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November 05, 2025

To,

BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, PJ Towers,
Dalal Street, Mumbai – 400 001
Security Code – 539978

National Stock Exchange of India Limited
Exchange Plaza,
Bandra- Kurla Complex,
Bandra (East), Mumbai – 400 051
NSE Symbol – QUESS

Dear Sir/ Madam,

Sub: Transcript of the Earnings Call – Q2 FY26

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Earnings Call held on October 30, 2025.

The above information is also available on the website of the Company at www.quesscorp.com.

Kindly take the same on record and oblige.

Yours sincerely,

For Quess Corp Limited

Kundan K Lal
Company Secretary & Compliance Officer
Membership No.: F8393

Encl: as above

Quess Corp Limited

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“Quess Corp Limited
Q2 FY'26 Earnings Conference Call”
October 30, 2025



IIFL CAPITAL



MANAGEMENT: **MR. GURUPRASAD SRINIVASAN – GROUP CHIEF
EXECUTIVE OFFICER – QUESS CORP LIMITED
MR. LOHIT BHATIA – PRESIDENT, INDIA AND GLOBAL
OPERATIONS – QUESS CORP LIMITED
MR. KAPIL JOSHI – CHIEF EXECUTIVE OFFICER –
QUESS IT STAFFING AND QUESS SEARCH &
RECRUITMENT – QUESS CORP LIMITED
MR. NITIN DAVE – CHIEF EXECUTIVE OFFICER –
QUESS STAFFING SOLUTIONS – QUESS CORP LIMITED
MR. KUSHAL MAHESHWARI – HEAD, INVESTOR
RELATIONS AND TREASURY – QUESS CORP LIMITED**

MODERATOR: **MR. SIDDHARTH ZABAK – IIFL CAPITAL SERVICES
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY'26 Earnings Conference Call of Quess Corp Limited hosted by IIFL Capital Services Limited. 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 Siddharth Zabak. Thank you, and over to you, sir.

Siddharth Zabak: Thank you. Ladies and gentlemen, good morning, and thank you for joining us on the post Q2 FY'26 and H1 FY'26 results conference call for Quess Corp Limited. It is my pleasure to introduce the senior management team of Quess Corp, who are here with us today to discuss the results.

We have Mr. Guruprasad Srinivasan, Group CEO; Mr. Kushal Maheshwari, Head- Investor Relations and Treasury; Mr. Lohit Bhatia, President- India and Global Operations; Mr. Kapil Joshi, CEO of Quess IT Staffing; and Mr. Nitin Dave, CEO of Quess Staffing Solutions.

We will begin the call with opening remarks by the management team, and thereafter, we will open the call for a Q&A session. I would like to now hand over the call to Mr. Kushal Maheshwari to take the proceedings forward. Thank you, and over to you, Kushal.

Kushal Maheshwari: Thank you, Siddharth. Good morning, everyone. And thank you for joining us for our Q2 FY'26 and H1 FY'26 earnings call. The information, data and outlook shared by the management during the call are forward-looking and subject to prevailing business conditions and government policy. All forward-looking statements are subject to economic growth or other risks faced by the company.

Please refer to Slide number 2 of the investor presentation for the safe harbor clause. With that safe harbor clause, I will now hand over the call to our Group CEO, Mr. Guruprasad Srinivasan, for his opening remarks. Over to you, Guru.

Guruprasad Srinivasan: Thank you, Kushal. Good morning, everyone, and thank you for joining us for Quess Corp's Q2 and H1 FY'26 earnings call. We are pleased to report another quarter of solid execution and continued momentum.

During Q2, we delivered revenue of INR 3,832 crores, up by 3% year-on-year, with the highest quarterly EBITDA of INR 77 crores, an increase of 11% year-on-year. Notably, EBITDA margin crosses the 2% mark, and our operating cash flow conversion was at a healthy 109%. PAT stood at INR 52 crores with EPS at INR 3.5 per share. We added over 21,000 associates during this quarter, taking our total associate count to 483,115, up by 5% year-on-year, making us India's largest domestic staffing player.

Due to a ramp down by an NBFC that we had called out in Q4 FY25, of around 38,000 associates in Q4, the headcount growth still shows a marginal decline of 5% year-on-year basis. However, with sequential growth due to a strong sourcing and onboarding system and processes, we are confident of delivering headcount growth on a yearly basis.

In summary, Q2 was a quarter of balanced growth and improving profitability for Quess. We remain focused on operational excellence, margin expansion and prudent capital management, while continuing to invest in high-value segments and technology. We are proud to announce that Quess has been ranked 36th among India's Best Employer 2025 by TIME and Statista ranking, another testament to our people-oriented culture.

Let me now walk you through each business segment. General Staffing, the highest net adds in the last 6 quarters, backed by festive hiring momentum. In Q2, General Staffing delivered a robust quarter with 21,283 net additions, our best in the last 6 quarters, driven by seasonal demand, especially in manufacturing and BFSI vertical and consumer, retail, and telecom.

The reported revenue for the segment stood at INR 3,317 crores growth of 3% year-on-year and 6% quarter-on-quarter. We added 72 new contracts in Q2 across verticals, taking our H1 total to about 151 new contracts. Headcount rose to 470,337, contributing to 86% of our total company's revenue coming in from the General Staffing business.

Our sourcing engine has scaled significantly with over 55,000 associates who are onboarded via sourcing this quarter, compared to 30,000 in Q1. During the quarter, we have done gross additions of 115,000 versus 79,000 gross additions in previous quarter, reflecting the strength of our robust hiring systems.

The segment recorded a healthy gross margin with strong execution in collection efficiency. DSO days for General Staffing stays at about 25 days and continued dominance of our Collect & Pay, which now covers 76% of our headcount.

Q2 leading up to the festivals, hiring in sectors like manufacturing, financial services picked up significantly, contributing to this uplift. Overall, our General Staffing platform demonstrated a healthy revenue growth and improved headcount utilization during the quarter. The open mandates at the end of the quarter stood close to about 27,000 as we step into Q3.

Moving on to Professional Staffing. This platform continues to deliver a double-digit growth in terms of EBITDA margins. Professional Staffing delivered a double-digit growth and margins for the second consecutive quarter with reported revenue of INR 224 crores, 11% year-on-year growth, with a focus on profitable growth.

The segment delivered the highest ever EBITDA of INR 27 crores, a 37% year-on-year growth along with double-digit EBITDA margins at 12.2%. These results were driven by sustained demand for skilled talent in higher-value areas during the quarter and we have rationalized our low-margin contracts, which led to improvisation on margin on the lower revenue base.

Notably, our focus on global capability centers continues to pay off. Roughly about 73% of our Professional Staffing headcount is now tied to GCC-led projects, especially in digital, telecom

and tech roles. We added 18 new client contracts in this quarter, which is very healthy addition for the quarter with a pipeline of about 1,300 open mandates. These factors give us confidence in the sustainable of both growth and margin for this particular segment.

Our top sector continues to be digital, high-tech, consumer retail, and telecom, where we are getting the demand from. The headcount of this particular segment increased to 6,862 associates during the quarter.

Moving on to international business. Our Overseas business also performed well during the quarter. Total international headcount stood at 5,730. The segment reported revenue of INR 290 crores with 3% year-on-year and 2% quarter-on-quarter growth with EBITDA of INR 18 crores, which reflects sequential improvement in margin

We saw broad-based strength in key regions, specifically coming in from Middle East, Malaysia, both delivered growth across IT and non-IT verticals. Philippines had a very strong quarter, roughly headcount up by 8%, reflecting heightened demand in ITeS and technology. Our Singapore business remained largely stable, where we continue to offset softness in IT by building up general staffing there.

Overall, these international markets together delivered stable revenue and margin contribution with region other than Singapore contributing more than 50% of the revenue and profitability. Middle East achieved the highest ever EBITDA of 12.8% with headcount crossing 2,100 associates.

While Malaysia and Philippines are delivering better-than-expected profitability, compensating for decline in Singapore, Singapore now has 43% local hires up from 17% last year across all markets. We continue to emphasize client diversification, local hiring and digital sourcing models to sustain profitable growth.

Moving on to the last vertical, which is fourth vertical, Digital Platforms. In our Digital Platform division, we continue to expand, scale, and -- specifically on the product-led which is Hamara Jobs platform now boasts over 12.6 million registered candidate profile, a clear leading position in India -- India's blue collar segment recruitment space.

Meanwhile, Taskmo, which is our gig workforce model, secured its first large-scale gig contract with a TCV of INR 5 crores, deploying about 1,500 taskers nationwide. These milestones underscore our ambition to build India's largest digital employment ecosystem across blue and gray collar economy.

With that, I'll now hand over to Kushal Maheshwari, our Head of our Investor Relations, to talk through our financial performance for the quarter.

Kushal Maheshwari:

Thank you, Guru. Good morning, everyone, and thank you for joining us for Quess Corp's Q2 FY'26 earnings call. I'll begin with the headline financial performance before taking you through segmental results and strategy updates.

In Q2 FY'26, we delivered another quarter of consistent and profitable growth. Consolidated revenue stood at INR 3,832 crores, representing a 3% year-on-year increase and a 5% sequential rise. EBITDA for the quarter was highest ever at INR 77 crores, up 11% Y-o-Y and 10% Q-o-Q, marking our highest ever quarterly EBITDA with margins crossing 2%. PAT came in at INR 52 crores, translating to an EPS of INR 3.5 per share, up 2% Y-o-Y and 2% sequentially, notably with no onetime gains or exceptional items this quarter.

In H1 FY'26 revenue grew 3% Y-o-Y to INR 7,483 crores, while EBITDA increased by 11% Y-o-Y to INR 146 crores with margin expansion of 14 basis points. PAT for H1 stood at INR 103 crores, up 3% Y-o-Y with EBITDA to OCF conversion remained strong at 109%, underscoring the quality of earnings and disciplined cash flow management. We closed the quarter with a net cash balance of INR 273 crores after paying approximately INR 90 crores in dividends, reinforcing our strong liquidity position and balance sheet strength.

In line with the stated objective, our focus on margin expansion has started yielding results due to operational efficiency measures and higher mix of high-margin business. From a profitability standpoint, approximately 50% of our contribution comes from high-margin businesses that is 30% from Professional Staffing and around 20% from our Overseas business.

Coming to our segmental performance. Our General Staffing business delivered its strongest quarter in 6 quarters, supported by festive season hiring and broad-based growth across BFSI, retail, and manufacturing and apprenticeship.

Revenue stood at INR 3,317 crores, up by 6% Y-o-Y and 3% Q-o-Q, accounting for 86% of our consolidated revenue, while segmental EBITDA was at INR 46 crores, down by 23% Y-o-Y and up by 1% Q-o-Q with margins remaining stable at approximately 1.4%.

Collect & Pay ratio remained steady at 76% and cash conversion remains robust with DSO at 25 days. Overall, General Staffing continues to demonstrate operational efficiency, strong cash discipline and market leadership.

Moving on to Professional Staffing business, which continues to perform exceptionally well, delivered sustained double-digit growth in both revenue and profitability. Revenue for Q2 stood at INR 224 crores, up 11% Y-o-Y and down by 8% Q-o-Q, while EBITDA was highest ever at INR 27 crores, up 37% Y-o-Y and 10% Q-o-Q with a margin of 12.2%, thereby maintaining double-digit growth and margins for the second consecutive quarter.

As discussed by Guru earlier, with our focus on profitability, we have rationalized low-margin contracts within the segment, which has led to rising margins on a lower revenue base during the quarter. Professional Staffing continues to be a high-margin, scalable growth driver within our portfolio of businesses.

Coming to the Overseas business, which has delivered a steady and profitable performance with broad-based regional contributions. Revenue for the quarter stood at INR 290 crores, up by 3% Y-o-Y and 2% Q-o-Q, while EBITDA was at INR 18 crores, up 27% Y-o-Y and 1% Q-o-Q, representing a stable 6.2% margin. Headcount grew by 16% Y-o-Y to 5,730, reflecting strong delivery across regions.

To summarize, Q2 FY'26 was another quarter of steady growth, record profitability, and strong cash conversion for Quess. We achieved our highest ever EBITDA of INR 77 crores, expanded margins and closed the quarter with a net cash position of INR 273 crores, while investing in digital transformation and talent capability.

With improved demand visibility, favorable tailwinds from the GST reforms and strong execution across business lines, we remain confident of sustaining our growth momentum into the second half of the year. Our focus will remain on operational excellence, capital efficiency and AI-led productivity as we continue building Quess into a future-ready technology-enabled workforce solutions leader.

Thank you for your time and continued support. With that, I'll hand over the call to the moderator to take your questions. Thank you.

Moderator: Thank you very much. Your first question is from the line of Deep Shah of B&K Securities. Please go ahead.

Deep Shah: Sir, the first question is regarding headcount adds, I heard you mentioned that in lead up to the festive, you saw manufacturing, FS do very well. Any idea or any guidance you would give on where do you see this trend continuing because if this continued then I think it is quite healthy for us as a company. That's first.

Second is on the Professional Staffing segment. So you did mention that we rationalized some low-margin contracts. Nonetheless, these margins that we've achieved are first in our history, if I recollect. Any ballpark figure you would like to show that this is where we could normalize or you think that these margins are not sustainable? Any more clarity would be very useful.

Kushal Maheshwari: Thanks Deep for your question. For the first half of the question on General Staffing, I'd ask Lohit and Nitin to answer on it. And for the Professional Staffing question, I'll ask Kapil to pitch in please. Over to you, Lohit.

Lohit Bhatia: And as far as the question is concerned, you would note that for the last 2 or 3 quarters we were very fixated to take care of the one-off event which happened in Q4 and come back strongly with both the headcount addition, the revenue achievement as well as then over the trajectory on the margin category.

There were 3 broad pillars on which the first half of the year was built, as far as GS is concerned, the pillar was that we have to recover on the volume for the 38,000, that Guru has spoken about from last financial year.

On the Professional Staffing, it was maximizing our intent with the GCCs and the margin expansion. And Overseas, it was to come back to a trajectory of growth irrespective of the headwinds of the Singapore market. One, all 3 units have delivered in first half of the year, a solid platform for what we had set out for each one of them.

Now coming specifically to your question on seasonality, as you know, this time, the season got certain tailwinds. There has been a reduction in repo rates a few times. There has been a

reduction in income tax for people up to INR 12,00,000, which gives more consumption in the hands of the people as well as the big announcement of GST 2.0, which happened just before the season kicked in.

We were very confident that if we look out for opportunities and those opportunities were delivered by both our sourcing team and technology, and I'll bring in Nitin Dave, the CEO for the Staffing business to speak more about this. And that's what the team has been able to maximize.

Looking out into Q3, I would like to basically say that we would look at H2 rather than just simply Q3 because Q3 starts with Diwali and then goes into the season of Christmas and New Year's. So we are confident that we will be able to repeat our H1 performance into H2. But I will give it to Nitin to broadly speak about the measures that the business has taken to ensure this. I'll come back on the Professional Staffing and then give it to Kapil.

Nitin Dave:

This is Nitin. So Deep, I would like to focus on the sourcing engine that we have built and also the sales engine that we have to deliver. If you look at every year and every quarter, if you look at the last 3, 4 years, we have been delivering a net add of about 15,000 quarter-on-quarter. So this sales engine and sourcing engine is mature. It's in a position to focus on the opportunities.

As Guru said in his brief that the open mandate at this point of time is still 27,000. And that's where we'd like to focus our attention on, and on a continued basis deliver steady headcount growth quarter-on-quarter. So that's what the business is geared for. And in terms of sourcing capabilities, technologies, we are working on that consistently. And I believe we are in a position to deliver headcount growth consistently quarter-on-quarter.

Kushal Maheshwari:

Kapil, if you could answer the second half of the question on margins for Professional Staffing business?

Kapil Joshi:

Yes. I think he spoke about revenue also, so I will answer first on the revenue front. Interestingly, our revenue by segment, the last portion of our revenue comes from the MSP programs. MSP program is, we just not support client on the staffing condition but we also support the client on cost optimization on -- when workforce management is spending in technology areas. So we built a strong talent supply chain for them and we manage their technology spend.

And it's a long term business for us. So one of our large MSP programs has gone for sunset and that is where you see the revenue drop.

On Gross margin and EBITDA front, EBITDA is a combination of gross margin improvement and operationalization. And to add on your part, gross margin, I think we would be able to maintain because there is no shift in the demand flow. We still see the demand in mid and senior level regions on each area. Okay. So gross margin levels is consistent.

On operational efficiency front, we don't have any planned or added investments in IDC. So hopefully our EBITDA margin will be stable, a low-double digit going forward within the same lines what we had reported for last quarter.

- Kushal Maheshwari:** Thank you, Kapil. Any more questions, Deep?
- Deep Shah:** No. This helps.
- Moderator:** The next question is from the line of Siddharth Zabak from IIFL Capital Services Limited.
- Siddharth Zabak:** My question is on finance costs. I wanted to understand why your finance costs have gone up sharply in this quarter despite your net debt, including lease liabilities remaining almost flat?
- Kushal Maheshwari:** Thank you, Siddharth. I'll take this question. The finance cost is higher during this quarter due to increase in working capital requirements for a high-margin business, which have higher credit and DSO days, notably Professional Staffing and Overseas business.
- However, if you look on a half yearly basis, more or less the finance cost is in the similar range. Going forward, we expect the finance cost to rationalize in the coming quarters. As we've guided to the street, the finance cost is expected to be around INR 9 crores to INR 10 crores on a quarterly basis with approximately 50% coming from the operational interest cost and remaining from non-operational interest cost.
- Siddharth Zabak:** That was very helpful. Thank you and best of luck for the coming quarters.
- Kushal Maheshwari:** Thank you, Siddharth.
- Moderator:** The next question is from the line of Amit Chandra from HDFC Securities. Please go ahead.
- Amit Chandra:** Sir, my first question is on the General Staffing business. So we have seen that there is improvement in terms of net adds and also in terms of gross additions. And we're also seeing that the sourcing has been improving for us wherein -- like 41% is now like from the sourcing requirements versus the transfer. And -- but it is not being reflected in terms of the margins that we are seeing.
- So -- and also in terms of PAPM, how the PAPM split has been? And also in terms of the net additions, if you can split it between how the split has been between like Tier 1 and Tier 2 cities. Because generally, like, Tier 2 hirings have more gross margin, so is it the mix is also changing in terms of total additions? And also in terms of the net bonus payouts in quarter 3, how do you see that panning out? Can we see a dip in margins in the coming quarters?
- Guruprasad Srinivasan:** Okay. I will be going with the sequence. I mean to start with PAPM, we are ranging in the same range at around 670 to 680. So we continue to be in the same range. That's the first question that you had.
- And coming back to sourcing, and -- so sourcing is a very intense activity. And -- I mean if you look at one of the criteria, we have been calling out every quarter in terms of our core to associate is also slightly dropping, which is cautiously we are investing more on sourcing, because our demand, as I said, almost about 37% is from Tier 3 and Tier 4 locations and about 33% comes from Tier 1, then there's a between these 2.

So if I take between Tier 2, Tier 4, Tier 5, almost 67% of our demand comes from there. And there has to be a very deep ground activity that has to be done. So we have to create alternate channels, we have to create the depth in terms of sourcing. So from that standpoint, we'll continue to invest.

And it's important if you look at it is also resulting in our almost 41% coming through sourcing. Whereas if I go 3 years ago, there was more transfer and about 25% to 30% was coming through sourcing. So that is slowly changing. So -- and we'll continue to do that because hiring on time and timely deployment is something which is extremely critical for staffing.

Now let me hand over to Lohit to handle the second part of the question on bonus payouts, which can come in Q3.

Lohit Bhatia:

Amit, thanks for the question. Like Guru explained, this is the start of the activity which we had initiated almost 7 to 8 months ago when we saw the BFSI decline. We started to intensify both our sales acumen in segments like manufacturing, CRT and the others, as well as delivery capability, fulfillment capability and which is what is reflective as far as the investment is concerned.

We are still at a very early and nascent stage for technology or the platformized led AI activities to start reflecting -- at some point will start reflecting. I don't want to give a guidance on that as yet.

However, coming back to your specific point on bonus, yes, whenever there is Diwali, the month of Diwali, which in this case was the first month of Q3 as well as the second month, which would be November in this case, would both have certain pass-throughs. And pass-throughs, as you know, in the Collect & Pay flat fee business does not give or does not yield extra gross margin.

So that would be a temporary blip. It practically happens everywhere that approximately INR 120 crores to INR 150 crores of pass-through values could come in this particular quarter. Other than that, we don't see any major shift as far as the mix is concerned.

I think we had made one point about 2 or 3 quarters ago where we said we would like to have a healthy state where General Staffing on a growing base contributes 50% of the profitability of that company. And the higher margins international at plus 6% and Professional Staffing at 11%, 12% contributes 50%. We have got to that point. Now is the time for us to deepen that for H2 and thereafter.

Amit Chandra:

Okay. And sir, like in terms of more structural levers for the margin expansion in the General Staffing business, we thought that higher sourcing and automation and expansion into Tier 2s would eventually lead to higher gross margins. So apart from that what are the other, like, levers we are also exploring in terms of margins in the General Staffing business. Or we are -- apart from the change in mix that we're having in the General Staffing side, like, within segments. But apart from that, like, PAMP expansion is possible or it's actually going to be at these similar levels that we are having right now?

Lohit Bhatia:

Yes. Thanks for that question. So like there are 2 parts to entire Quess ecosystem. One is the overall mix, which is General Staffing, Professional Staffing and international, we've elaborated on that. Within General Staffing also, there is a mix and let me talk about that mix.

That mix would today be divided into 2 broad factions within the business and then I talk about 2 emerging businesses. Within the existing business, there is the traditional CRT, which is the consumer led business and the BFSI. Both of these are very large volume, flat fee and Collect & Pay kind of relationships where less domination of sourcing happens and hence, less investment by that nature.

Now you come to the other category of the business, which for the last 3 years, we were extremely confident about and that has yielded in the results. That today, we have 77,000 people in the manufacturing apprenticeship ecosystem. This has become our third largest vertical, but we continue to grow 30% plus year-on-year on this, while the other stable business grew about 15% year-on-year.

This business, the manufacturing-led business, yields a higher gross margin than the traditional BFSI and the consumer business. However, on a book of 470,000 at least currently 77,000 were growing at 30% for the last 3 years. So as that mix continues to change, you will see one shift happening.

Now I come to the 2 emerging businesses within General Staffing, which has been incubated just in the last 1 year. Between the 2 businesses today at a gross -- at an EBITDA margin level, the contribution from them in a quarter is today less than 8%. These 2 businesses primarily are the VAS business, the value-added services, staffing business backed up by technology. And the second business is the construction business. Both of these businesses have much higher gross margin as well as they have much higher EBITDA margin.

But like I said, the contribution to the overall General Staffing book today is less than 8%. And that's something where our leadership team, as well as our team have made a lot of investments, and we continue to look forward into the next 1 to 3 years on having higher mix from there as well.

Amit Chandra:

Okay. And sir, the second part of the question would be on the Professional Staffing. Here also, we need to see the margin expansion and focus on high margin business. But around -- in terms of the existing book of business, we are seeing some recovery in the IT services part, which has been, like, subdued over a longer period of time.

So within the verticals which we are within Professional Staffing, if you can give some color that -- what is contributing, because the large part of the growth earlier was largely being contributed by the rise of the GCCs. Are you seeing some shifts or like some kind of growth emerging in other verticals as well in Professional Staffing?

Guruprasad Srinivasan:

So absolutely, I think after 8 or 9 quarter IT services company has seen the good, healthy headcount and barring 1 or 2 market leader, I think across all IT services company, we have seen positive net headcount and very healthy headcount. And we see it will have a direct impact on our business. We do work with a lot of IT services companies and our association with them is

a decade old before GCC came to India. So -- and we still work, if you see our revenue by sector, a large portion of our revenue still comes from the IT services and -- enterprises, non-IT enterprises and we will -- definitely it will be a boost to our performance.

Moderator:

The next question is from the line of Nikhil Choudhary from Nuvama.

Nikhil Choudhary:

Sir, my question is on Professional Staffing, while we have highlighted that we are focusing on higher-margin clients. But in this quarter, we have also seen decline in contribution from contribution from top clients. Top 10 % contribution declined by 5%. So is it that we are be focusing on some of the large clients, which is leading to let's say improvement in profitability? So that's one.

And second is where we are in the journey of let's say reducing contribution from top clients which is helping us in generating higher margin?

Lohit Bhatia:

So personally we always believe in diversified growth. Okay. So if you see what is happening, while most of our growth is coming from the GCC. But GCC also, if you see, go at micro level, you will realize that there are GCCs which came to India 5 years later or 10 years back, these are matured GCCs. And there is another wave of new GCCs which has come in last 3 year. Okay? Both are behaving very differently.

A large GCC, vintage relationship, we are seeing cost optimization is going on. There is a cost rationalization, there is automation going on. There is AI drive adoption. Okay. And new GCC from day 1 is adopting this technology. So there is a mix and there is -- that is where you see mix from Top 10 clients and next 40 client is changing very fast. But I think it is healthy sign for all of us.

Nikhil Choudhary:

The second part of question was that can we expect this to continue, which is growth will slow down further while margin might remain?

Lohit Bhatia:

I think, yes, both ways for at least little -- I think another quarter, the trend should continue. Once starting from January, we see -- once the new budget allocation planning happens, GCC will get more project, more budget from their headquarters.

Nikhil Choudhary:

Got it, sir. Second, just want to understand your comment on H2 growth will be similar to H1. So H1, we have delivered about 1.6% Y-o-Y growth. So what we meant when we said that H2 will be similar to H1. We expect low single-digit type of growth? And any timeline of, let's say, achieving double-digit revenue growth I think in General Staffing?

Kushal Maheshwari:

Nikhil, can you just repeat your question once again?

Nikhil Choudhary:

Yes. I think there was one comment where we have highlighted in General Staffing, H2 growth will be similar as H1, if I heard it correctly. And in H1, we have delivered 1.6% approximately Y-o-Y growth, so what should we expect from H2 growth? And when can we achieve double-digit revenue growth in General Staffing?

Kushal Maheshwari: So coming to your question, basically, when we have delivered 1.6%, basically when you look at it sequentially, in Q4 FY '25, there was a NBFC ramp down of around 38,000 associates. But that is still there in H1 of FY '25. So when you look on a year-on-year basis, our growth would look subdued. But when you look at a sequential basis, we have been growing.

Going forward, as we said that in H2, we should consider to deliver similar kind of growth in headcount. So with 21,000 that we delivered net adds in this quarter, going forward, at least we should do around 10,000 to 15,000 net adds in the coming quarters, which I think Nitin has already alluded in his speech. So on a year-on-year basis, we should be able to deliver growth in headcount as well as revenue on a year-on-year basis, as well as EBITDA profitability, despite losing 38,000 associates in Q4 of FY '25. I hope that answers your question.

Nikhil Choudhary: Yes. And just last one on digital platform. What could be the steady state losses going ahead? Are we -- I mean, looking to continue the similar run rate cost effective even going ahead?

Guruprasad Srinivasan: So if you look at both the revenue and losses are very negligible, it's about INR 1 crore per quarter. But the other way to look at Nikhil is, the number of users who have come on to the platform, which has gone to now about 12.9 million. So what we are trying to build up is, of course, this will be definitely used for our own internal hiring purpose. So we want to now accelerate at least about 15% to 20% being coming through this platform to accelerate our sourcing capability.

So we are seeing from the perspective of user activity coming on to the platform. And if you look at even Hamara HR user base has gone from -- when we started last year, we were about 5.5 million. That is now close to about 5.6 million. So it's good to see that active user base is going up. So we'll slowly start monetizing as we move forward. Yes, both the revenue and losses are very negligible to the overall workforce.

Moderator: The next question is from the line of Dipesh Mehta from Emkay Global.

Dipesh Mehta: A couple of questions. First about the operating cash flow. If I look OCF in H1, it is, I think, 35, 40 percentage down compared to last year, even though our EBITDA has grown. So if you can provide some sense about operating cash flow. Even though you indicated OCF EBITDA is 108, 110 percentage kind of thing. But when I look at consol level, it is weak. That is question one.

Second question is effective tax rate. How one should look at it? This quarter it is around 10 percentage. Considering now demerger-related thing as well as business mix change, what we are observing from profit contribution perspective, what would be the effective tax rate one should look at it?

Third question is about Professional Staffing. Now you indicated about margin improvement and all those things. But if I look, let's say, an exit from low-margin business, ideally low-margin business exits would reflect into better revenue per associate. If I look your number, revenue per associate declined almost 20% sequentially, even though your margin has expanded, but this is a bit confusing.

If you can provide some detail around it, how to understand these 2 nuances when you exit from low margin, but your revenue per associate continue to decline. And last question is about Origint. If you can provide some update on our GCC offering?

Kushal Maheshwari: Thank you, Dipesh. Thanks for your question. I'll take a question on tax rate, post which Guru will answer your question on OCF. Kapil can answer your question on revenue per associate in Professional Staffing as well as answer your question on Origint business.

So coming to tax rate, we are getting higher contribution from our higher margin business. So on the modeling basis, I would advise you that the new tax rate or the tax incidence should be in the range of 10% to 12% as compared to previously, which was he had guided to 5%. But I think the new normal on the tax rate is around 10% for our business as the growth goes forward. Kapil, can you answer the question on Professional Staffing -- on contribution of revenue per associate in Professional Staffing as well as some insights into Origint business.

Kapil Joshi: Sure. So Dipesh, just to explain you again, I mean, I did earlier is also. It is a -- MSP is a pass-through business where we manage client spend on workforce management and technology space. The headcount is not on our payroll. Okay. So what we have lost is only revenue, we didn't the headcount.

And that is where if you calculate headcount it's the same and the revenue has dropped. I think that is where you see drop per associate, but actually our revenue -- only revenue has dropped - - pass through revenue. And our per associate revenue is actually getting improved quarter-on-quarter, margin per associate is getting improved quarter-on-quarter.

Guruprasad Srinivasan: Dipesh, on your other question with regard to specific to OCF, see, it's not straight comparable because last year, we had a tax refund of about INR 129 crores. And this year, we are working on the period to get there. But where we are close to do is about 109%, which is exceptionally high considering few advanced salaries that we would have collected and paid just on the last year for Diwali and all of that.

But otherwise, anyway, the range that we should be able to sustain be should be anywhere between about 80% to 90%. So that's the range that we will be able to sustain. But last time was one-off where we had INR 129 crores of tax savings. Dipesh, does that answer your question?

Kushal Maheshwari: Dipesh, does that answer your question on OCF?

Dipesh Mehta: Yes, that answers. So you are indicating 80% to 90% conversion once we look at it and because of lack of refund that number is lower in H1 compared to last year.

Guruprasad Srinivasan: And there could be refund this year as well, but we are not too sure at the moment. That should -- when that comes in, it just gets added up, yes.

Kushal Maheshwari: As we have guided to the street, for the full year we should be in the range of 70% for OCF EBITDA to OCF conversions?

Dipesh Mehta: 70% or 80% to 90% because I think Guru said 80% to 90%.

- Kushal Maheshwari:** It depends on whatever is income tax refund that we are able to get then it can go in that range. But on an operational business basis it can come about around 70% to 80%.
- Dipesh Mehta:** Understood. And I think 2 questions. One follow-up on the Professional Staffing. Can you give the number of pass-through because I think that is one of the reasons which you alluded, which led to revenue per associate decline. And do you expect that MSP, I think, which you indicated managed service contract likely to start again in quarter 3, which can have some implication on this metric? And I think Origint is an answer.
- Kushal Maheshwari:** Guru, if you can just give some inputs on the Origint business?
- Guruprasad Srinivasan:** Yes. So 2 specific questions that you asked. One, you said what was the number of this MSP customer that got sun setted. It's approximately about INR 10 crores per month or for a full quarter, it will be roughly about INR 30 crores. So that's where, like Kapil mentioned, because these are contractors of our suppliers, not contractors of ours and don't reflect in our headcount. But as we are the MSP provider, it reflects in our revenue number. That's why you were finding that anomaly.
- The reason that our team always goes out for these lucrative large MSPs is, MSP also gives you an enablement to provide your technology, your platform and also get what is called participating MSP benefit. And as a participating MSP benefit, you generally have a higher market share with that customer between 25% to 40% at least.
- So will we continue to look at global deals in MSP when the customer wants to play in India? Yes, from time-to-time, we continue to keep looking at that and which is why in spite of the fact that our business yielded 12% plus EBITDA margin, Kapil has said that he would like to continue on the range of 11% to 12%. So we factored for that is one.
- On Origint, we have already successfully not just bagged, but we have also executed and activated one GCC. There are another 2 which are at the final legal stages. This has a very long gestation period for the simple reason that the sales cycle itself, the presales cycle itself can be between 3 to 6 months, another 3 months of architecting how you will execute.
- And then it could take anywhere between 2 to 3 months to do your legal agreements from the clients because they are setting up shop in your country for the very first time, and that has to be all managed by us. And obviously, premises has to be taken, so infra has to be built and activated.
- So hence, GCC by nature is a slightly longish gestation period when it comes to -- from the time that we start the sales cycle to the time that we fructify. We feel that this quarter, these 2 legal agreements will go live and then will come the delivery stage and they will start marginally contributing to our numbers. But by Q4 they will have slightly better contribution to the numbers.
- Moderator:** The next question is from the line of Aashaka from Sameeksha Capital.
- Aashaka:** My question is can you please provide resolution on the current phases on tax and PF litigation?

- Kushal Maheshwari:** Sorry. Your line is not clear. Can you -- its echoing. Can you repeat?
- Aashaka:** Can you please provide more information on the current status of tax and PF litigation?
- Kushal Maheshwari:** Tax and?
- Aashaka:** PF litigation.
- Kushal Maheshwari:** As far as the tax goes we don't have any updates on it. The next hearing for the ITAT is on 1st December of 2025. Probably, we should be able to give you some more updates in the next quarter.
- Moderator:** The next question is from the line of from Sankaranarayanan S from ithoughtPMS.
- Sankaranarayanan S:** Apologies if this question is already asked by any of our previous participants.
- Kushal Maheshwari:** Sankar, if you can be a little louder.
- Sankaranarayanan S:** Yes. Apologies if this question was asked by an already previous participant. So what is happening to our CRT vertical within General Staffing, like going why its contributing is coming less, because our the BFSI client have lost, and that's how it impacted. But from a CRT sector perspective, what's happening there?
- Kushal Maheshwari:** So I would ask Nitin to give some inputs on the CRT. But overall, we don't see any decline over there. So basically the contribution of CRT business and our overall business have come of from 50% to roundabout 45% in this quarter. So even on that relative.
- Nitin Dave:** What is happening is that if you look at quarter-on-quarter, our maximum growth has come from the manufacturing segment. And if you look at our manufacturing segment at this point of time, it is growing at about 15% quarter-on-quarter. So what is happening in the CRT, it is a more far more mature vertical for us, where the growth is more steady, where some of the other segments like manufacturing are certainly growing faster.
- But overall, the pipeline at CRT is healthy. The sourcing that we are doing on the CRT vertical is also healthy. What is happening is that the telecom business, which also forms a part of the CRT vertical is growing slower. So actually, it is coming down.
- So the telecom vertical at this point of time is not hiring. The number of telecom operators are also limited. It's not that you can grow those verticals. But if you look at smaller practices within the CRT verticals like the retail, the e-commerce, they have definitely grown. But the telecom practice has gone down. And on top of that, the manufacturing is certainly growing faster. It's the fastest growing practice for us at this point of time.
- Kushal Maheshwari:** Sankaranarayanan, you got it right. There's a typo error on that. The CRT is still 48% in this quarter. It's not 43%.
- Sankaranarayanan S:** Got it. So I'm saying from the General Staffing contribution, so that's the reason why I mentioned 43%.

- Kushal Maheshwari:** Okay.
- Sankaranarayanan S:** Got it. So one more question. So what is the -- like, since we are a market leader in the central staffing business, what is the expected return on growth for the next 3 to 5 years?
- Nitin Dave:** So Shankar, so this is your this question is something that we answered. And I'd like to repeat that at this point of time, we have a very steady sourcing and a sales engine in place, which is designed to take -- to cater to the requirements of all the segments, be it the CRT, manufacturing, as well as BFSI in all parts of the country.
- What we see is and what we have been doing is for the last 3 years, we've been adding about 50,000 headcount year-on-year. And you would be able to on a steady basis, deliver growing headcount year-on-year. So that is our thought process that we finetune our engine, strengthen them and continuously deliver headcount growth quarter-on-quarter. So that is our thought process as far as next 3 to 5 years are concerned in the General Staffing business.
- Guruprasad Srinivasan:** Just to add a little more there. I mean, at 483,000 level, Shankar, we'll be -- by headcount will be globally third largest by headcount. Obviously, the aspiration is to drive towards becoming globally number #1.
- Sankaranarayanan S:** Got it. Got it.
- Moderator:** The next question is from the line of Gaurav from Capital Farming Consultants.
- Guruprasad Srinivasan:** Gaurav, are you there online?
- Moderator:** Mr. Gaurav? It seems like the participant is not there. Next question is from the line of Shivang from Emkay.
- Shivang:** Since the NBFC impact was in Q4 last year, can you give me a sense of Y-o-Y growth for Q4 of this year?
- Kushal Maheshwari:** Sorry. What is it that you're looking at?
- Shivang:** Y-o-Y growth in headcount for Q4.
- Kushal Maheshwari:** Yes. As we've already stated, in the next 2 quarters, we should be able to do a net addition of around 10,000 to 15,000 in the coming 2 quarters. So I think we should be ending the year with a single digit growth in the headcount on a yearly basis.
- Moderator:** The next question is from the line of Zaki Nasser from Nasser Investments.
- Zaki Nasser:** Sir, I would have a small question on the other expenses part, sir. Our other expenses have dropped to INR 94 crores from INR 169 crores on a September-to-September basis. So, is this an accounting move, sir, whereby a part of the payment goes through our subcontractors, which is directly reflected in our books? How does this work, sir?

- Kushal Maheshwari:** You're right, Zaki. As we discussed that we have rationalize our low margin business in MSP, and so there's a decline in revenue in the Professional Staffing business and decline in other expenses where is a cost for the subcontractor charges.
- Zaki Nasser:** Okay. Sir, the subcontractor charges will get converted into employee benefit expenses broadly. Is it right, sir?
- Kushal Maheshwari:** If we get...
- Zaki Nasser:** It is reflected on.
- Kushal Maheshwari:** So I'm saying if we let go of these current contracts -- MSP contracts, so subcontractor expenses also will go down on the balance.
- Zaki Nasser:** Sir, the percentage of expenses will get converted from other expenses into employee charges.
- Guruprasad Srinivasan:** No, it will --
- Kushal Maheshwari:** No, it will not actually.
- Guruprasad Srinivasan:** It will not. If you look at it, it's sequential. When we downsize a program in MSP, to that extent the direct cost also comes down, Zaki, so that's the point which Kushal is trying to explain. So it does not convert into employee benefits.
- Zaki Nasser:** The expenses have gone up.
- Guruprasad Srinivasan:** The subcontracting expenses actually comes down.
- Moderator:** The next question is from the line of Amit Ahuja from HG Hawa.
- Amit Ahuja:** And my question was connected with cash, like, what is the company's policy? Like, what is the management deciding about what it would INR 270-plus core cash, is that we got dividend return or reinvestment? What are you planning?
- Guruprasad Srinivasan:** So we have defined a stated policy. First of all, the business will -- is a cash generating -- as an entity, we are a cash generating entity, and we have a clear dividend policy that we have put across. Up to 75%, we will work in the form of dividends. It's something that we have clearly put across.
- Moderator:** As there are no further questions, I would now like to hand the conference over to management for closing comments. Thank you.
- Guruprasad Srinivasan:** Sure. Thanks, everyone, for joining us today for the earnings call. All your questions and feedback has always been valuable to us. We appreciate your continued interest and support, and I sincerely look forward catching up with you all. Thank you so much for joining us today again.

Moderator: Thank you very much. On behalf of IIFL Capital Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Kushal Maheshwari: Thank you very much.

(The document has been slightly edited to improve readability)