ever are wanting to have multiple career options and would like to try out different things.

There is also an opportunity for youngsters, wherever they are studying, to be big entrepreneurs and many of them require skills in that area. Putting all this in mind, we are trying to configure together a program, which can be akin to a gNIIT program and would enable people to realize their full potential by trying out multiple things, gaining skills on the way and have, therefore, multiple career options including the option that they and their parents have converged on.

It will also give them an opportunity to take advantage of their college education, which is happening simultaneously in the same breath, making sure that they come up with a higher range of skills, therefore, increasing their employability possibilities. So I think these are some of the contours of what we are thinking. We have done some pilots and some experimental launches. And I think you'll hear more about that as we go forward, maybe much more in next quarter, but even more in the following quarter.

**Ganesh Shetty:**

Sir, my second question is regarding the changing landscape of technology. Other than BFSI and the technology sector itself, the technology is being embraced by other sectors as well. So

as far as gNIIT and other latest technologies are concerned, are we targeting other sectors also in this regard? Can you please throw some light on this?

**Vijay Thadani:**

Yes, indeed. So generative AI has an across-the-board application. And I think as the horizontal more than as a vertical specialization, which is also happening. I think there is an applicability to just about everything, including this call that is happening right now using one of the tools that we trained our customers with, we could summarize the call as well as the emotion behind that call as well as the confidence as well as the concerns that each one of you have in a very easy way using a generative AI framework.

So these are some of the tools which are available, which can actually help anybody and everybody to become more effective. I think we are going with some of these options, not necessarily to say that generative AI will help you write a better code, which obviously is possible.

Not only that generative AI can get you just-in-time training so that you can actually improve your performance, but more than that, it can offer you personalized learning experience, which will depend on exactly where you need, whatever you need at the time when you need. So I think there are opportunities in that, and we are exploring those.

This also gives us, by the way, a small toehold into other sectors that are of interest to us, for example, manufacturing. For example, industry 4.0, industry 5.0, which are very, very strong technology-driven manufacturing environment. It gives us an opportunity to be in other spaces, which we have not yet explored, and I think we will use this and many other mechanisms to expand our reach.

The energy transition is again, a very interesting opportunity. The energy transition and the transition into green energy sources, for example, automobiles can be a very, very interesting environment because the EV sector itself requires very specialized skills in certain parts of the value chain, and we would like to prepare people for that given the large requirement that is expected in the country.

So I'm just throwing some examples at you at this time. I can have one of my colleagues talk to you more about that. I don't know if Mr. Pawar is on the line. Mr. Pawar, you have joined?

**Moderator:**

Mr. Pawar, I have unmuted you.

**Vijay Thadani:**

Maybe Mr. Pawar would like to add some, because he is personally leading this new sectors and new areas initiative.

**Rajendra Pawar:**

Yes, I'm in the car. Can you hear me well?

**Moderator:**

Yes, sir, you can go ahead, please.

**Rajendra Pawar:**

Okay. So I think Mr. Thadani has already laid out the larger picture that in addition to the domains and sectors that we've been in, we've done significant work in IT. Within that, there is

growth, the whole area of GenAI. And then there is banking, within which there's a whole lot of growth of financial services.

And in addition to the 2, we're also looking at things which are coming on the horizon. And a lot of it is work for the future. But we see the whole area of de-carbonization as a consequence of climate change issues throwing up many opportunities. And we see also the new manufacturing, which will have a much more significant role to play.

Of these, we've started going a little deeper into the de-carbonization, the EV area. And of course, on GenAI, it's been a continuum, but there are now a fairly clear set of ideas and offerings that we are putting together, and we have been testing them out in our student community, for example, every existing student of NIIT Digital has already been given some inputs on GenAI, even if they were not part of our commitment to them when we started.

On the other hand, in corporate, some of our larger corporate clients, we started rolling out some programs. So GenAI is very nascent stage. There's a lot more to happen, and we've been at it now for a while. So we expect that to be a good driver of growth in the medium term, much as you see the other areas becoming significant in our medium to longer term. Back to you, vijay.

**Vijay Thadani:**

Okay. Ganesh Ji, I hope that answers your questions.

**Ganesh Shetty:**

Yes. Thank you very much, sir, for refined explanation. Sir, my last question is regarding our flagship offering, TPaaS, which was at the highest level of performance during good IT days. And now for the last 2, 3 quarters, TPaaS is not having that much of a significant performance. So is there any change or any improvement in that particular program what we are offering for the enterprises, sir? And that's my last question and all the best.

**Vijay Thadani:**

Yes. I think TPaaS by itself is actually doing well. The StackRoute plus TPaaS, which used to be one number that we used to give, that StackRoute was mostly for new hire training. The new hire part of training has been muted. And therefore, that combo is not doing well. But TPaaS by itself is actually doing pretty well. If I may say, pretty well actually...

The part which was new hire training. See, at one time, StackRoute and TPaaS were combined together to talk about our overall exposure to new hire training. And at this time, technology new hire training is not doing well. Why? Because the hiring has not come back. Whereas the BFSI, which is what TPaaS is servicing, that is doing well. And therefore, that -- but that is a smaller component of the total and therefore, in totality, it may not be appearing so.

But I would request you to now look at the metrics from the point of view that we now have reconfigured ourselves. So we have technology as one play and BFSI and others have been other play on one axis, early career as one play and working professionals as the second play. And the intersection of these are 4 quadrants. In this quarter, we have seen growth in each of the 4 quadrants.

And I think if you see the totality of -- if you see the -- I did not say the right way, sorry. If you see the totality of early careers, we have growth. If you see the totality of working professionals,

we have growth. If you see the totality of technology, we have growth. In totality of banking and financial services, we have growth.

The growth in early careers is driven by banking and financial services. And growth in technology is driven by working professionals. But therefore, if you take the other 2 quadrants, you will have negative growth, which is what perhaps answers your question as well.

**Moderator:** Next question is from the line of Aayush Rastogi from B&K Securities.

**Aayush Rastogi:** So a couple of questions. So if I see the trajectory of the growth for both of the verticals, which is technology. And...

**Moderator:** Mr. Rastogi, can use your handset mode, please?

**Aayush Rastogi:** So just wanted to understand for the growth trajectory when we say that H2 kind of looks better for us in terms of growth. So just trying to gauge which of the verticals are we seeing kind of to be the above company average in the H2 and for the full year? And then the second question is on the head count. So if I see the headcount in the last 4, 6 quarters, it's definitely on the -- it's trending on the downward trajectory.

So when should we see going upward? And then the third question is on GCC. So you have mentioned that ER&D GCCs are growing almost like 1.3x faster than overall GCCs. So within the ER&D GCCs, which kind of vertical are we seeing more of a growth? So that's the questions from my side.

**Vijay Thadani:** Okay. So which GCCs is one part. The second is headcount reduction and possible increase. And third is -- first question was which vertical is going to help with H2 growth. So, do you want to talk about it Pankaj. Pankaj is going to give a try now with a lozenge in his mouth. So let's see, how long he lasts.

**Pankaj Jathar:** So on the H2 growth, I would say both our areas of tech focus and BFSI, we see them growing, both of them. And from our learner base, the workflow and early career, I would say we would see consistent growth in both of those areas as well. Like Vijay mentioned in the response to the previous question.

We are well positioned for the next phase of growth for the second half of the year based on what we have done already in this year and the client base that we've built up. The growth that we've seen in the number of new logos, all of that will contribute to the growth that we hope to see in H2. I hope that answers your question at a high level.

**Vijay Thadani:** So let's say, in the early part of the H2, the growth momentum which we have in BFSI and early careers will continue. And it will taper a little bit towards the end of fourth quarter because at that time, banks start closing their books. Technology, on the other hand, I think there is a momentum which is building up, and we believe that, that momentum will catch up and will contribute for the rest.

We also see an opportunity in Indian enterprises consumption, which is also at an increase at this point of time. And we do see that, that contributing in an effective manner. The advanced technology programs, I think we'll see a consistent increase as we go quarter-on-quarter. The reason is, there is a large reskilling requirement which is emerging in the technology sector as they are gearing up to service the new needs of the customer. So I think these are some of the areas which will contribute for future.

If this answers your first question, then I'll take the other 2. Headcount, yes, there has been a gradual headcount reduction, as we have been reorganizing ourselves into the new reality that we were. And that is because the early career part of our programs were at this point of time under -- were subdued because of lack of hiring, and we had to make our headcount consistent with the realities.

Given the fact that we have also finished in the same breath, the transformation of the company, as you know, from all brick-and-mortar education center company to now a hybrid with predominantly digital offering. I think there has been a major transition that we have gone through, and we are now reaching a headcount which is steady-state headcount that we should have at this level.

We will see an increase in this headcount as we gear up for the products such as what Ganesh Shetty asked us and we explained about, and we'll have to gear ourselves up to meet those realities. So you should see headcount beginning to increase again in maybe the next quarter onwards slowly and then over a period of time at more.

Third part was to do with GCCs. With GCCs, typically BFSI based GCCs, especially banks, are being good customers. So have been companies with large innovation budgets and having large innovation centers in GCCs, which could be technology companies or even be manufacturing with large R&Ds because they use a lot of our hiring programs. The third will be areas which have large professional services back offices -- professional services companies back offices, which also are big consumers of that.

I don't think we have covered the full GCC spectrum as well. We have a huge headroom available, and I think these are some of the areas that we would like to take advantage of. ER&D is a space in GCC community which is very, very attractive because it covers some very, very specialized training, and we love specialized training because training is our specialty. So anything which is specialized, we love it.

And because that gives us an opportunity to tell the consumer that we are actually very differentiated -- very, very differentiated. And we want to take advantage of that. I think ER&D is a very attractive space for us. And we have made some small forays in that, but I think we have an opportunity to do much, much more. I'll stop here unless Sapnesh, you also have a large experience of having dealt with it in your old as well as the current of that.

**Sapnesh Lalla:**

So I think headroom is phenomenal. The rate of change of technology, new careers, opportunities changing at a rapid pace. Over time, as Vijay pointed out, GSI should start hiring as economy starts to open up. So I feel there is a great opportunity.

- Vijay Thadani:** So does that answer all three of your questions?
- Aayush Rastogi:** Yes, sir. Thank you.
- Moderator:** There are no further questions from the participants. I hand over the call to the management for closing comments. Over to you, sir.
- Vijay Thadani:** Yes. Thank you very much. As usual, we find your questions very insightful. They get us to think and they give us some new ideas of how we might address the future. I know it's a busy results season. So for you to have spent time with us and given us that 1 hour out of your time and ask us these questions, we are truly grateful to you. We are in the middle of a festive season, so I want to wish each one of you and your families a very Happy Diwali and whichever the other festival you celebrate.
- Do keep away from the pollution, well, you can only try your best. Pankaj is a victim sitting here right next to me. But we hope that we will continue to enjoy your patronage as well as guidance and support in times to come. And with this, I would like to close the call and thank you all for giving us your time today.
- Moderator:** Thank you, sir. On behalf of NIIT Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.