



May 22, 2026

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
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Dear Sir/Ma'am,

Sub: TeamLease Services Limited (TeamLease/Company) - Transcript of Q4'FY26 Earnings Call

Ref: Regulation 30 of Securities and Exchange Board of India (SEBI) Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015

With reference to the above-mentioned subject and pursuant to Regulation 30 of the SEBI LODR Regulations, 2015, please find enclosed the Transcript of Q4'FY26 Earnings Call hosted on Wednesday, May 20, 2026, at 04:00 P.M. IST. The same is 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
Company Secretary and Compliance Officer
Encl: As above



“TeamLease Services Limited
Q4 FY26 Earnings Conference Call”
May 20, 2026



MANAGEMENT: **MS. SUPARNA MITRA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – TEAMLEASE SERVICES LIMITED**
MR. ASHOK REDDY – EXECUTIVE VICE CHAIRMAN – TEAMLEASE SERVICES LIMITED
MS. RAMANI DATHI – CHIEF FINANCIAL OFFICER AND CHIEF OPERATING OFFICER – TEAMLEASE SERVICES LIMITED
MS. NEETI SHARMA – CHIEF EXECUTIVE OFFICER, SPECIALISED STAFFING – TEAMLEASE SERVICES LIMITED
MR. BALASUBRAMANIAN A. – SENIOR VICE PRESIDENT ENTERPRISE – TEAMLEASE SERVICES LIMITED

MODERATOR: **MR. ARJUN SAVLA – HDFC SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the TeamLease Q4 FY26 Earnings Conference Call, hosted by HDFC Securities. 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 this 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. Arjun Savla from HDFC Securities. Thank you, and over to you, sir.

Arjun Savla: Thank you. Good evening, everyone. On behalf of HDFC Securities, we welcome you all to the TeamLease quarter 4 FY26 earnings call. Today, we have with us the management team of TeamLease represented by Ms. Suparna Mitra, Managing Director and CEO; Mr. Ashok Reddy, Executive Vice Chairman; Ms. Ramani Dathi, CFO and COO; Ms. Neeti Sharma, CEO, Specialised Staffing; Mr. Balasubramanian A., Senior VP Enterprise.

I will now hand over the call to Ms. Suparna Mitra for opening remarks, post which we can open the floor for the Q&A session. Thank you, and over to you, Suparna.

Ashok Reddy: Hi, Arjun. This is Ashok. I'll just start it and hand over to Suparna. Just wanted to apologize for the delayed upload of the results to BSE and NSE and hence the delay in the call. There were some deliberations that were happening on the buyback, and that got closed and the results and the Board outcome has been uploaded now. So just wanted to apologize for the delay in the scheduled call and appreciate all the joinees who have stayed and are participating in the call.

Now we've had Suparna join us to take over the MD and CEO role. And the transition has been going well. And from this quarter onwards, she will lead the dialogue on the results front. Over to you, Suparna.

Suparna Mitra: Thank you, Ashok. Good evening, everyone. Thank you for joining us. It's an absolute pleasure and honor for me to be -- this is my first earnings call to be on this call. I want to first begin by acknowledging and thanking what Ashok and Manish has built in TeamLease over the last 25 years.

This is a company that has a very important tagline, Putting India to Work. It's a business that has put over 24 lakh Indians to work and created at the same time one of India's most respected people solutions company.

The company has a very strong financial record, great balance sheet, a lot of free cash, virtually no debt and also a very strong brand and operations backbone. And I'm very grateful for this legacy that I've inherited, and I'm very excited and committed to building on top of this foundation.

Now over to this particular quarter. Q4 was a quarter that actually demonstrated and tested our operating discipline. Revenue came in softer because of the full impact of an in-sourcing by 1

of our big NBFC clients. We had already flagged this often in quarter 3. And as a result, the overall headcount growth was muted.

Having said that, the operational discipline in the machinery actually came in handy, and we had a good profit story for the quarter. EBITDA grew 8% sequentially and PBT grew 30% year-on-year. Profit after tax grew 22%. This is also the last quarter of the year, and I'm happy to announce that for the full year, EBITDA grew 14%, PBT grew 36% and we delivered INR83 in EPS, 28% higher than last year.

As I kind of reflect on the quarter, and also building on what I'm focusing on in the next few quarters, these are some highlights and some focus areas. I think new logo addition in general staffing and continuing the momentum on operating leverage is a clear call out. Accelerating the scale of higher-margin businesses, especially TeamLease Digital and our Degree Apprenticeship business is a priority.

I think India's formal employment market is an inflection point. I think the last few months, many things have happened, rate cuts, even the implementation of the labor code, income tax relief, EPFO, PLI schemes, GCC waves. There are all many important things happening. Also in the digital businesses across the board, not just for our company, there is a significant incoming AI impact.

And our job is to be ready to capture the opportunities that come up in this changing environment. We will do it with the right sales focus and intensity, the right product mix and the right cost structure. I have been spending my first few months visiting clients and really listening to what their challenges are, what their issues are and calibrating our go-to-market accordingly.

Lastly, and this is a point that Ashok also touched on, we have the balance sheet to be bold. The INR600 crores of cash is a huge number. And the buyback the Board has approved today is an expression of capital discipline. But I also want to make this point that we are very keen on investing in the future in the technology, in talent, the adjacencies that will make TeamLease the absolute default partner for Indian CXOs thinking and planning about their workforce as we go into the future.

So for FY27, I will be focusing on profitable growth, deepening client relationships and focusing on operating leverage. My colleagues will now take you through the details of the individual businesses and overall financial performance. We will then open the floor for questions, and I look forward to some interesting conversations.

Thank you. Over to you, Bala.

Balasubramanian A.:

Thank you, Suparna. Good evening, everyone, and thank you for joining us. FY26 has been a year of 2 distinct stories. The first is a regulatory-driven transition with one large NBFC client back in Q3, where about 20,000 associates moved directly on to the client's own payroll as we highlighted in our last call.

The second is the story of our underlying business, which, if you look past that single transition, added meaningful headcount throughout the year. Because our operating performance diverges so materially from the absolute headcount line, we think it is critical to look at both pieces transparently.

To give you the specific numbers, our general staffing business closed Q4 at about 2.87 lakh associates, reflecting a net sequential addition of over 4,500 associates. For the full year, while our net headcount shows a decline of roughly 5,500, adjusting for that Q3 transition reveals that the underlying business actually added about 14,000 associates.

We also continue to widen our market footprint, adding about 120 new logos over the full year with almost two-thirds of those coming in under variable market structures. But the more important narrative for the year sits on the profit side. Despite a marginally negative volume year, we delivered an 11% growth in PBT. This came primarily from operating leverage, specifically a structural reduction of about 20% in our cost to hire year-on-year. We achieved this by optimizing for fitment, capability and productivity in our hiring mandates alongside an increased variabilization of our sourcing.

Additionally, our broader digital backbone spanning compliance, payroll operations and associate engagement is allowing us to run a larger associate book without a linear proportionate increase in our core team headcount. We've spoken in prior calls about process and tech-led leverage being a structural shift rather than a onetime gain. And FY26 is the first year where that thesis is clearly visible in the profit line.

Looking closer at our operational metrics, we delivered about 62,000 gross joiners in Q4 with 31%, that is about 19,000 coming in through our own internal hiring efforts. Interestingly, 24% of the gross joiners, which is about 15,000 were first-time employees, reflecting our continued participation in the broader formalization of the Indian workforce.

Turning to sectoral performance. The picture in BFSI is really one-off rotation rather than market expansion. The unsecured retail credit cycle is still working through its correction. So the overall sectoral hiring pie hasn't really grown much. Instead, our growth in BFSI has come mostly from wallet share gains from incumbents at select private banks, small finance banks and midsized NBFCs, alongside a steady shift in our hiring footprint towards Tier 2 and Tier 3 markets.

We believe the BFSI drop is largely behind us, though the shape of recovery will vary by segment. The consumer vertical was a bit mixed. Consumer durables, particularly air conditioning, white goods and appliances performed strongly in Q4 in anticipation of a hot summer, further aided by the GST rationalization on several large categories back in September 2025.

Consumer goods and retail, however, were more uneven with rural and semi-urban demand outpacing urban markets. Meanwhile, e-commerce and quick commerce have clearly shifted to a profitability and consolidation phase, meaning hiring growth was heavily concentrated among the top few category leaders rather than being broad-based across the sector.

Last but not the least, in telecom, industrial and power infrastructure, we saw some very...

Moderator: Sorry to interrupt in between, sir? Your voice is breaking.

Balsubramanian A.: Yes. Last but not the least, in telecom, industrial and power infrastructure, we saw some very encouraging structural developments. Power, transmission, distribution, capex and digital infrastructure have emerged as meaningful new growth areas for us, while telecom services continued its steady expansion led by ongoing network rollouts.

As we look ahead and enter FY27, the macro setup is highly supportive. We have the RBI repo rate at 5.25%, inflation at decade lows, GDP tracking at 6.5% and the consumption tailwinds from GST 2.0 and income tax relief starting to flow through the system.

Our own employment outlook report published in March confirms this positive sentiment showing the net employment change improving to 4.7% for H1 FY27, which is one of the highest ratings we've seen in the last couple of years with 58% of surveyed employers planning to expand their workforces.

However, there are 3 uncertainties that warrant flagging. Firstly, the 4 labor codes while a clear long-term tailwind for formalization and organized staffing will create some transition costs across the industry through FY27 as central and state rules get finalized. From our side, given our existing compliance process and tech infrastructure, we are able to drive smooth transitions for our clients.

Secondly, discretionary consumption, while improving, remains a little uneven and pocketed. Thirdly, the broader geopolitical environment carries second order risks that we are watching closely, specifically around energy and petroleum price inflation, potential supply chain disruptions and sensitive consumer sentiment.

Ultimately, what we remain fundamentally confident about is our operating model. The work we have put in over the last 2 years on commercial discipline, cost to hire, process and tech infrastructure and our direct-to-associate offerings have built deep operating leverage. This engine will continue to convert into earnings growth even if volume growth moderates.

We entered the new fiscal year with about 20,000 open positions. Moving forward, our in-house hiring platform, along with an increased focus on cost variabilization will be sharp areas of focus for us throughout FY27.

Thank you. And with that, I'd like to hand it over to Neeti.

Neeti Sharma: Thank you, Bala. Good evening, everyone. FY26 was a year of diversifying across skills, sectors and geographies for our Specialised Staffing business. While the market stayed selective in its hiring requirements, we did see an increase in demand for critical and niche roles in areas of AI, data, cloud, cybersecurity and specialised functional roles in healthcare, engineering, R&D and BFSI sectors.

We closed Q4 with 7,500 associates, a net addition of 1,000 associates in the last 1 year and about 300 additions in the last quarter. With our shift towards high-value and niche skills hiring, our PAPM realization has gone up by 17% and our year-on-year PBT has grown by 15%. So we're not just growing by adding headcount, but growth is also being driven by better realization of the mandates we bring in, improved utilization and a stronger mix of products and skill sets.

While demand for traditional IT skills has been moderated, there has been a steady and significant rise in hiring for roles such as AI developers, AI integrators and R&D and engineering professionals, a shift visible across both the IT services companies as well as GCC. Our GCC business remains a cornerstone of stability and growth for us. With partnerships spanning over 110 GCCs, this segment contributed approximately 60% of our associate headcount and around 67% of our revenues.

It continues to demonstrate structural strength across high-value verticals, including BFSI, healthcare, retail, FMCG and high-tech engineering services, driven by strategic demand, longer engagement cycles and deep customer relationships. A strategic move early in FY26 was our decision to partner with GCC to build and scale their -- the bot model.

This has also allowed us to move meaningfully up the value chain, delivering integrated workforce solutions rather than just transactional staffing. The results have validated the strategy and the GCC segment remains one of our most important and enduring growth engines.

We added 85 new logos in the last year, 24 of them in Q4, contributing nearly about INR20 crores in annualized revenue. Simultaneously, remaining revenue momentum was safeguarded by deeper penetration into our existing customer base.

Our recruiter productivity has improved by 20% year-on-year, reflecting the positive impact of our investments in upskilling our recruiters, building AI-led efficiencies in our hiring processes and optimal use of our AI-enabled ATS that gave us leverage for faster and efficient hiring.

Our global business grew by 200% in terms of revenue, a meaningful milestone for us. It is now very well integrated with our India delivery. It is margin accretive and has been built as a capability extension of everything that we are doing here in India.

Operationally, FY26 has been a year of strong execution and discipline. We continue to improve recruiter productivity, utilization, fulfillment efficiency and overall delivery capacity and capability while maintaining very tight control on costs.

Improvements in productivity and operating leverage has helped us manage seasonal non-billable impact effectively during the year and supported margin improvement. As we move into FY27, our focus will remain on scaling this model in a disciplined manner with continued focus on profitability, productivity and high-quality growth.

Thank you. And with this, I hand this over to Ramani.

Ramani Dathi:

Thank you, Neeti, and good evening, everyone. This is Ramani, and I'll walk you through the financial highlights for the quarter and the year. I'll also cover the highlights of our Apprenticeship business as Nipun couldn't join the call today. Before I begin, I would like to remind the participants that this call will cover only publicly available disclosed information in line with the SEBI LODR requirements and may contain forward-looking statements that are subject to risks and uncertainties.

Let me start with our DA business first. DA continues to focus on making vocational education aspirational, accessible and affordable through apprenticeship embedded programs aligned with the National Education Policy. We have recorded a net addition of about 1,000 apprentices in Q4 FY26.

The business maintained PAPM stability, improved productivity and added 10 new client logos in this quarter. We have further strengthened our back-end technology platforms and operational processes to improve delivery efficiency, learner experience, compliance management and operating leverage at scale.

Apart from manufacturing, BFSI, retail and logistics, we are seeing a strong momentum for apprenticeship in the GCC segment with increasing demand for building scalable talent pipeline and compliance under the Apprenticeship Act. Long-term growth is expected to accelerate due to multiple policy and industry developments.

One, expansion of the Prime Minister Internship Scheme PMIS 3.0 with an allocated budget of INR4,788 crores, which is expected to strengthen industry participation. Two, sustained policy focus on manufacturing growth through Make in India investments in electronics, semiconductors, EV and automobile sectors, increasing demand for skilled and job-ready talent.

Moving to the overall financial highlights. Q4 FY26 was a quarter where we demonstrated disciplined financial management even in a softer revenue environment. Let me give you the headline picture first. Operating revenues came in at INR2,925 crores for the quarter, reflecting the 2% sequential decline. The primary driver was the full quarter impact of NBFC insourcing, which we had flagged in Q3.

Full year revenue growth stands at 6%. EBITDA grew 8% Q-o-Q and 14% on a full year basis. PBT grew 30% year-on-year for the quarter and 36% for the full year. Profit after tax grew 22% year-on-year for the quarter and 33% for the full year. There is INR143 crores income tax refund pertaining to assessment year 2024-'25 received during this quarter, which includes INR13.1 crores of interest income.

Excluding this refund and associated interest, underlying PBT growth is about 20% year-on-year. Our EBITDA margin for Q4 was 1.5%, up 10 basis points over Q3 FY26. For the full year, EBITDA margin came in at 1.34%, about 10 basis points higher than FY 2025.

Sustained PAPM improvement in general staffing, which moved to INR689 in Q4 from INR669 in Q1, a steady trajectory that reflects pricing discipline and our variable market strategy. EdTech seasonality billing in Q4 has also contributed to sequential improvement in margin

profile. In HR Services, full year revenue and EBITDA grew at 22% and 23%, respectively. We built 42 universities in our EdTech segment in the quarter and signed 17 new ones in the full year.

RegTech is building its MRR base steadily. Combined digital and services MRR of RegTech verticals stood at INR3.6 crores per month. We do not expect HCM to be a drag on group level margins as we scale the platform through FY27. On balance sheet and cash position, which I think is a significant differentiator for TeamLease, we closed Q4 with net free cash of INR600 crores following the receipt of INR106 crores income tax refund for assessment year 2024-2025.

Outstanding TDS receivable stands at about INR149 crores and assessment year 2023-2024 assessments are completed, and we continue to make progress in subsequent years. DSO and staffing business stands at 6 days and funding exposure is at 14%, both consistent with prior periods and reflecting our receivables discipline.

On the new labor court, we have actioned the compliance requirements for core employees, a provision of INR5.82 crores has been taken in Q4 FY26, reflected as an exceptional item. On capital allocation, the Board has approved a buyback of up to 25% of free reserves at a price of INR1,600 per share to be funded from our existing free cash. The intent is clear. We believe our stock is undervalued relative to the earnings power of the business and continued efficiency in cash conversion of the EBITDA.

With respect to outlook, there is a planned exit of about 10,000 headcount between our staffing and DA businesses in Q1 and Q2 of FY27 with us revisiting the low margin mandate. There is no net margin impact from these transitions as the markups are very low. However, with the pipeline of open positions and client mandates, we are confident of ending H1 FY27 with positive headcount.

Thank you. I'll hand back to the moderator to open the floor for questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. We have the first question from the line of Mahesh from dT! Partners. Please go ahead.

Mahesh: Hi, can you hear me?

Moderator: Yes, sir. You're audible.

Mahesh: Thanks. Hi, thanks for taking my question. And First of all, really appreciate the decisive move on capital allocation and a meaningful one. My question is a slightly broader question on strategy. I think if we look at the ecosystem, there seems to be some of these upcoming start-ups who are basically positioning themselves as chat first, AI-first kind of proposition for hiring on blue-collar gig economy workers and so on. And in that context, someone like TeamLease with its own proprietary data on placement history, attrition patterns, compliance records, etcetera, on lakhs of workers.

Just curious, are there any initiatives or thought process you have where you think there is an opportunity to productize your data into more AI-driven analytics or tools where the business could eventually over a long run, start to have slightly more platform-like profile? That's my first question.

Suparna Mitra:

Yes. That's a very interesting question, and it is actually something that we are actively working on in our strategy. Clearly, the idea of spotting some specific opportunities where we can offer productized offerings is very much possible, and there is some degree of work.

And we see these opportunities coming from exactly what you said, which is our large -- long experience and which is a combination of both data that gives us indications as well as our working knowledge of how it actually happens on the ground. So this combination of data giving insights on how one can offer productized offerings along with the operational and on-ground execution is very much something that we are thinking of and working on.

Mahesh:

Understood. Thanks for that, Suparna. Just one question, Ramani, I think we've seen a couple of sort of notifications leading up to the results around some of the old legal proceedings or notices around EPFO, etcetera. If you can just sort of give where we stand there? I mean, we understand the history and this has been going on for a while, so it's nothing new, but just some color would be helpful to the extent you can.

Ramani Dathi:

Hi, Mahesh. Yes, we have received a series of notices, one from the PF department with respect to the surrender of PF Trust, which happened long back. And there is a demand of about INR180 crores pertaining to how the process or the offsetting of profits and loss were done in the PF Trust level.

But we have sufficient legal opinions. In fact, we also obtained an NOC from the PF authorities at the time, doing the full and final settlement on surrender of the PF Trust. So we are very confident that this case -- we can win this case in our favor.

Same with a few other notices pertaining to GST as well as another one with respect to PF implication on mean training. So even these 2 as well, we are confident that we have sufficient legal case on our side. And in the next -- in the due course of time, we can close these notices.

Mahesh:

Thank you. Thank you so much.

Ramani Dathi:

Thank you.

Moderator:

Thank you. We will take the next question from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra:

Thanks for the opportunity. Ma'am, my first question is on the core staffing business. Obviously, we have seen some headwinds in terms of in-sourcing for the last year. So from here on, how do we see the next year panning out in terms of volume growth? And also, if you can give some color in terms of how the demand environment is panning out.

And obviously, you have mentioned about the open mandates. But how to see about the growth for the next year in the core staffing business? And also in terms of margins, are we seeing some signs of, you know, the margins like recovery from here? Because as we are shifting away from BFSI to the other segments for the growth, which is comparatively a better margin segment. So can we see the EBITDA expansion also coming in for the next year?

Balasubramanian A.: Second question. Yes. We had...

Moderator: Sorry to interrupt in between, sir. Your voice is breaking.

Balasubramanian A.: Yes. Actually, the question we had already caught out in the previous earnings call that.

Moderator: I'm really sorry to interrupt again, sir. Your voice is breaking.

Management: Sorry, you can't hear him still?

Moderator: No, sir. Your voice is breaking in between.

Amit Chandra: Your voice is not clear.

Balasubramanian A.: Okay, just a minute. Hi. Is it better now? Can you hear me?

Moderator: Yes, sir. Please proceed. Thank you.

Balasubramanian A.: Yes. Thanks for the question. As called out in the previous earnings call, the in-sourcing was specific to that one client, and we don't really see this as a broad-based phenomenon so far. Also with respect to our outlook for the new financial year, as we had called out during this call, we are starting this year with more open positions than we had in the previous quarter, and the outlook for now remains quite positive. And that is also reflected in the employment outlook report that we published a couple of months ago.

And with respect to margins, yes, in the Enterprise segment, it's more of a volume play. And with respect to margins, the outlook is a bit flattish. And as called out again earlier in this call itself, we continue to back on operating leverage, which has already played out in FY26 playing out further on in FY27, which need not necessarily depend on volumes moderating.

Amit Chandra: Okay. Sir, in terms of, you know, the margin for the sector, which has been, you know, suppressed over last many years. So as you said, it's just a volume play. But in terms of volume also, there is some part of the portfolio which is having, you know, some kind of regulatory stress or, you know, in-sourcing that is happening because we are BFSI heavy and, you know, it's happening mostly in the BFSI sector. So what portion of the existing portfolio is still having, you know, any kind of, you know, issues that can again pop up in the future? Or you're saying that the existing portfolio is almost safe from any kind of regulatory headwinds?

Ramani Dathi: Hi, Amit. Firstly, the in-sourcing happened only with one large client. And subsequent to that, we didn't see any trend of in-sourcing or regulatory headwinds. But if any new regulatory changes come in, that we have to factor in. But at this stage, we are confident of maintaining the

growth momentum within our staffing business, which will contribute to operating leverage because all of our fixed costs are fully absorbed and with the investments that we made in our technology and back-end processing, we believe that margin expansion can continue to play in FY27.

And this is after taking into account, like a couple of planned exits that will happen in Q1 of FY27 between our DA and General Staffing business, because these are very low-margin businesses. And in fact, they are, to some extent, playing negative contribution on the bottom line. So we believe FY27, we will be consistently expanding margin in the staffing and DA vertical.

Amit Chandra: Okay. Okay. On the Specialised Staffing, obviously we have seen, you know, strong growth in the specialised staffing, which is, you know, thanks to the exposure we had to GCC segment, which is growing pretty fast. Within that, you know, are we also offering some more value-added services which can help us to expand the margins that we get from GCCs? Because if I see some of the competition which is operating in the same segment, they're operating at much higher margins versus what we are doing. Plus, you know, in terms of the hiring freeze that we're seeing in the traditional IT services segment, is there any hopes of revival there or what portion of the associates are associated to the traditional IT segment within specialised?

Suparna Mitra: Yes, Amit, thank you for the question. You are right that while we had traditionally started with pure-play hiring and staffing services for GCCs, today, we are partnering with many of them on bot models, which give us higher margins. And along with that, we are also doing models such as RPO. We are working on models like hire, train, deploy and also AI-led hiring. So there are a couple of new initiatives that we have started to grow our margins for GCCs and other customers as well. But yes, GCCs remain the largest segment that our focus is, and we are looking at a multi-product, multilevel engagement with GCCs going forward.

Amit Chandra: Okay. Thank you. All the best.

Suparna Mitra: Thank you.

Ramani Dathi: Amit, sorry. You asked second question on IT services, whether there is any hiring...?

Suparna Mitra: Sorry, Amit. Yes.

Ramani Dathi: Is that right?

Amit Chandra: Yes, yes.

Suparna Mitra: I missed that. Sorry, Yes.

Amit Chandra: Yes, IT services also.

Suparna Mitra: Yes. So Amit, while the traditional conventional tech hiring is obviously not, you know, scaling, we do see some hiring on those skill sets, maybe like a lower single-digit, 3% to 4% hiring, but the largest skill sets being hired are in AI and AI-related and adjacent skills. So cloud, data

security, governance, AI/ML coding, a large part of AI integrator roles, all of those hirings are happening.

In the past 2 quarters, actually, we've done about 500 to 600 hires purely on these skills, which give us not just the, you know, higher skill set, but also a higher margin and a higher value of the people that we are bringing into the workforce. Yes. So I think that's what is really happening, not the conventional tech, but anything related to AI, their requirements are actually the demand is much higher.

Amit Chandra: Okay. Thank you.

Moderator: Thank you. We will take the next question from the line of Dipesh Mehta from Emkay Global. Please go ahead.

Dipesh Mehta: Yes, thanks for the opportunity. I'm sorry, but your audio is not clear throughout the call. So I may ask something which you might have covered earlier. So first, on the revenue growth, if I look, let's say, general staffing remained fairly muted. You indicated some open position higher, but I missed the number if you have said any number on open position side. So can you provide some sense on general staffing?

And any further detail in terms of, let's say, which vertical or which industries where you see traction is picking up versus last year? And any incremental data in terms of what would be the revenue share, let's say, across industries? Y-o-Y, if you can provide comparison, that would be helpful considering the NBFC-related challenges which we faced during the year. So that is question one.

Second question is on the overall revenue and margin outlook. Earlier, we indicated 30 percentage kind of growth possibility on EBITDA terms when last year started. How one should look, let's say, in FY27, considering the potential margin expansion as well as revenue growth recovery, which you are indicating?

And last is on HR services. If you can provide some detail on that business because from a growth perspective, I think this year, Q4 is not playing out to the extent of last year. Obviously, Q3 was better. But even on segmental result, what we reported, performance seems to be weaker than last year. So I just want to get a sense, earlier expectation was performance would improve consistently. It is not showing that thing.

And last more strategic perspective because now we have new leadership in place kind of thing, any strategy change which we have planned for next 1- to 2-year perspective, if you want to highlight some of those changes. Thank you.

Balasubramanian A.: Yes. Regarding your first question on open positions. So we had called out that we are right now at about 20,000 open positions at the start of this financial year, which is about 15% to 20% higher than where we were at the same point in time in the previous quarter.

So like we had called out in many of the sectors, we believe that the trough is behind us. Of course, there are some immediate headwinds because of labor costs, while there is a medium- to long-term tailwind that we see. Also, geopolitical situations are leading to things being a little tentative at this point in time. So it's hard to really predict how it is going to shape up. But as things stand presently, our outlook is definitely positive.

And regarding the muted revenue growth that you called out, we were sequentially growing until Q3 when this large transition happened and that led to the dip. But then we do see recovery because we already closed the year almost flattish even on volume. We recovered 70% of the loss in terms of volume and nearly 80% of the loss in terms of recurring revenue as well. And over to Ramani for the next question on the overall growth.

Ramani Dathi:

Yes. Hi, Dipesh. Regarding the margin outlook, while we can't give any exact guidance, now that all of our businesses are on growth trajectory, we are seeing strong quarter-on-quarter addition happening in our higher-margin verticals like Specialised Staffing and DA. So we will be able to maintain year-on-year EBITDA growth of over 20% for FY27.

And to your next question on HR services, with respect to Q4 performance in comparison with Q4 of last year, again, this is driven mainly by the EdTech seasonal billing. Last year, FY 2025, majority of EdTech billing happened in Q4. So that's why you can see Q4 HR services EBITDA contribution is higher both in absolute terms as well as margin terms. So whereas this year, it is spread between Q3 and Q4.

So on a full year basis, HR services contribution on EBITDA is higher year-on-year by about 22%. However, if we are comparing only Q4 to Q4, it may appear as if compared to Q4 of last year, there is a slight dip. But on a full year basis, the vertical has grown 22%.

Dipesh Mehta:

Ramani, I'm referring to the segmental number which we reported. I think so far we haven't received your press release data EBITDA related. But if I look BSE from profit to negative kind of segmental performance is visible for full year perspective. That is what I was trying to understand.

Ramani Dathi:

Sure, Dipesh. Let me connect to you separately. Over to Suparna on the strategy question.

Suparna Mitra:

Yes. Hi, Dipesh. So you know, it's just been about 3.5 months for me. And we -- I'm working very closely with the team. I think there are 2 big areas. One is on really focusing on our current business verticals and improving execution, operational effectiveness, focusing a lot more on client relationships and on the sales side.

And simultaneously also looking for longer-range kind of strategy for which we need to do deep dive on what are some of the larger trends in the entire arena of employment, different models, different sectors, different types of companies, where their requirement is and how do we kind of accelerate some businesses, maybe see some new ones. So it's still work in progress.

I think the starting point has been a much deeper engagement and understanding of what clients want, what do our customers want in terms of their workforce, what their challenges are and

how we, as a company, can leverage our strengths and maybe also develop some new ones to be able to fulfill their requirements for being one of the most prominent and I would say, impactful people solution partners. So I think that's really the journey. But like I said, it's very early days, and we will start both deploying and communicating new pieces of our strategy in the coming quarters.

Dipesh Mehta: And any area of investment based on the, let's say, strategy what you might plan to execute in over next few quarters, which could have implication on your margin trajectory?

Suparna Mitra: It's too early. It's too premature. We are still working on the strategy. So after which we will make any investment decisions corresponding to that finalization of strategy.

Dipesh Mehta: Sure. Sure. Thank you. And maybe...

Suparna Mitra: Thank you.

Management: Sorry, Dipesh, your voice dropped.

Moderator: Sir, he has left the queue.

Management: Okay.

Moderator: Thank you. Before we take the next question, a reminder to all the participants, you may press star and 1 to ask a question. We will take the next question from the line of Hitaindra Pradhan from Maximal Capital. Please go ahead.

Hitaindra Pradhan: Yes. Hi. I hope I'm audible. So sorry if I joined a little bit late, and I think the presentation is also not out, so some of the questions might be repetitive. But ma'am, if you can, like, you know, give us, you know, what was the headcount growth for this year. I mean, you mentioned it was muted, if I heard it right. And also, like, you know, what was the PAPM for FY26 and FY 2025? And what is your outlook going forward? Because, you know, this has been kind of trending down.

And if you can, like, you know, give us some salience of, you know, the general staffing and how the PAPM is evolving, and why do you think, you know, whether it should, you know, go up or down, and the competitive pressure, and also the other factors like, you know, the inflection point that you mentioned. Give us some color on the PAPM and what are your thoughts on that? Yes.

Ramani Dathi: Sure, Hitaindra. So firstly, on the headcount, on a sequential basis, Q-o-Q, we have added about 5,500 headcount. And on a full year basis, there is a drop of 5,000 headcount, which is led by the in-sourcing of the NBFC client. With respect to PAPM, we have been steadily improving at an overall level.

For the current quarter, we stand at INR689, whereas in Q1 of this year, we opened with about INR669. So one of the main drivers of this markup expansion is the fact that almost 70% of our

new mandates are being signed on variable markup model. And this we have been consistently doing over the last 2.5 years, and that has started contributing to our PAPM expansion.

Also, we are focusing a lot more on new logo addition in midsized as well as long-tail accounts where our PAPM is relatively higher. And we believe the same trend can be continued in FY26 as well.

Hitaindra Pradhan: And ma'am, the PAPM for the full year basis, what was it? I mean, for quarter ending it was INR689. For FY26, what was the PAPM?

Ramani Dathi: Yes. For the quarter, it's INR689. We usually don't measure it on a full year basis. What we did -- what we closed last year was about INR665.

Hitaindra Pradhan: Got it. The key catalyst you were saying that, you know, you are moving more towards the variable markup model that would kind of accrue to PAPM.

Ramani Dathi: Yes. Also signing up higher margin or higher PAPM clients.

Hitaindra Pradhan: And ma'am, this thing, general staffing kind of still drives our overall, you know, revenue and as well as the bottom line. I mean, on the general staffing, you know, what are the kind of roles that we kind of, you know, in terms of staffing that we provide? I mean, what is the usual kind of revenue or, you know, salary per month kind of, you know, those things that we kind of provide in the general staffing?

Ramani Dathi: Yes. See general staffing contributes about 90% of our overall top line, and we will continue to drive the revenue growth in future as well. However, on bottom line, the contribution from Specialised Staffing, Degree Apprenticeship, EdTech, I mean, these are all the higher margin businesses, and they've been growing at a faster pace than general staffing.

So overall, at the portfolio level, there will be a consistent margin expansion. While the staffing contribution would be largely coming from operating leverage and slight improvement in PAPM. The big shift will be coming from larger contribution from this higher markup or higher-margin verticals.

Hitaindra Pradhan: Okay. Okay. But what is the, like, you know, the general staffing, ma'am, like, you know, salary range of the staffs that we provide? I mean, is it less than, like, INR10,000 or more than that?

Ramani Dathi: No, in general staffing, our average salaries are about INR26,000 per employee per month. Our apprenticeship business is about INR14,000 per month. So it's way above the minimum wage level.

Hitaindra Pradhan: Got it. Got it. So the current kind of in few states we are hearing, like, I mean, the wage code impact is there. I mean, the minimum wages are, you know, getting increased and all. That won't have a lot of impact on our business, right? Since these other statutory changes are higher for us.

Ramani Dathi: Yes. So in fact, we called earlier that the labor in the short-term may have a kind of negative impact on the headcount growth because many companies are revisiting their headcount plans as well as revisiting the compliance under the new labor codes, restructuring the CTC. So in the next 1, 2 quarters, it may slow down or to some extent, it may impact the headcount growth. But as we've been saying, in the long run, labor codes will drive formalization in employment, specifically in the staffing segment, where 90% of the industry is led by unorganized staff. Yes.

Hitendra Pradhan: And that is due to the increasing burden of the compliance cost. I mean, I assume the unorganized are not following on the rules and, you know, the compliance cost and they are not -- they don't get the kind of back end to support this, but whereas we do. So in the medium to long-term, that could be beneficial. Is that understanding correct?

Ramani Dathi: No, unorganized is because of multiple reasons. So one is lack of transparency and complexity in the earlier labor laws, which are like 44 different labor laws, many contradictions, not rule-based, led to the interpretation of the labor officers on ground. So that led to a lot of organized regional small staffing players operating outside the radar. So with the new labor codes and once the Shram Suvidha Portal goes live, which is expected in the next 18 to 20 months, so there will be a central repository for all the labor-related filings, which is very much similar to income tax or GST.

So even the administration as well as compliance management would be transparent to the end client as well because right now, the end clients have no clarity on whether their staffing service providers are fully compliant or not. And they have no incentive to work only with the organized players like us. So with the new labor codes and the digital infrastructure going live, there will be a lot more shift from unorganized to organized.

Balasubramanian A.: Yes. And just to add to that to Ramani's point, a lot of us seem to be focused more on what is the impact for employees, but not too many people seem to be talking about the impact for employers because first and foremost, labor codes are positioned towards ease of doing business, digitalization and centralization of compliances for employers.

And the impact that we see for employees is completely downstream from that. And if you look at the pace of formalization in India, be it at a corporate level or at an employee level, it has almost doubled in the last 7, 8 years. The percentage of formal employees in India is 2x of what it was pre-COVID. And we are seeing the same play out at the employer level as well.

So if anything, this is only going to incentivize more and more employers to choose and stick with large formal organized staffing players such as TeamLease rather than bulk of the industry, which is today operating outside the radar.

Hitendra Pradhan: Okay. Okay. And finally, ma'am, like, any outlook you want to provide in terms of the headcount growth, as well as PAPM and EBITDA margin?

Ramani Dathi: I mean specific to H1, as I said, we have a planned headcount transition in staffing and DA vertical. However, on a half year basis as well as a full year basis, we will be positive. And also on the bottom line, we are targeting upwards of 20% growth.

- Hitaindra Pradhan:** Okay. Okay, ma'am. Thank you and all the best.
- Ramani Dathi:** Thank you.
- Moderator:** Thank you. We will take the next question from the line of Pratham Kankariya from Quantum AMC. Please go ahead.
- Pratham Kankariya:** Hey. Yes. Hi, team. So just wanted to know your thoughts with what AI is doing to the IT companies. So if I try to visualize it for the staffing companies, say on the pyramid, so on lower level there could be a lot of reduction in the headcounts, or at least what we have seen in the past, means that kind of hiring faces difficulty given the automation and all these things happening. So how do we view this scenario for TeamLease given in specialised earlier where, you know, we used to hire entry-level jobs for these IT companies?
- Suparna Mitra:** Yes. Thank you for your question. Even traditionally, we've not hired freshers as much as we hired laterals, okay? So that is one shift. The other is that while, yes, AI is disrupting a lot of job growth, like there are jobs which are like manual testing, entry-level software developer roles, those are going away. But there are newer jobs that are getting created.
- Also, apart from the IT services companies, there are jobs for these roles, which is AI integrators, AI developers, data engineers, data scientists, all these jobs are getting created in GCCs as well as a lot of large non-tech companies as well.
- So what we see is that while, yes, the volume play for IT services will not be as high as what it used to be till, let's say, 3 years ago, this volume will come in from different segments and in different jobs and very different skill sets. So like we say that the 5 million IT workforce will get to 10 million at some point in 3 to 4, 5 years' time frame. What will change is who's hiring, where are they hiring, what are they hiring and what do they want these workforce to do? So that shift is very evident.
- Already, we've seen a large demand in AI and AI adjacent skill set. We believe this will only grow up the ladder. We do see some traction in the middle-level hiring, which is largely focusing on only people with domain and AI skills. And I believe that demand will also increase as we go along because almost all organizations are now on the drawing board disrupting their AI adoption strategy. So we do see these demands increasing while the traditional conventional tech demands are clearly going down, as you rightly called out.
- Pratham Kankariya:** So that should try to offset what we could lose in volume, but could we gain that on the value front?
- Suparna Mitra:** Eventually, yes, probably in over 18 to 24 months' timeframe, not immediately.
- Pratham Kankariya:** Okay. Sure. Thanks. That's it. Yes.
- Moderator:** Thank you very much. Ladies and gentlemen, we will take that as the last question. I now hand the conference back to the management for the closing comments. Thank you, and over to you, ma'am.

Suparna Mitra: Thank you all for your very engaging questions and overall confidence in the kind of efforts that we are putting in the strategy and in continued execution. We hope to continue this good run of profit performance along with greater revenue growth in this -- in the next few quarters. Thank you, and see you the next time around.

Moderator: Thank you, members of the management. On behalf of HDFC Securities, we conclude this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.

Suparna Mitra: Thank you.