



Industry Report

On

Staffing & Recruitment Market in India

March 2026

Prepared for Hyrefox Consultants Limited

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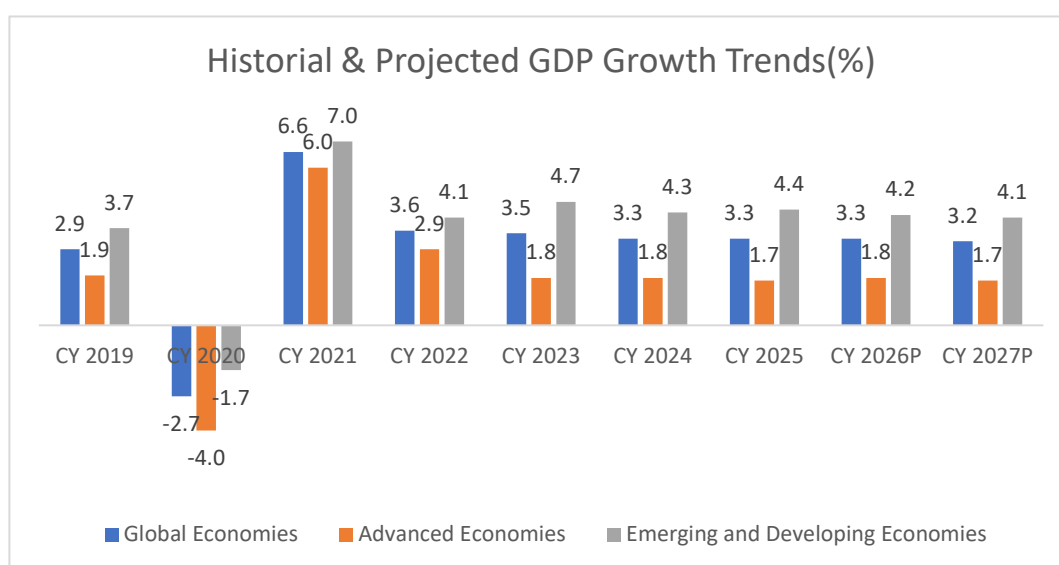
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Global Macroeconomic Scenario

Global Economic Overview

Global growth is projected to remain resilient at 3.3 percent in 2026 and at 3.2 percent in 2027, rates similar to the estimated 3.3 percent outturn in 2025. The forecast marks a small upward revision for 2026 and no change for 2027 compared with that in the October 2025 World Economic Outlook (WEO). This steady performance on the surface results from the balancing of divergent forces. Headwinds from shifting trade policies are offset by tailwinds from surging investment related to technology, including artificial intelligence (AI), more so in North America and Asia than in other regions, as well as fiscal and monetary support, broadly accommodative financial conditions, and adaptability of the private sector.



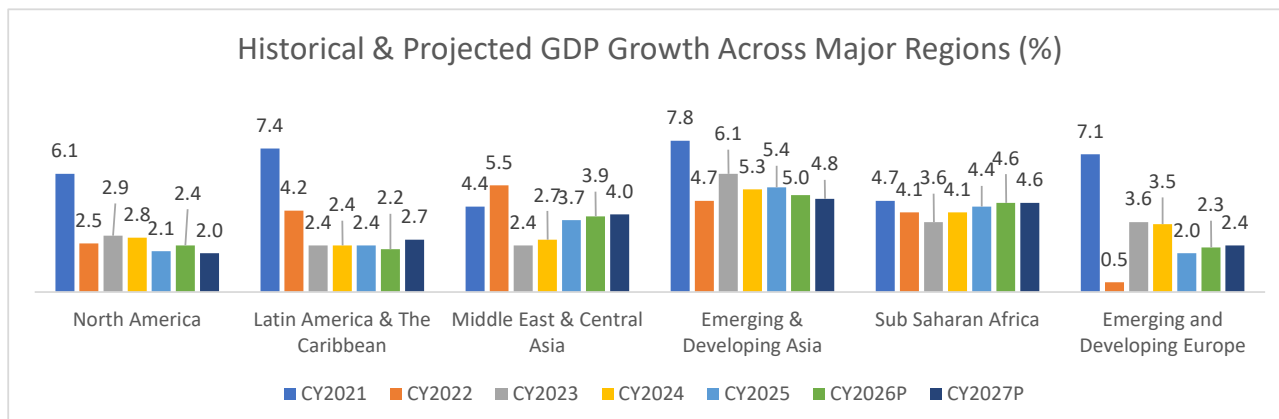
Source – IMF Global GDP Forecast Release January 2026

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.)

Historical and Projected GDP Growth

GDP growth across major regions exhibited a mixed trend during 2024–25. While growth in several regions—including Emerging and Developing Asia as well as Latin America and the Caribbean—is expected to slow further in 2026, performance remains uneven across geographies. In Emerging and Developing Asia (comprising economies such as India, China, Indonesia, and Malaysia), GDP growth is projected to moderate to 5.4% in 2026, compared with 5.3% in the previous year. Similarly, in Latin

America and the Caribbean, growth is expected to ease to 2.2% in 2026, before rebounding to 2.7% in 2027 as countries in the region approach potential output from differing cyclical positions.



Source-IMF World Economic Outlook January 2026 update.

By contrast, growth in the Middle East and Central Asia is projected to accelerate, rising from 3.7% in 2025 to 3.9% in 2026 and further to 4.0% in 2027. This acceleration is supported by higher oil output, resilient domestic demand, and ongoing structural reforms. Likewise, growth in sub-Saharan Africa is expected to strengthen, increasing from 4.4% in 2025 to 4.6% in both 2026 and 2027, driven by macroeconomic stabilization and reform efforts in key economies. Meanwhile, in emerging and developing Europe, a sharp slowdown to 2.0% in 2025 is expected to reverse, with the region’s economies expanding at an average rate of 2.3% in 2026 and 2.4% in 2027. Across most regions, this recovery also reflects the diminishing effects of recent shifts in global trade policies.

Global Economic Outlook

Since the October 2025 World Economic Outlook (WEO), trade tensions have continued to abate, although they remain subject to occasional flare-ups. A dispute between China and the United States involving controls on exports of semiconductors and rare earth minerals was followed by a truce that reduced bilateral tariffs until November 2026 and introduced a pause on export controls.

In addition, US authorities removed tariffs on some agricultural products for all countries, offsetting the higher tariffs on certain sectors that were previously announced and are now in effect. As a result, the overall US effective tariff rate remains broadly unchanged from the level assumed in the October 2025 WEO although changes for specific countries are significant. The US Supreme Court is widely expected to deliver a decision in early 2026 regarding the president’s use of the International Emergency Economic Powers Act. At the same time, newly signed bilateral trade and other agreements, often including substantial investment and purchase commitments with limited public disclosure, have added further complexity. Although policy uncertainty has declined since October, it remains considerably higher than in January 2025.

Global growth in the third quarter of 2025 decelerated to 2.4 percent on an annualized basis, exceeding expectations; however, upside surprises in some countries were offset by downside surprises in others. In France, a boost from aerospace exports lifted growth to 2.2 percent, whereas in Germany, falling exports continued to weigh on activity, thereby leaving real GDP unchanged between the second and third quarters. Meanwhile, Japan's economy contracted by 2.3 percent, as private and government consumption partially offset the contraction driven by declines in private residential investment and exports. At the same time, China's growth decelerated to 2.4 percent (according to staff estimates), with weak domestic demand—particularly in the housing sector—only partly offset by resilient exports.

In contrast, growth in the United States accelerated to 4.3 percent, supported by a pickup in technology investment and expenditure, which is estimated to have added approximately 0.3 percentage point to average annualized GDP growth during the first three quarters of 2025, thereby offsetting the drag from the federal government shutdown in the final quarter of the year. In addition, there are indications that technology-related investment also contributed to economic activity in Spain and the United Kingdom, although the scale of this contribution was smaller than that observed in the United States.

Global Growth Projection

At broader level, the global growth is expected to remain steady, as momentum in high-tech sectors is projected to slow but continue to partly offset the drag elsewhere. While tariffs and elevated uncertainty are expected to weigh on the level of activity, their impact on growth is projected to fade during 2026 and 2027. At 3.3 percent in 2026 and 3.2 percent in 2027, global growth is therefore expected to decelerate slightly from the estimated 3.3 percent recorded in 2025. Compared with the October 2025 World Economic Outlook (WEO), the forecast for 2026 has been revised upward by 0.2 percentage point, whereas the forecast for 2027 remains unchanged. Nevertheless, there are significant revisions for some countries, with changes occurring in different directions.

Growth in advanced economies is projected at 1.8 percent in 2026 and 1.7 percent in 2027. In the United States, economic activity is expected to expand by 2.4 percent in 2026, supported by fiscal policy and a lower policy rate, while the impact of higher trade barriers gradually wanes. This 0.3 percentage point upward revision relative to October reflects a stronger than expected GDP outturn in the third quarter of 2025, a rebound in activity in the first quarter of 2026 compared with the fourth quarter of 2025 following the end of the federal government shutdown, and the associated carryover effects. Looking ahead, growth in the United States is projected to remain solid at 2.0 percent in 2027, supported by a near term fiscal boost from tax incentives for corporate investment under the One

Big Beautiful Bill Act of 2025. Although technology driven momentum is expected to moderate, it is still projected to provide a partial offset to lower immigration and moderating consumption.

In the euro area, growth is expected to remain steady at 1.3 percent in 2026 and to increase modestly to 1.4 percent in 2027. The slightly faster growth in 2027 reflects projected increases in public spending, particularly in Germany, alongside continued strong performance in Ireland and Spain. Overall, the forecast remains broadly unchanged from October, with the subdued growth outlook reflecting unresolved structural headwinds. The impact of the planned increase in defense spending is expected to materialize only in subsequent years, as commitments to reach target levels are phased in gradually through 2035. Compared with other regions, the euro area benefits less from the recent technology-driven investment boost. In addition, the lingering effects of persistently higher energy prices following Russia's invasion of Ukraine are expected to continue weighing on manufacturing, with additional pressure stemming from the real appreciation of the euro relative to the currencies of countries exporting similar products. In Japan, growth is projected to moderate from 1.1 percent in 2025 to 0.7 percent in 2026 and to 0.6 percent in 2027. This marks a small upward revision relative to the October figure, reflecting in part the fiscal stimulus package announced by the new government.

In emerging market and developing economies, growth is projected to remain just above 4.0 percent in both 2026 and 2027. Relative to the October forecast, China's growth in 2025 has been revised upward by 0.2 percentage point to 5.0 percent, reflecting the implementation of stimulus measures and additional policy bank lending for investment. Growth in China for 2026 has also been revised upward by 0.3 percentage point to 4.5 percent, as a result of lower effective US tariff rates on Chinese goods following the yearlong trade truce agreed in November, alongside stimulus measures assumed to be implemented over a two-year period. However, the economy's growth rate is expected to decelerate to 4.0 percent in 2027, as structural headwinds increasingly weigh on activity.

India Macroeconomic Analysis

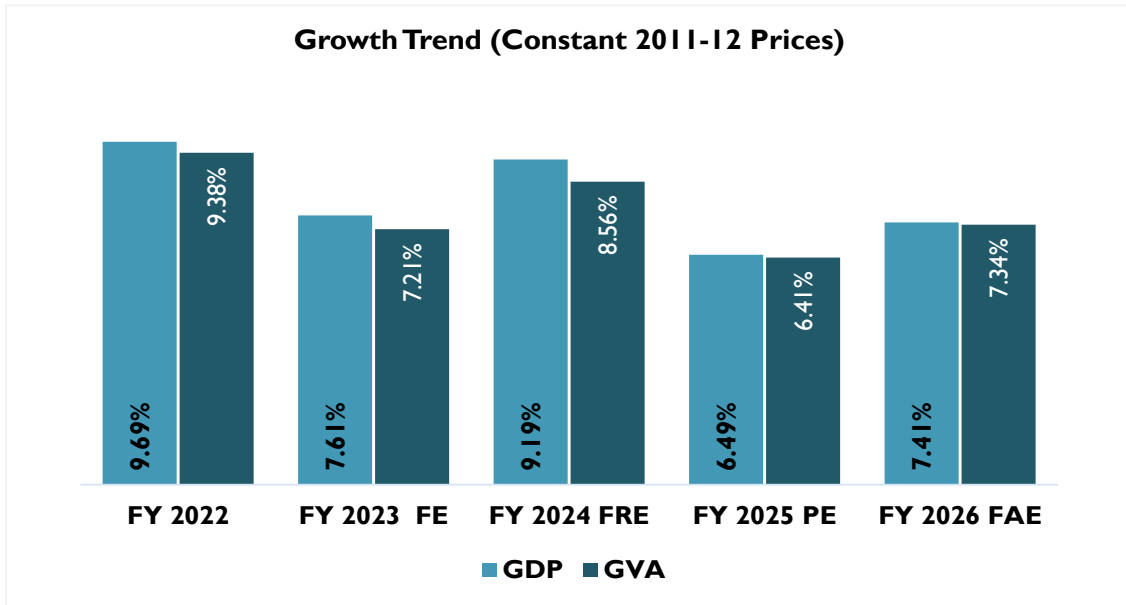
The International Monetary Fund (IMF) has revised upward India’s economic growth for CY 2025 by 0.7 percentage point to 7.3%. In its World Economic Outlook update, the IMF stated that the upward revision reflects strong growth momentum in the fourth quarter of the current fiscal year. At the same time, the IMF projects India’s growth at 6.4 percent in the CY 2026, noting that despite the expected moderation, India is expected to remain a key driver of growth among emerging market and developing economies. In addition, the IMF expects inflation in India to return to near-target levels following a marked decline in 2025, driven by subdued food prices, which is expected to provide further support to domestic demand. However, the IMF cautioned that AI-driven productivity gains could lead to a pullback in investment and tighter global financial conditions, with spillover effects for emerging economies.

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026 P	CY 2027 P
India	-5.8%	9.7%	7.6%	9.2%	6.5%	7.3%	6.4%	6.4%
China	2.3%	8.6%	3.1%	5.4%	5.0%	5.0%	4.5%	4.0%
United States	-2.2%	6.1%	2.5%	2.9%	2.8%	2.1%	2.4%	2.0%
Japan	-4.2%	2.7%	0.9%	1.4%	-0.2%	1.1%	0.7%	0.6%
United Kingdom	-10.3%	8.6%	4.8%	0.4%	1.1%	1.4%	1.3%	1.5%
Russia	-2.7%	5.9%	-1.4%	4.1%	4.3%	0.6%	0.8%	1.0%

Source: World Economic Outlook, January 2026

Historical GDP and GVA Growth trend

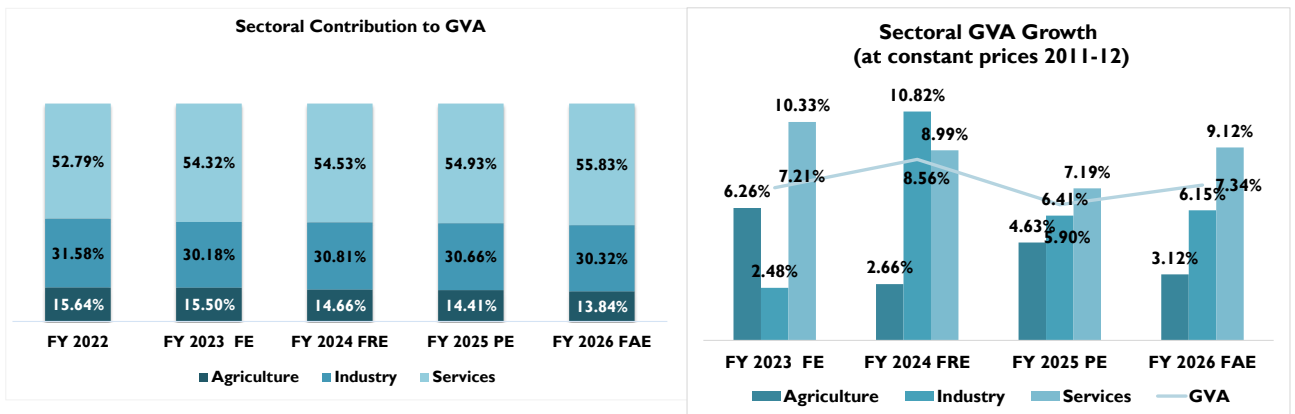
As per the latest estimates, India’s GDP at constant prices is estimated to grow to INR 2,018.9919 trillion in FY 2026 (First Revised Estimates) with the real GDP growth rates estimated to be 7.41% for FY 2026. Similarly, real Gross Value Added (GVA) growth stood is estimated to 7.34% in FY 2026. Even amidst global economic uncertainties, India’s economy exhibited resilience supported by robust consumption and government spending.



Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics: FY2025.

FE is Final Estimates, FRE is First Revised Estimate, PE is Provisional Estimates and FAE: First Advance Estimates

Sectoral Contribution to GVA and annual growth trend



Source: Ministry of Statistics & Programme Implementation (MOSPI)

FE is Final Estimates, FRE is First Revised Estimate, PE is Provisional Estimates and FAE: First Advance Estimates

Sectoral analysis of GVA reveals that the industrial sector experienced steady growth momentum in FY 2026, recording a 6.15% y-o-y growth against 5.90% year-on-year growth in FY 2025. Within the industrial sector, growth moderated across sub sector with mining, and construction activities growing by -0.69%, and 7.03% respectively in FY 2026, compared to 2.69%, and 9.35% in FY 2025. Growth in the utilities sector too moderated to 2.07% in FY 2026 from 5.88% in the previous year. The industrial sector's contribution to GVA moderated marginally from 30.66% in FY 2025 to 30.32% in FY 2026.

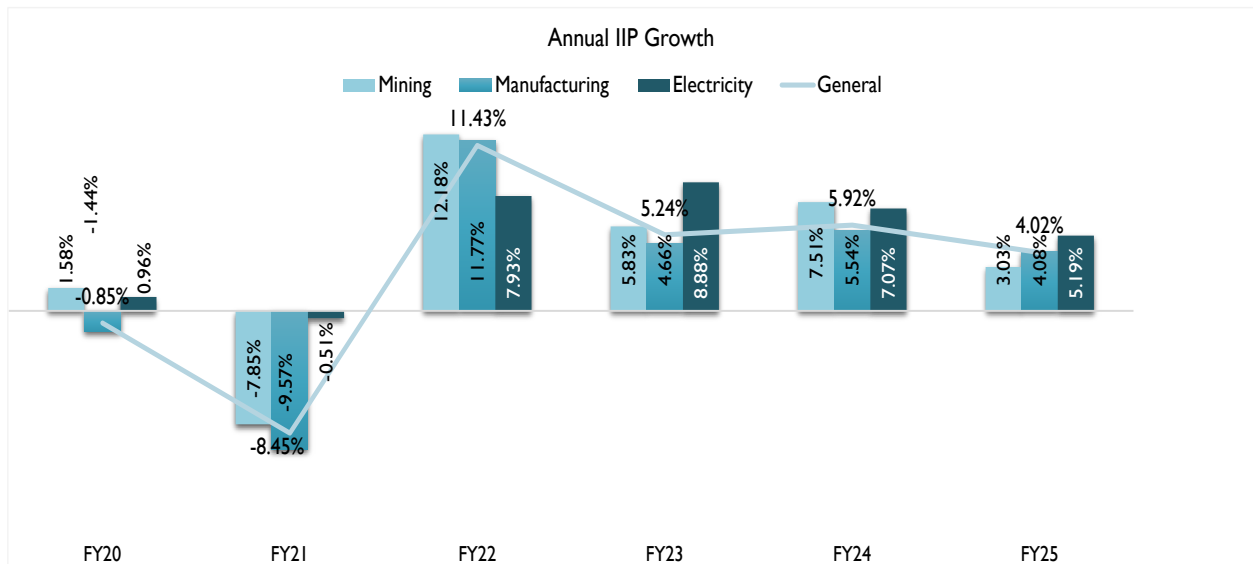
The services sector continued to be the main driver of economic growth. It expanded by 9.12% in FY 2026 from 7.19% in FY 2025. The services sector retained its position as the largest contributor to

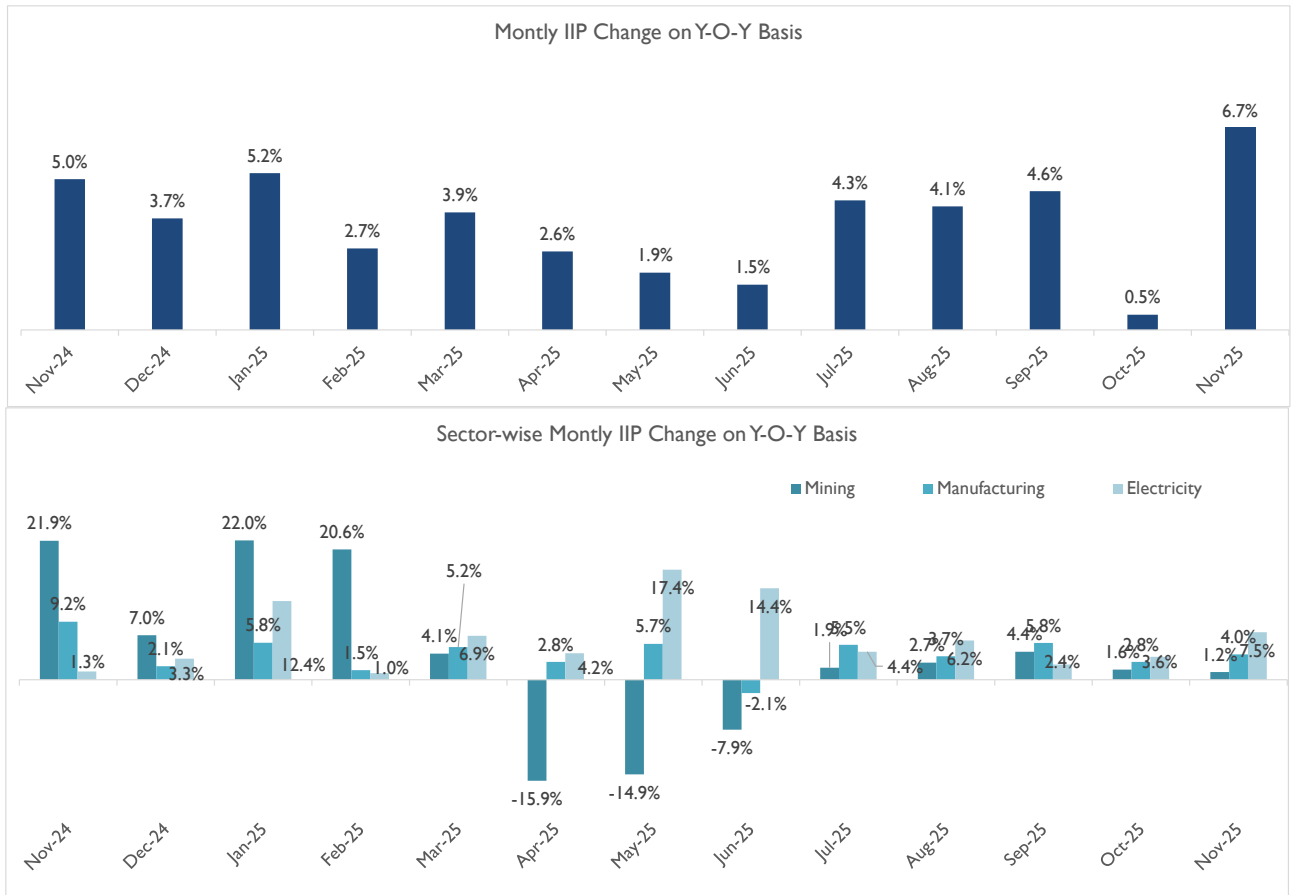
GVA, rising from 54.53% in FY 2024 to 54.93% in FY 2025, with a further increase to 55.83% in FY 2026.

The agriculture sector saw an acceleration, with growth increasing from 2.66% in FY 2024 to 4.63% in FY 2025. However, its contribution to GVA declined marginally from 14.41% in FY 2025 to 13.84% in FY 2026. Overall, Gross Value Added (GVA) growth rise to 7.34% in FY 2026 from 6.41% in FY 2025

Annual & Monthly IIP Growth

Industrial sector performance as measured by IIP index exhibited moderation in FY 2025, recording a 4.02% y-o-y growth against 5.92% increase in the previous year. The manufacturing index showed moderation and grew by 4.08% in FY 2025 against 5.54% in FY 2024. Mining sector index too moderated and exhibited a growth of 3.03% in FY 2025 against 7.51% in the previous years while the Electricity sector Index, also witnessed moderation of 5.19% in FY 2025 against 7.07% in the previous year.



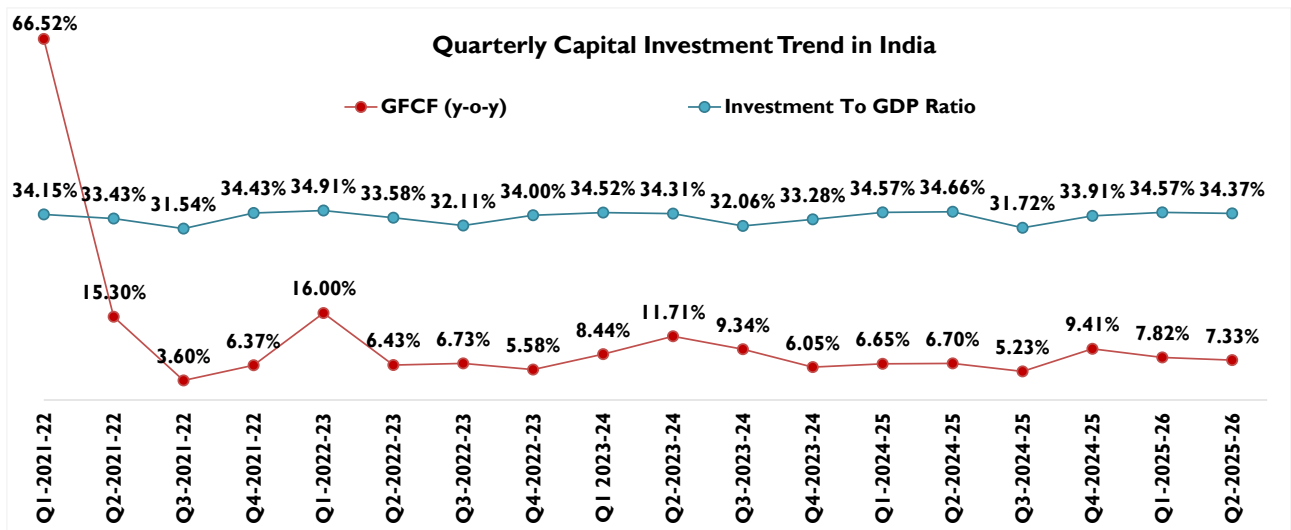
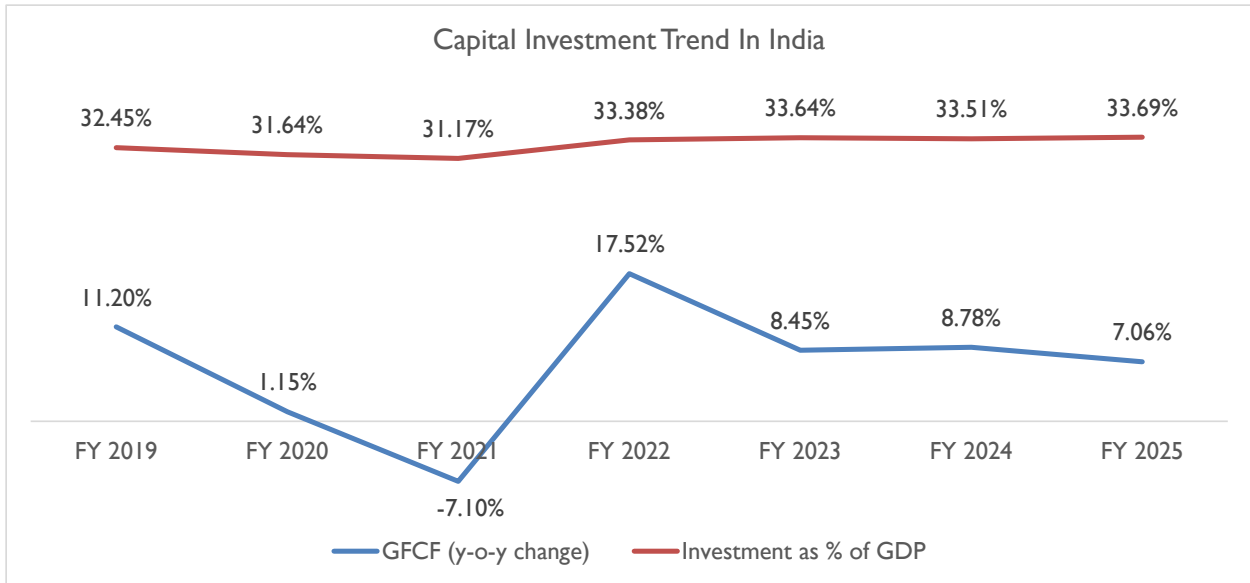


Source: Ministry of Statistics & Programme Implementation (MOSPI)

The IIP growth rate for the month of November 2025 is 6.7% which was 0.5% in the month of October 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of November 2025 were 5.4%, 8.0% and -1.5% respectively.

Annual and Quarterly: Investment & Consumption Scenario

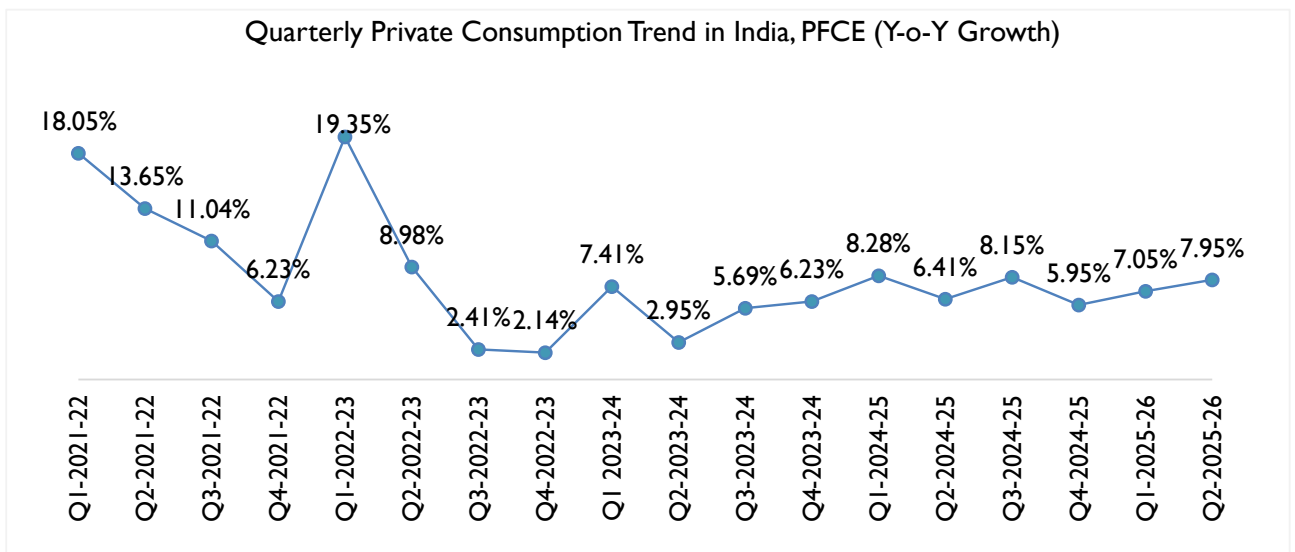
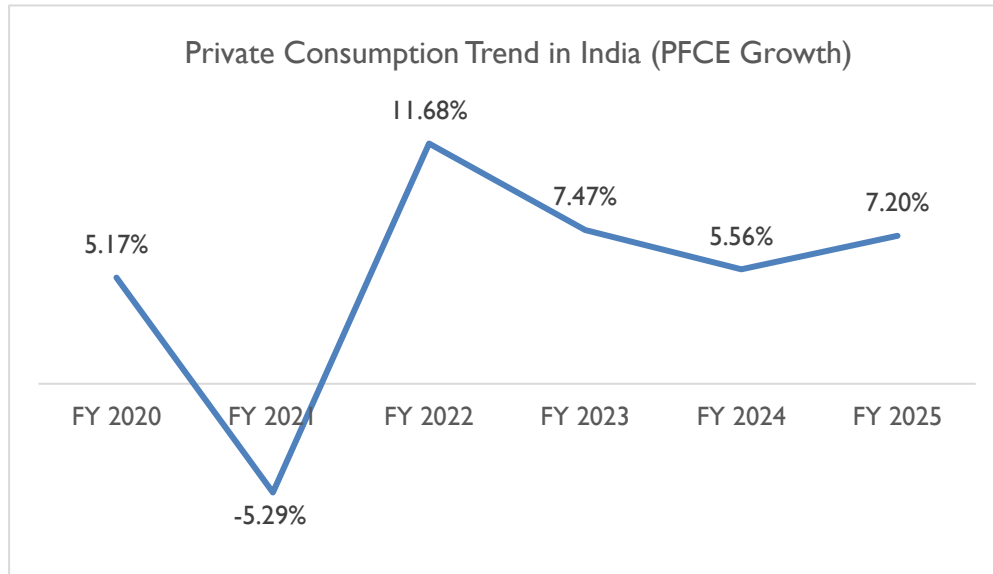
Other major indicators such as Gross fixed capital formation (GFCF), a measure of investments, has shown fluctuation during FY 2025 as it registered 7.06% year-on-year growth against 8.78% yearly growth in FY 2024, taking the GFCF to GDP ratio measured to 33.69%.



Source: Ministry of Statistics & Programme Implementation (MOSPI)

On a quarterly basis, GFCF showed a fluctuating trend in year-on-year growth. After a sharp spike of 66.52% in Q1 FY 2021-22, growth moderated significantly and remained volatile across subsequent quarters. In FY 2024, the growth rate eased to 6.05% in Q3 (Dec quarter) compared to 9.34% in Q2, as government capital spending slowed ahead of the 2024 general election. It improved slightly to 6.65% in Q1 FY 2024-25 but moderated again to 6.70% in Q2 and 5.23% in Q3, before rebounding to 9.41% in Q4. In Q2 FY 2025-26, growth stood at 7.33%, lower than the previous quarter. The GFCF to GDP ratio measured 34.37% in Q2 FY 2025-2026.

Private Consumption Scenario



Sources: MOSPI

Private Final Expenditure (PFCE) a realistic proxy to gauge household spending, observed growth in FY 2025 as compared to FY 2024. Quarterly Private Final Consumption Expenditure (PFCE) has reported 7.95% growth rate during Q2 of FY 2025-26 as compared to the 6.41% growth rate in the corresponding period of previous financial year.

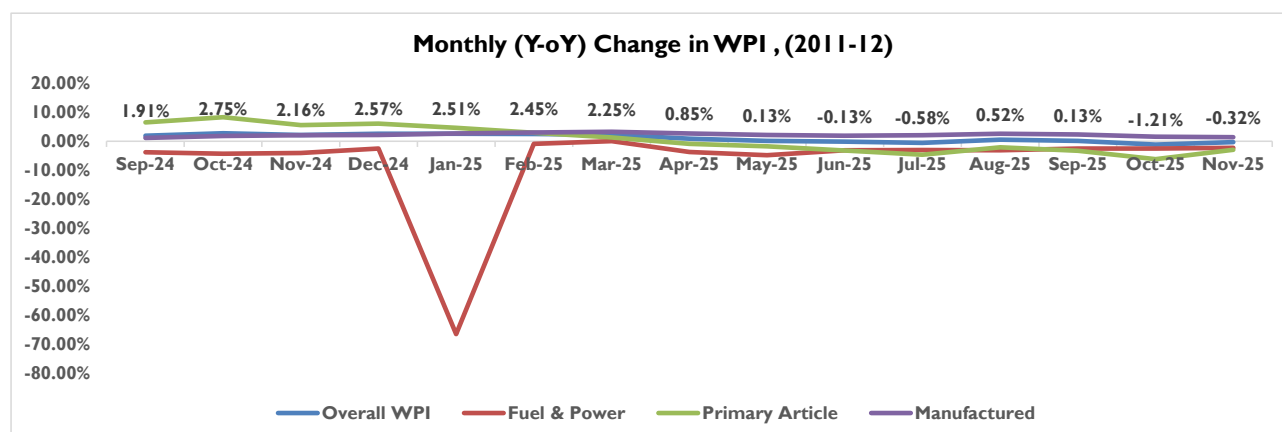
Inflation Scenario

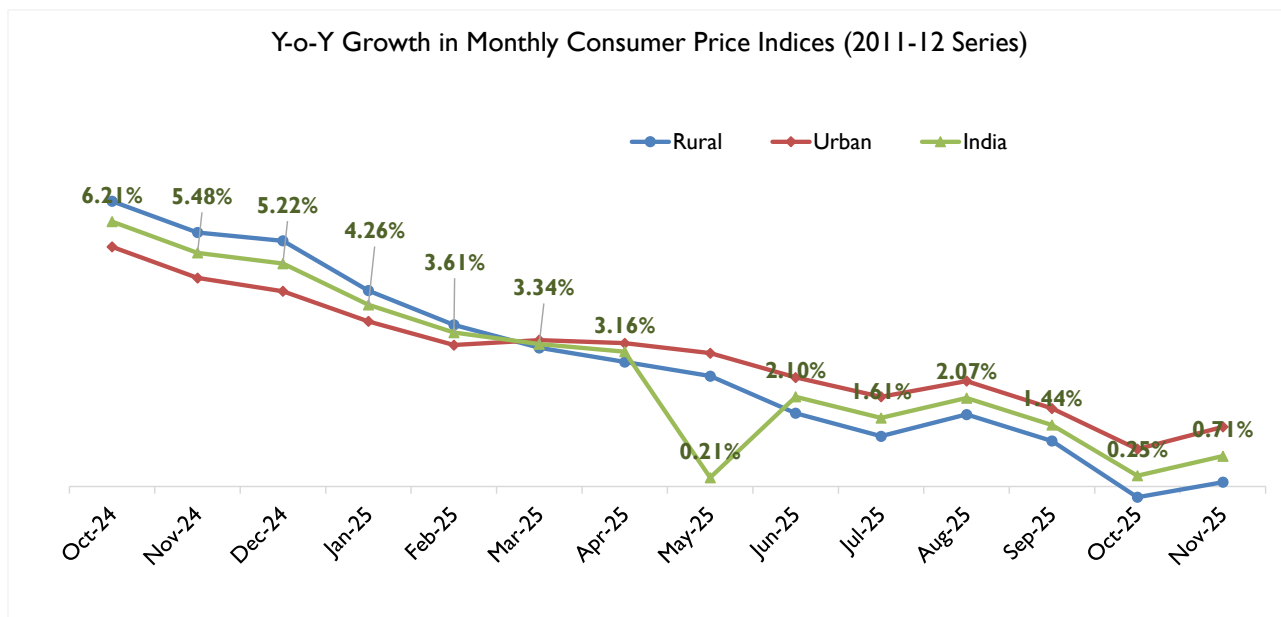
The annual rate of inflation based on All India Wholesale Price Index (WPI) number is (-) 0.32% (provisional) for the month of November 2025 (over November 2024). Negative rate of inflation in November 2025 is primarily due to decrease in prices of food articles, mineral oils, crude petroleum & natural gas, manufacture of basic metals and electricity etc.

Primary Articles (Weight 22.62%): The index for this major group increased by 2.07% from 188.2 (provisional) for the month of October 2025 to 192.1 (provisional) in November 2025. Moreover, the price of minerals (4.50%), food articles (2.50%) and non-food articles (1.28%) increased in November 2025 as compared to October 2025. However, the price of Crude Petroleum & Natural Gas (-1.62%) decreased in November 2025 as compared to October 2025.

Fuel & Power (Weight 13.15%): The index for this major group increased by 1.03% from 145.0 (provisional) for the month of October 2025 to 146.5 (provisional) in November 2025. Furthermore, the price of electricity (6.70%) increased in November 2025 as compared to October 2025. In contrast, the price of mineral oils (0.67%) decreased in November 2025 as compared to October 2025. The price of coal remained same as in the previous month.

Manufactured Products (Weight 64.23%): The index for this major group decreased by (-) 0.07% from 145.1 (provisional) for the month of October 2025 to 145.0 (provisional) in November 2025. In addition, out of the 22 NIC two-digit groups for manufactured products, 14 groups witnessed a decrease in prices, 7 groups witnessed an increase in prices and 1 group witnessed no change in prices. Some of the important groups that showed month-over-month decrease in prices were manufacture of fabricated metal products, except machinery and equipment; food products; other non-metallic mineral products; computer, electronic and optical products and chemicals and chemical products etc. Conversely, some of the groups that witnessed an increase in prices were other manufacturing; machinery and equipment; textiles; electrical equipment and wearing apparel etc. in November 2025 as compared to October 2025.

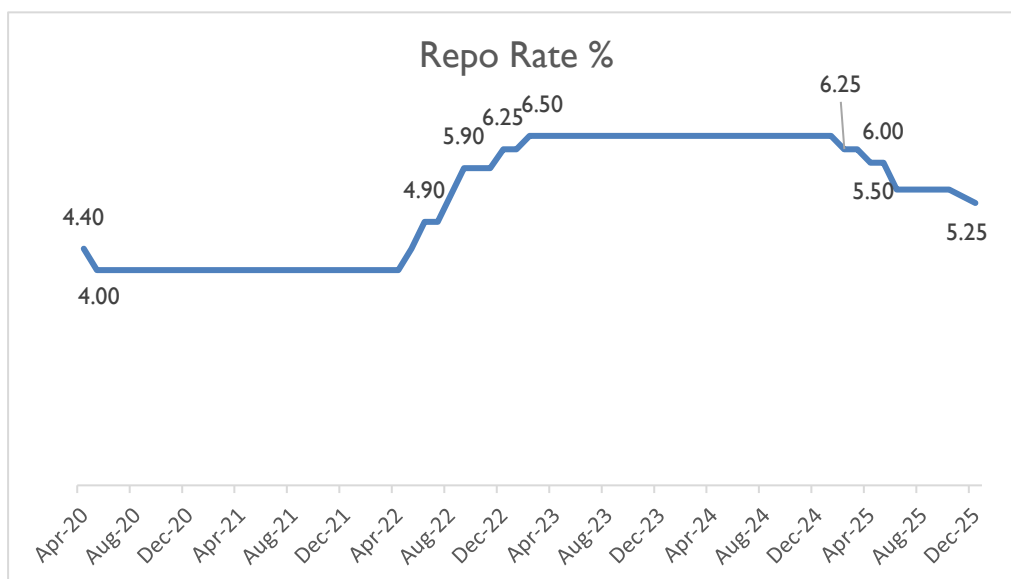




Source: MOSPI, Office of Economic Advisor

Retail inflation rate (as measured by the Consumer Price Index) in India showed notable fluctuations between November 2024 and November 2025. Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of November 2025 over November 2024 is 0.71% (Provisional). Moreover, there is an increase of 46 basis points in headline inflation of November 2025 in comparison to October 2025.

Rural Inflation: An increase in headline and food inflation in the rural sector is observed in November 2025. The headline inflation is 0.10% (Provisional) in November 2025 while it was -0.25% in October 2025. Furthermore, in urban inflation, an increase from 0.88% in October 2025 to 1.40% (Provisional) in November 2025 is observed in headline inflation of the urban sector. In addition, an increase is also observed in food inflation from -5.18% in October 2025 to -3.60% (Provisional) in November 2025. As part of its anti-inflationary stance, the Reserve Bank of India (RBI) hiked the repo rate by 250 basis points between May 2022 and 8 February 2023, holding it steady at 6.50% until January 2025. On 5 December 2025, the RBI reduced the repo rate by 25 basis points, bringing it to 5.25%.



Sources: CMIE Economic Outlook

Growth Outlook

The Union Budget 2025-26 has laid the foundation for sustained growth by balancing demand stimulation, investment promotion and inclusive development. Inflation level is reaching within the central bank's target; the RBI may pursue further monetary easing that will support growth. The medium-term outlook is bright, fuelled by the emphasis on physical and digital infrastructure spending. With a focus on stimulating demand, driving investment and ensuring inclusive development, the budget introduces measures such as tax relief, increased infrastructure spending and incentives for manufacturing and clean energy. These initiatives aim to accelerate growth while maintaining fiscal discipline, reinforcing India's long-term economic resilience. The expansion of tax relief i.e zero tax liability for individuals earning up to INR 12 lacs annually under the new tax regime is expected to strengthen household finances and, consequently, boost consumption.

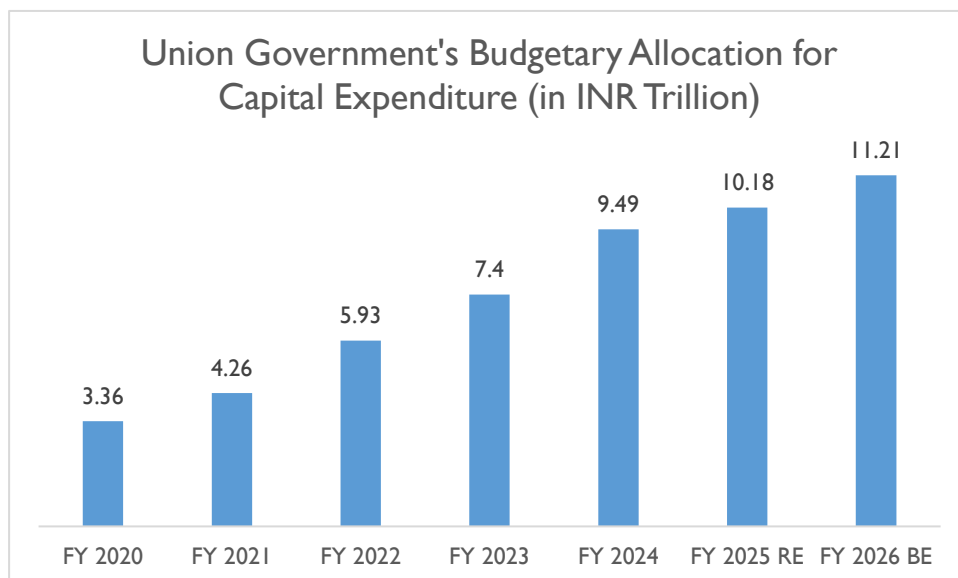
The external sector remains resilient, and key external vulnerability indicators continue to improve. However, tariff-related uncertainty is likely to weigh on exports and investment, prompting us to cut our CY26 GDP growth forecast to 6.4%.

Some of the key factors that would propel India's economic growth.

Government focus on infrastructure development

Infrastructure development has remained recurring theme in India's economic development. As India aims to grow to a USD 5 trillion economy by 2027, Construction sector that include Infrastructure construction will be critical for boosting economic growth as it is the key growth enabler for several other sector. Infrastructure development provides impetus to other sectors like cement, bitumen, iron and steel, chemicals, bricks, paints, tiles, financial services among others. A unit increase in expenditure in construction sector has a multiplier effect on other sectors with a capacity to generate income as high as five times in other sectors. The sector enjoys intense focus from the Government which is well reflection in higher budgetary allocations. To push the infrastructure development, government has also announced higher budgetary allocation, various arrangement for raising funds through road asset monetization plan and converting of NHAI's existing InvIT into a public one is also planned. With economic targeting to reach USD 5 trillion economy by 2027, demand for various infrastructure facilities such as power, cargo movement, passenger movement is likely to grow which necessitate steady capacity addition in infrastructure facilities.

The launch of flagship policies like National Infrastructure Pipeline (NIP), and PM Gati Shakti plan have provided the coordination & collaboration that was lacking earlier. Both NIP and PM Gati Shakti are ambitious billion-dollar plans that aim to transform India's infrastructure, elevating it to the next level. These projects are expected to improve freight movement, debottleneck the logistics sector, and improve the industrial production landscape, which would provide the incremental growth in GDP.



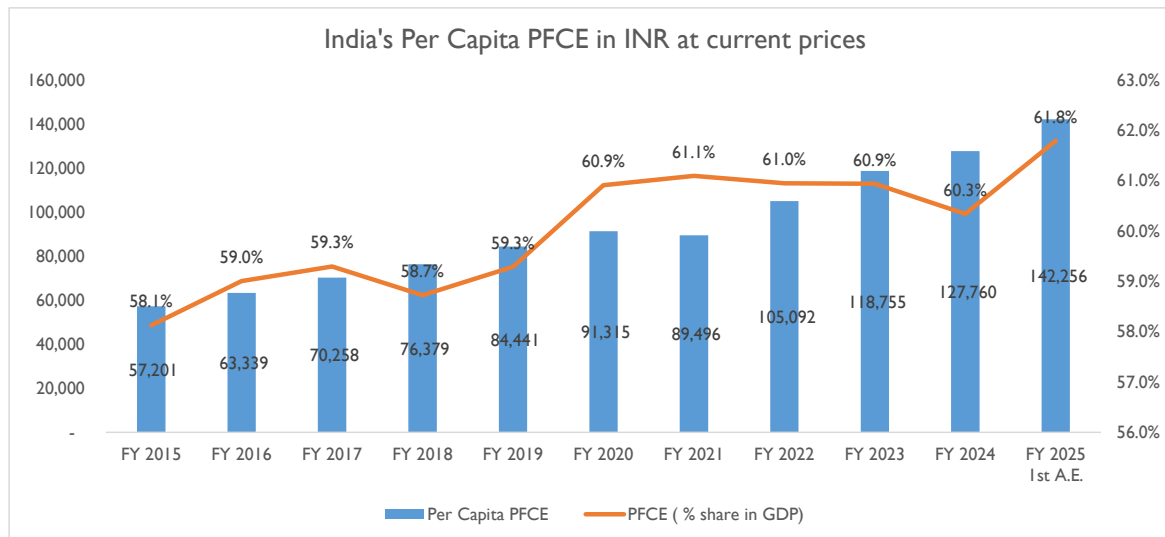
Source: Union Budget, Government of India

Development of Domestic Manufacturing Capability

The Government launched Production Linked Incentive (PLI) scheme in early 2020, initially aimed at improving domestic manufacturing capability in large scale electronic manufacturing and gradually extended to other sectors. At present it covers 14 sectors, ranging from medical devices to solar PV modules. The PLI scheme provides incentives to companies on incremental sales of products manufactured in India. This incentive structure is aimed to attracting private investment into setting up manufacturing units and thereby beef up the domestic production capabilities. The overall incentives earmarked for PLI scheme is estimated to be INR 2 trillion. If fully realizing the PLI scheme would have the ability to add nearly 4% to annual GDP growth, by way of incremental revenue generated from the newly formed manufacturing units.

Strong Domestic Demand

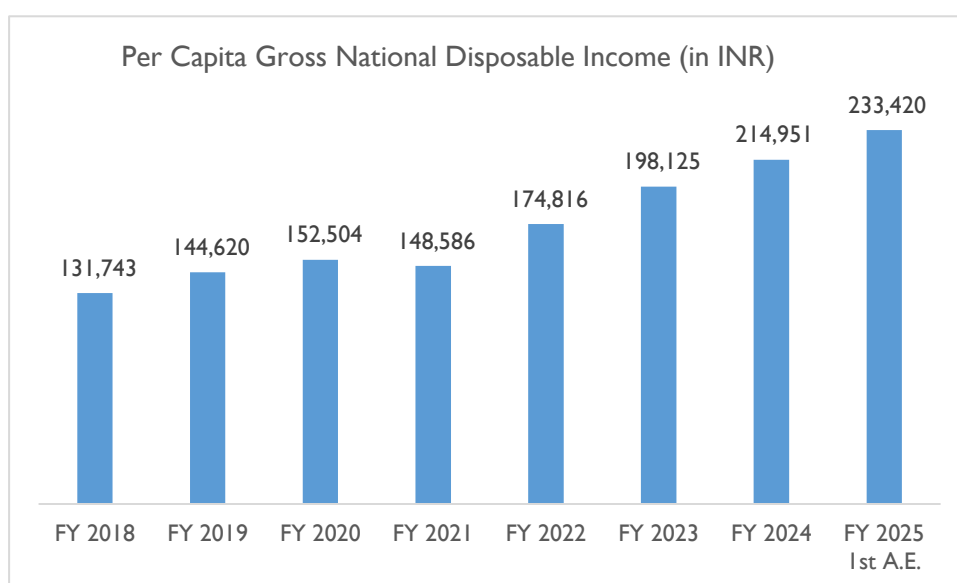
Domestic demand has traditionally been one of the strong drivers of Indian economy. After a brief lull caused by Covid-19 pandemic, the domestic demand is recovering. Consumer confidence surveys by Reserve Bank / other institutions are points to an improvement in consumer confidence index, which is a precursor of improving demand. India has a strong middle-class segment which has been the major driver of domestic demand. Factors like fast paced urbanization and improving income scenario in rural markets are expected to accelerate domestic demand further. This revival is perfectly captured by the private final consumption expenditure (PFCE) metric. The PFCE at current prices is on steady rise from FY 2022 onwards. Between FY 2015-25, PFCE in India has improved by nearly 2.5 times its share in GDP has increased from 58.1% to about 61.8% in FY 2025 (as per the first advance estimates).



Source: Ministry of Statistics & Programme Implementation (MOSPI)

There are two factors that are driving this domestic demand: One the large pool of consumers and second the improvement in purchasing power.

- The share of middle class increased from nearly 14% in 2005 to nearly 30% in 2021 and is expected to cross 60% by 2047¹. This expanding middle class household segment is fuelling India's growth story and would continue to play a key role in propelling India's economic growth.
- Consumer driven domestic demand is majorly fuelled by this growth in per capita income. As per National Statistics Office (NSO), India's per capita net national income (at constant prices) stood at INR 106,744 in FY 2024 against INR 99,404 in FY 2023 and INR 87,586 in FY 2018. This increase in per capita income has impacted the purchasing pattern as well as disposable income. The disposable income during the FY 2018-25 has increased from INR 131,753 to INR 233,420, increasing at CAGR 8.5% while in FY 2025 it is estimated to grow at 8.59% on year-on-year basis in FY 2025 against 8.49% in FY 2024.



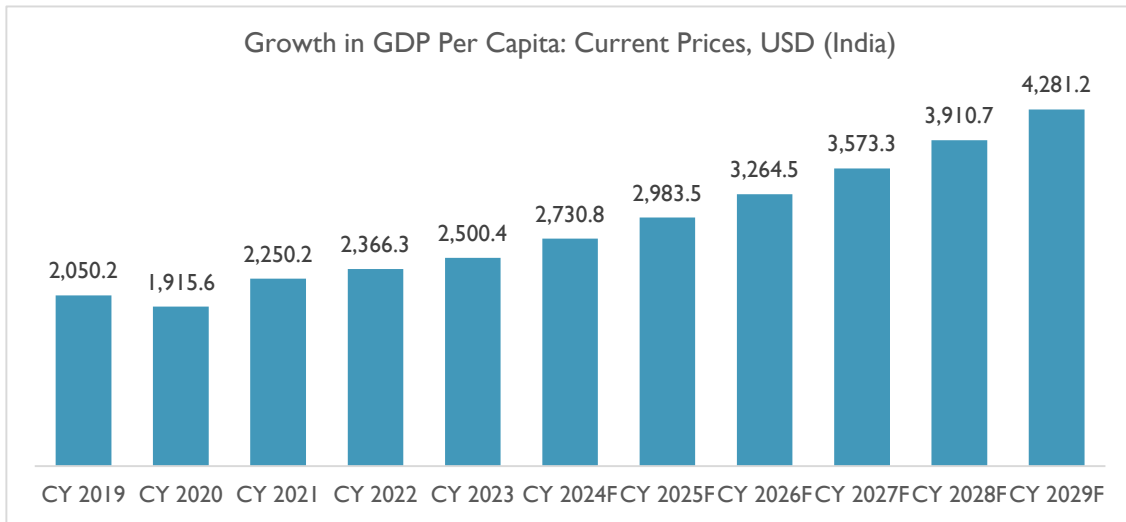
Source: Ministry of Statistics & Programme Implementation (MOSPI)

India's Per capita GDP trends

India is poised to become the world's third-largest economy with a projected GDP of USD 5 trillion within the next three years, driven by ongoing reforms. As one of the fastest-growing major economies, India currently holds the position of the fifth-largest economy globally, following the US, China, Japan, and Germany. By 2027-28, it is anticipated that India will surpass both Germany and Japan, reaching the third-largest spot. This growth is bolstered by a surge in foreign investments and a wave of new trade agreements with India's burgeoning market of 1.4 billion people. The aviation industry is witnessing unprecedented orders, global electronics manufacturers are expanding their production capabilities, and suppliers traditionally concentrated in southern China's manufacturing hubs are now shifting towards India.

¹ As per the survey conducted by People Research on India's Consumer Economy. Households with annual income in the range of INR 5 – 30 lakh is considered as middle-class households.

To achieve its vision of becoming the world’s third-largest economy by 2027-28, India will need to implement transformative industrial and governmental policies. These policies will be crucial for sustaining the consistent growth of the nation's per capita GDP over the long term.

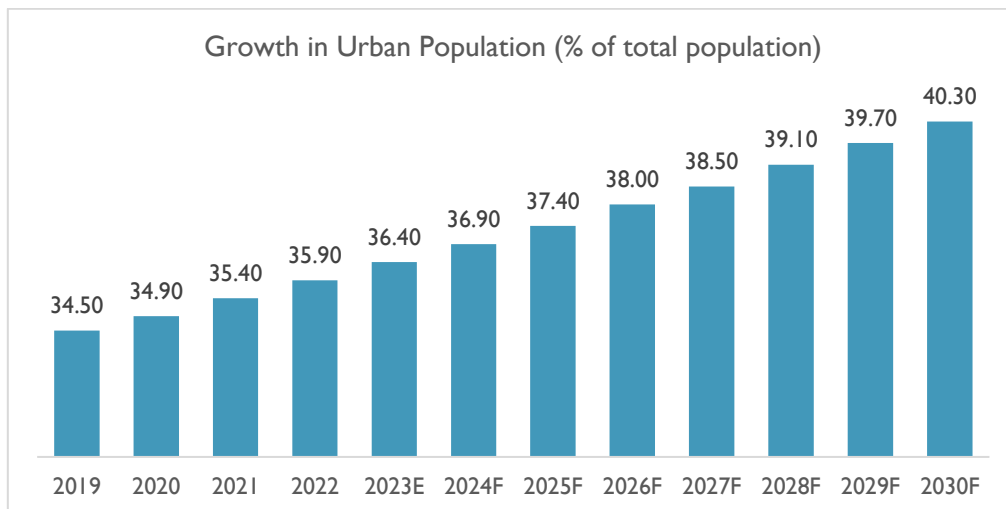


Source: IMF

From CY 2024-29, India’s per capita GDP is projected to grow at a compound annual growth rate of 9.4%. This growth will be driven by the service sector, which now accounts for over 50% of India's GDP, marking a significant shift from agriculture to services.

Increasing Urbanization

As per the handbook of urban statistics 2022, India's urban population has been on a steady rise, with urban dwellers accounting for over 469 million in 2021, is projected to soar to over 558 million by 2031 and further exceed to 600 million by 2036.



Source: World Bank² D&B Research and Estimates

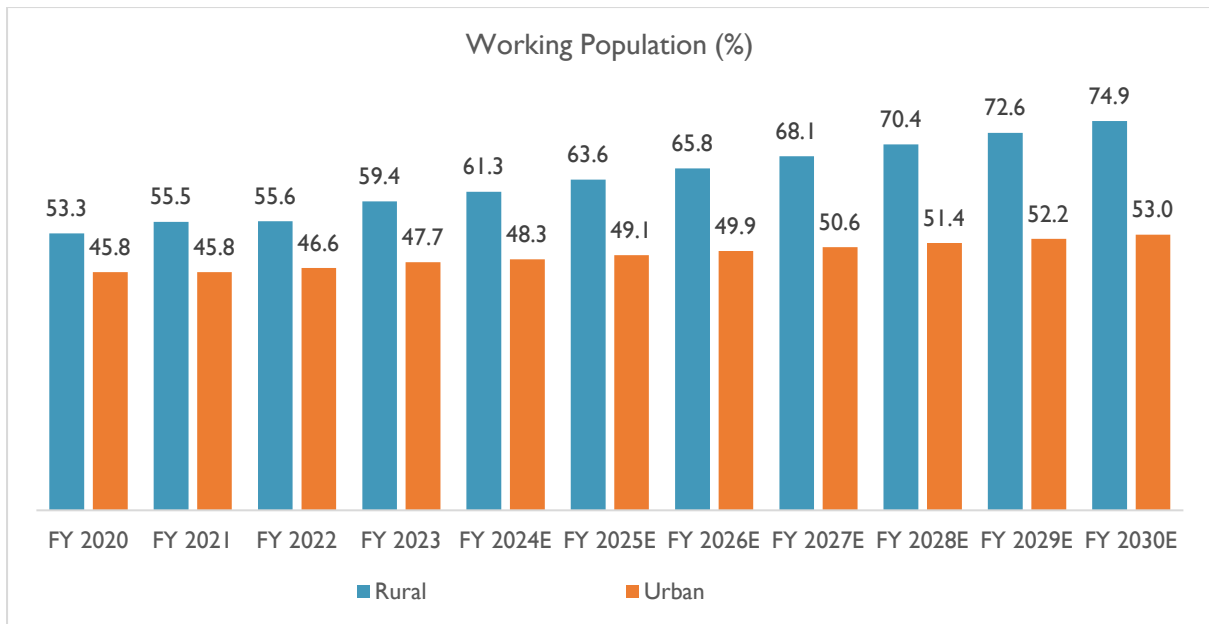
The share of urban population in total population has been quickly escalating. In 2019, 34.5% of the total population was urban. By 2023, this is estimated to have reached to 36.4%, showing an increment of 2.1% in a span of four years. The share of urban population is further forecasted to cross 40% by 2030. This increase in urban population is set to demand drastic changes in infrastructure development. Cities are a major driver for the construction industry. With cities expanding rapidly, there will be an increased need for improved housing, water supply, sewage systems, and electricity. Urban planning will need to account for higher population densities, necessitating the development of smart cities with integrated technology for efficient management of resources and services. The Smart Cities Mission targeted at 100 cities is aimed at improving the quality of life through modernized/ technology driven urban planning. This transformation will also require significant investment in public health, education, and recreational facilities to enhance the quality of urban living. The surge in urban population will also propel demand for improvement in multimodal transport infrastructure for freight and passenger travel requirement..

Rural Vs Urban Working Population Age Group

As India continues to experience economic growth and development, the working population in both rural and urban areas is increasing. In case of urban population, this growth is marked from a share of 45.8% in FY20 to 47.7% in FY23, whereas in rural areas, it grew from 53.3% in FY20 to 59.4% in FY23.

This growth is driven by a combination of factors, including demographic changes, economic policies, and the expansion of various industries. The rise in employment opportunities across sectors such as agriculture, manufacturing, services, and information technology has contributed to the overall increase in the working population, thereby fostering economic stability and enhancing the standard of living for many Indians.

²<https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?end=2022&locations=IN&skipRedirection=true&start=1960&view=chart>

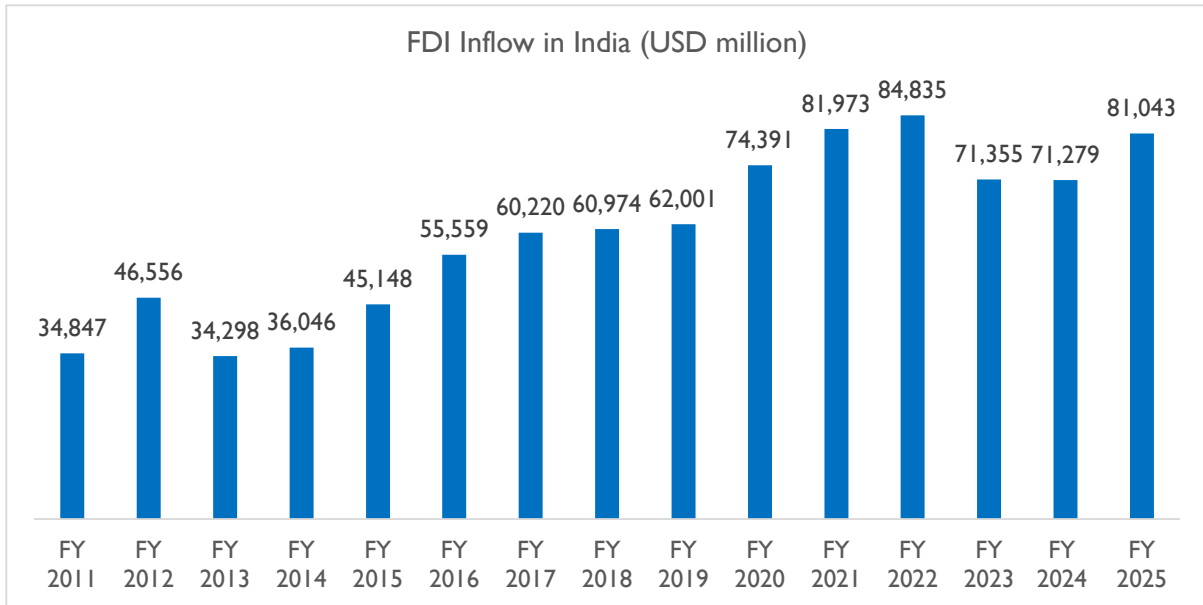


Source: Periodic Labour Force Survey (PLFS) Annual Report 2022-2023, D&B Research and Estimates

In urban areas, the working population is growing rapidly due to the proliferation of jobs in sectors like IT, finance, retail, and healthcare. Additionally, the development of infrastructure, such as improved transportation networks and housing, has made urban centres more accessible and desirable for the working population. In rural areas, the working population remains substantial, primarily due to the dominance of the agricultural sector. Government initiatives aimed at rural development, such as improved access to education and skill development programs, have also played a crucial role in enhancing employment prospects in these regions. The dominance of the rural working population over their urban counterparts can be attributed to the agricultural sector's labour-intensive nature ensures a consistent demand for human labor despite advancements in mechanization, sustaining employment rates in rural areas.

Foreign Direct Investment Trend in India

FDI inflow in India has observed a steady increase between FY 2013 till FY 2022 while it witnessed a decline of 15% in FY 2023 and of -0.1% in FY 2024 due to several factors, including the ongoing conflict between Russia and Ukraine, changes in US monetary policy, and other global uncertainties. However, the country has received substantial FDI inflow between from April 2011-March 2025. This increasing FDI can be attributed to the new investment facilitation measures like the National Single-Window System (NSWS), which streamlines the approval and clearance process for investors, entrepreneurs, and businesses sectoral along with PLI schemes, emerging growth prospects in tier-2 and tier-3 cities. Further, tax compliance for startups and foreign investors have been simplified where the Income Tax Act, 1961 has been amended in 2024 to abolish angel tax and to reduce income tax rate chargeable on income of a foreign company.



Sources: Department for Promotion of Industry and Internal Trade

- As per World Investment report 2025, India ranking improved by one position to rank 15th place for global FDI destinations, attracting USD 27.6 billion as an FDI destination in 2024, up from 16th in 2023.
- India ranked as the 4th largest recipient of greenfield projects with 1,080 greenfield projects in 2024 announcements, as per the World Investment Report 2025.

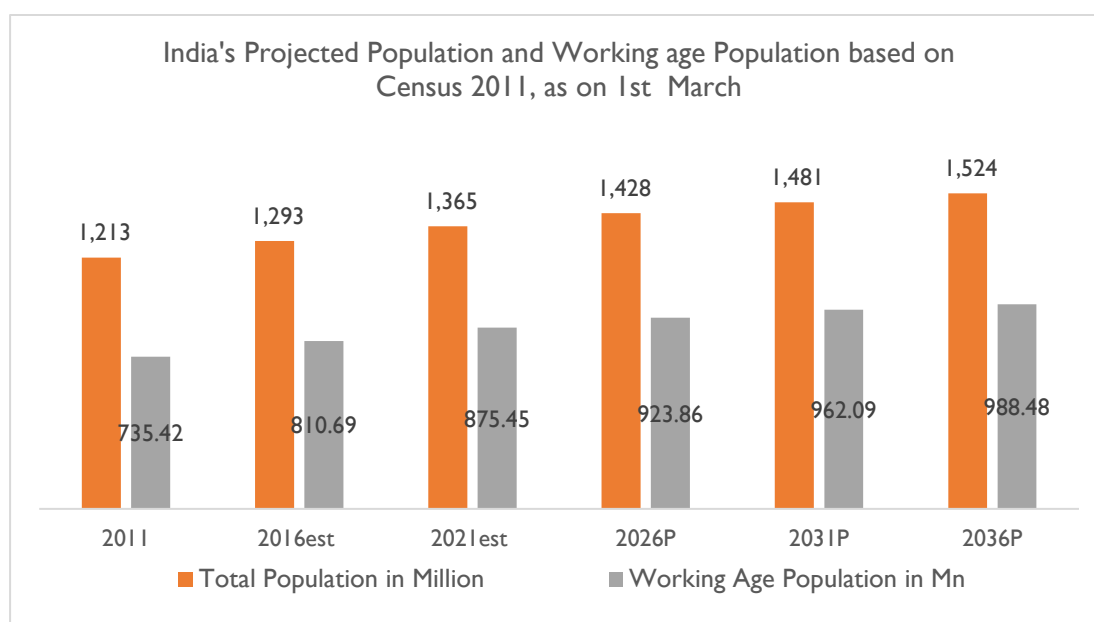
Labour Market Scenario in India

A labour market, also referred as the job market is a significant component of any economy and is closely linked to the finance, commodities, and services markets. Labour market relates to the supply and demand for labour in any country where the supply is provided by the workers and demand by the employers.

An employed workforce key feature is broadly analysed based on following:

- Nature of employment, (Agriculture, Factory or Service sector employee)
- Employment in informal and formal
- Status of employment (Salary, Contract, Self-employed)
- Based on urban and rural divide,
- Based on gender i.e Male and Female
- Based on education and skill level like skilled, semi-skilled and unskilled,

India's employment landscape is experiencing a notable structural on the back of slew of structural economic reforms, technological advancements, and an emphasis on skill development which remains crucial for productive employment generation.

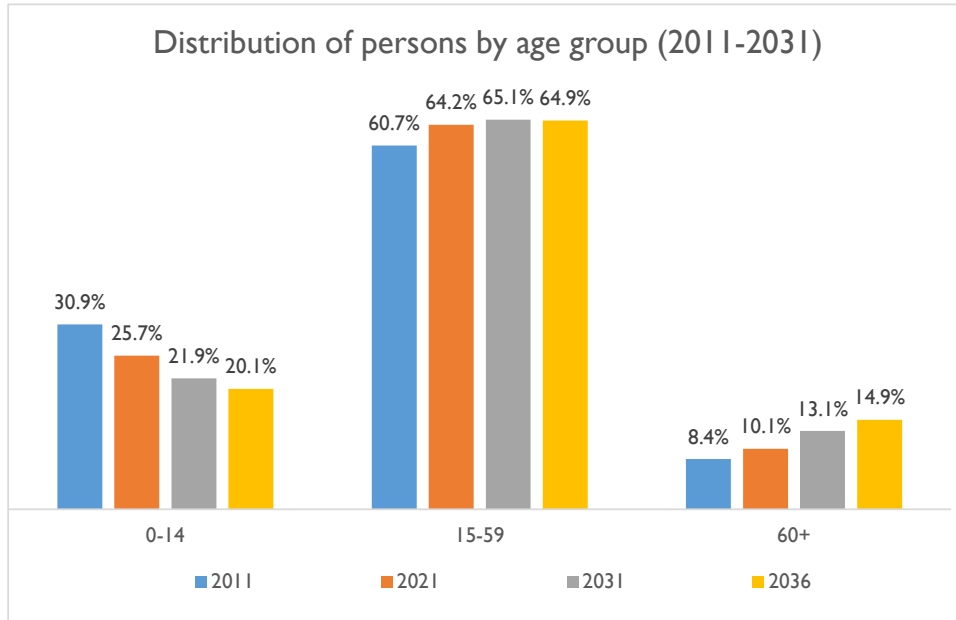


Sources: Population Statistics

In India, people aged between 15 to 59 years are typically considered working age population. According to census data, this employable population has experienced a 1.8% growth between 2011 and 2021. This increase far exceeds the growth in India's general population for the same period of 1.2% CAGR. With largest population base in the world (1.43 Bn in 2023³), the country has one of the

³ <https://data.worldbank.org/indicator/SP.POP.TOTL?locations=IN>

world's largest workforces (including employed and those who are seeking employment). Based on 2011 census, the country total working age population is estimated to have grown from 735.42 Mn in 2011 to 875.45 Mn population in 2021, with share of workforce in the country's total population increasing from 60.75% in 2011 to 62.8% in 2021.

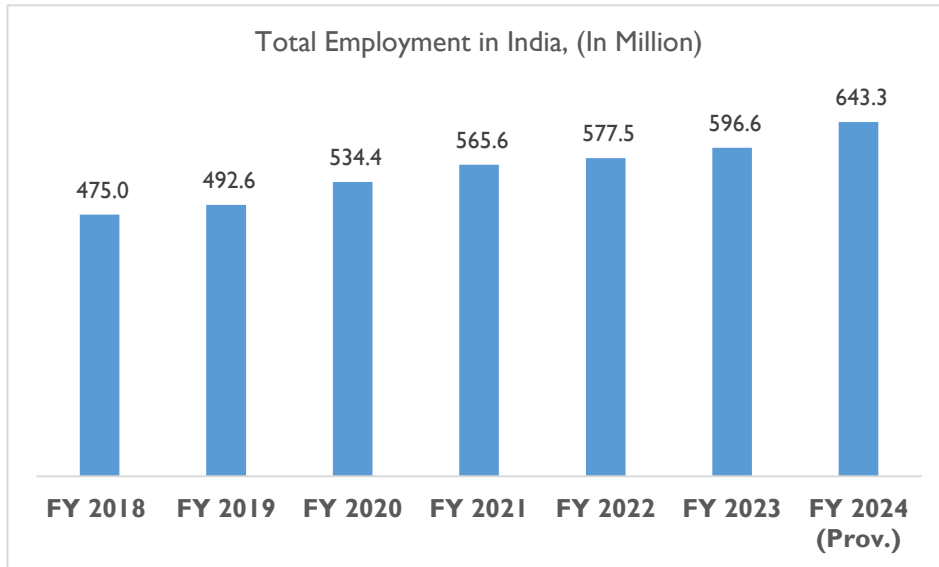


Sources: Census, O/o RGI; Report of the Technical Group on Population Projections for India and States 2011-2036, Ministry of Health & Family Welfare, July 2020

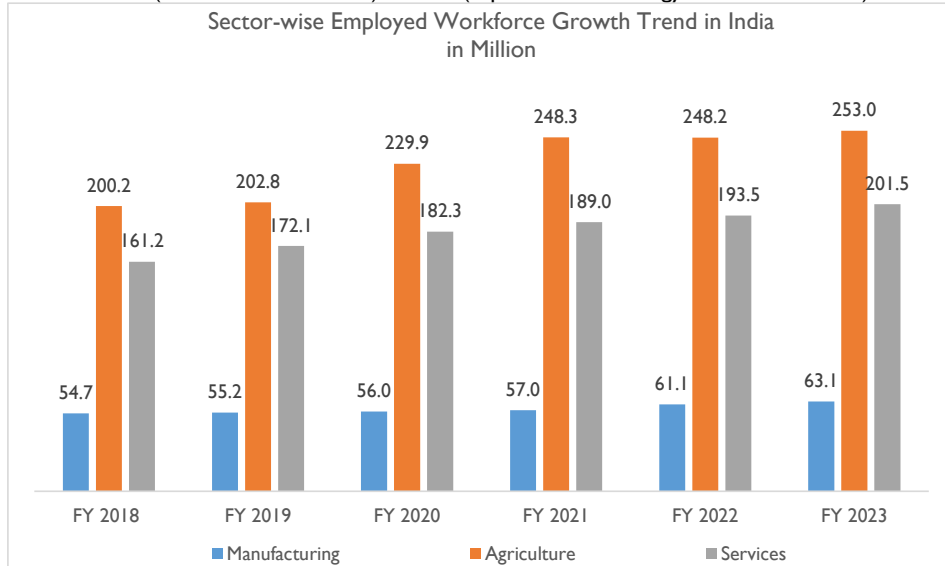
Given the changing age composition, India's working-age population is projected to increase through 2036. As per the Report of the Technical Group on Population Projections for India and States 2011-2036, India's working age population is expected to increase over the years and would reach 988.5 million in 2036 with its share in total population reaching the at peak in 2031 and the diminishing marginally by in 2036 to 64.9%. A large proportion of the Indian population is of working age, the country is expected to remain in potential demographic dividend zone for at least another decade. Most of the India's population is therefore potentially employable. They can be imparted with the training and skill development to make them attractive to employers.

Employment Scenario

Economic growth positively contributes to a job creation. At aggregate level, the steady economic growth in India has translated into an increasing employment. As per provisional data share by RBI, India's employed work force increased to 643.3 Mn in FY 2024, marking an annual addition of 46.7 million jobs during fiscal year 2024 while between FY 2018-2024, 168.34 Mn job have been created. The number of employed workforces has exhibited a steadily increase between FY 2018-24. As per RBI's data, India employment grew by 6% in FY 2024 against 3.2% growth in FY 2023.



Sources: RBI's (Reserve Bank of India) KLEMS (capital, labour, energy, material, services) database



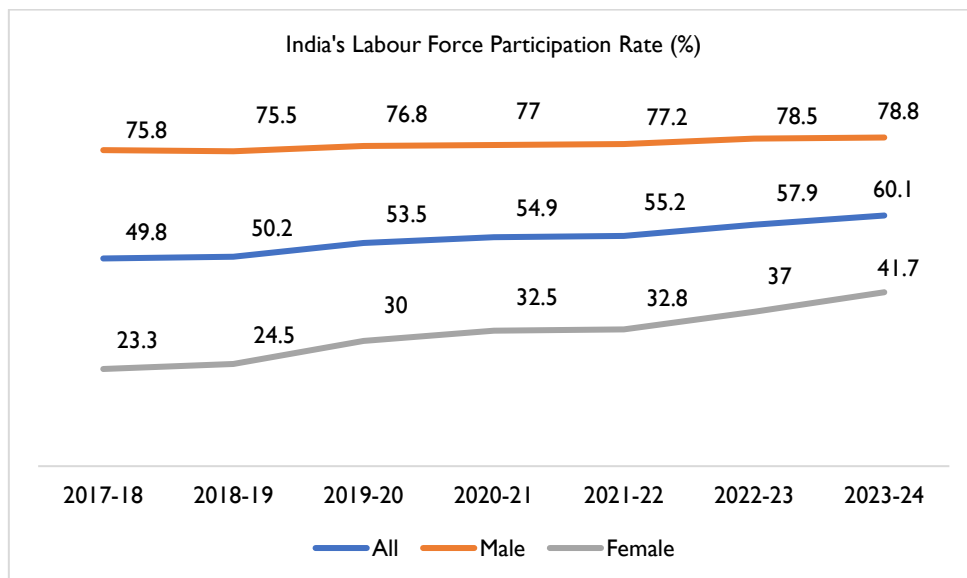
Sources: RBI's (Reserve Bank of India) KLEMS (capital, labour, energy, material, services) database

The RBI KLEMs data also reveals, majority of the employed- workforce in India is still dependent on agriculture which contributes lowest to the country's GVA (measured at about 14-15%). The agriculture sector observed highest addition happening followed by services and Manufacturing where 52.79 million, 40.31 million and 8.48 million jobs were created between FY 2018 and FY 2023, respectively. The employed workforce in agriculture, services and manufacturing sector grew at 4.8%, 4.6% and 2.9% CAGR during the above period, respectively. On annual basis, services sector observed highest annual addition in job to the tune of 8 million in FY 2023 followed by agriculture (4.8 million) and services (8 million), registering an employment growth of 3.3%, 1.9% and 2.7% during FY 2023, respectively.

Labour Market trend in India as per Periodic Labour Force Survey (PLFS)⁴

As per PLFS annual data, Indian labour market indicators have improved in the last six years. According to the annual Periodic Labour Force Survey (PLFS) report, there is a significant surge in the all-India all-person labour force participation rate (LFPR)⁵, jumping from 49.8% in 2017-2018 to 60.1% in 2023-24.

Within urban areas, while the LFPR for males has remained steady at 74.5%, there has been a noteworthy surge in female LFPR, soaring from 20.4% in 2017-2018 to 28.0% in 2023-2024 an impressive 7.6% increase. Considering India's working-age population of 1 billion, divided with a 52:48 male-female ratio, this growth trajectory equates to a male workforce expansion of 5.7 million and a staggering 36.5 million increase in the female workforce.

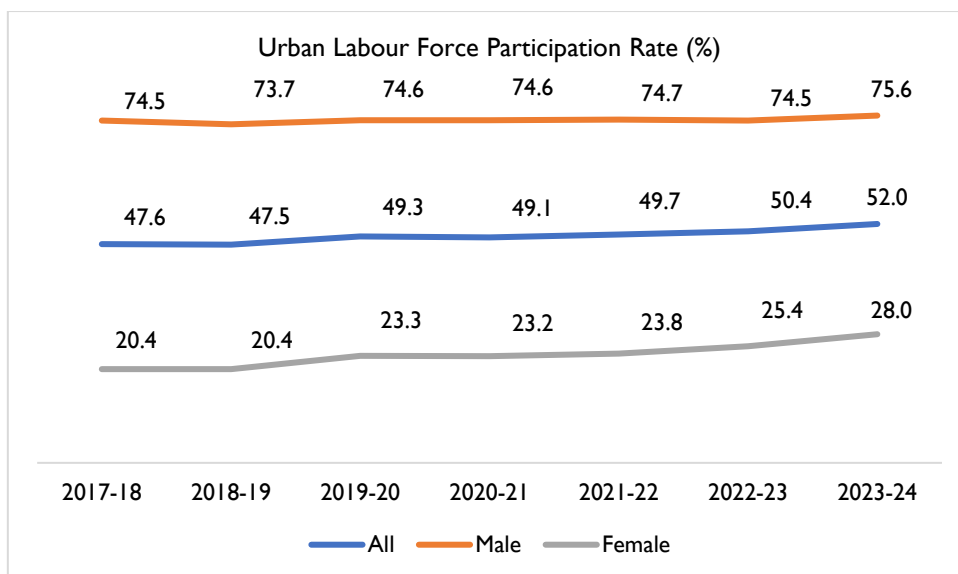


Source: National Sample Survey Office: Periodic Labour Force Survey 2023-24

Moreover, the urban all-person LFPR witnessed a rise from 47.6% to 52% during the same period, marking a 1.5% increase. These statistics show a fundamental shift in the composition and engagement of the workforce, particularly within urban settings, indicating a surge in employment opportunities and economic activity.

⁴ An official data source on Employment and Unemployment is conducted by the Ministry of Statistics and Programme Implementation (MoSPI) since 2017-18. Annual Period is July to June

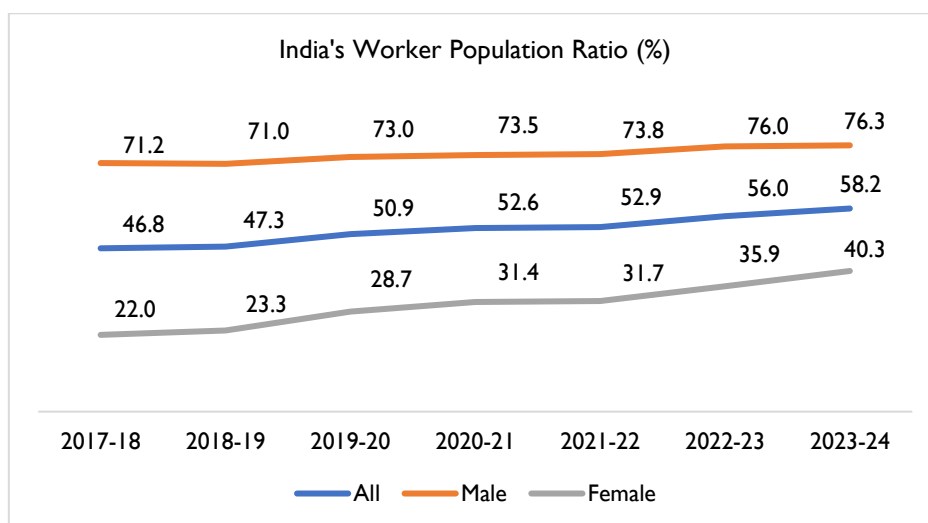
⁵ Labour Force Participation Rate (LFPR): The percentage of people in the population who are working, seeking work, or available for work.



Source: National Sample Survey Office: Periodic Labour Force Survey 2023-24

Increasing Worker Population Ratio (WPR)

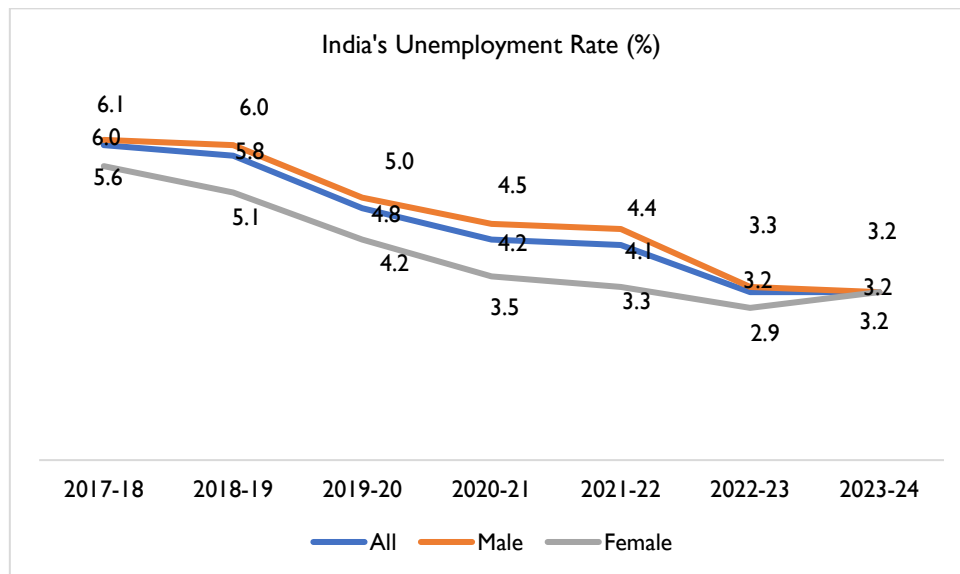
India’s workforce is estimated to be nearly 643.3 million in 2023-24. As per PLFS, the estimated Worker Population Ratio (WPR) on usual status for persons of age 15 years and above in the country has exhibited an improvement, increasing from 46.8% in 2017-18 to 58.2% in 2023-24. The female WPR has shown a sharper improvement compared to male WPR, rising from 22.0% to 40.3% between 2017-18 and 2023-24, while male WPR increased from 71.2% to 76.3% during the same period. A sharp rise in female LFPR and WPR in the past six years has been driven largely by rural women entering agriculture and allied activities. The steady improvement in female WPR indicates progress toward reducing gender disparity in India’s employed workforce landscape; however, a significant gap between male and female participation still persists.



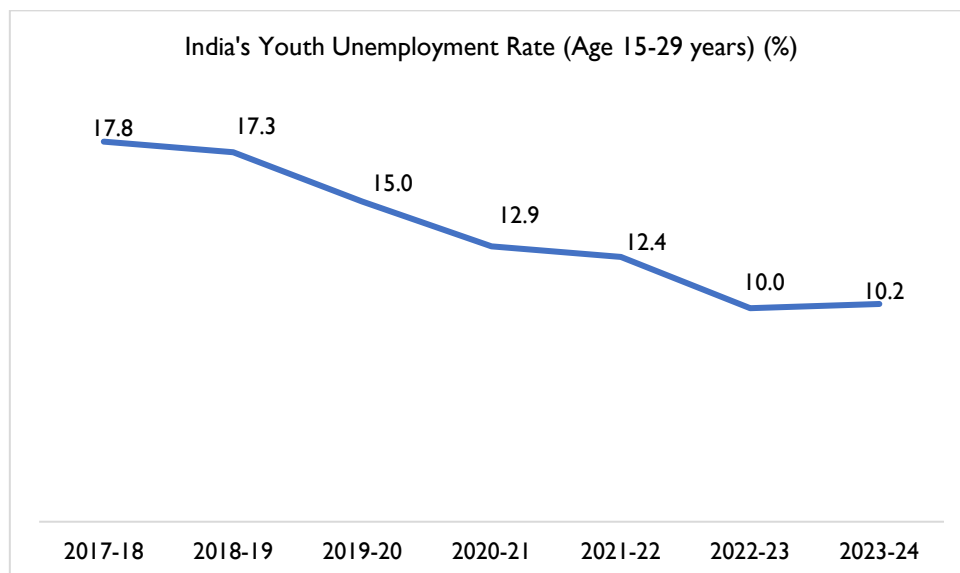
Source: National Sample Survey Office: Periodic Labour Force Survey 2023-24

Unemployment Rate (UR)

Unemployment rate is another major indicator in the job market that measures the number of people from the total labour force who are willing and able to work but are not employed. In India, the unemployment rate on usual status for persons of age 15 years and above has exhibited a consistent decreasing trend over the years at the all-India level and for both males and females. In 2023–24, it measured 3.2%, falling steadily from 6.0% in 2017–18.



Source: National Sample Survey Office: Periodic Labour Force Survey 2023-24

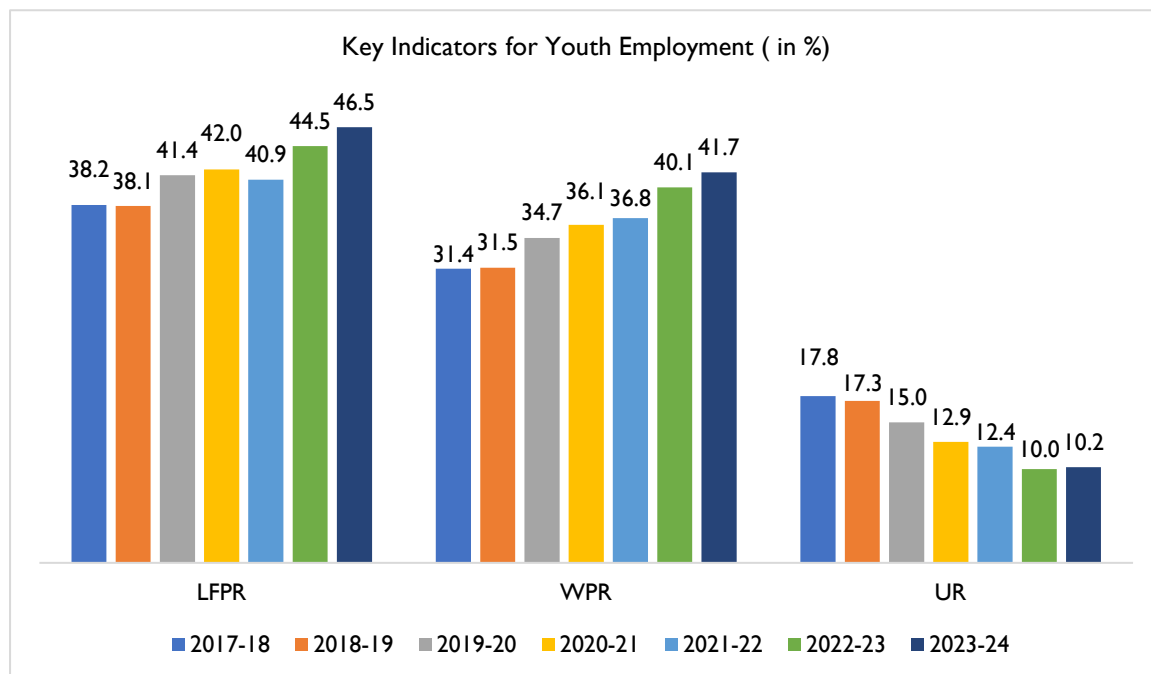


Source: National Sample Survey Office: Periodic Labour Force Survey 2023-24, Ministry of Labour & Employment

However, the estimated Unemployment Rate (UR) on usual status for youth of age 15–29 years in the country is higher when compared with all persons aged 15 years and above, but it has exhibited a decreasing trend from 17.8 in 2017–18 to 10.2 in 2023–24.

Unemployment Rate in usual status for educated persons (highest level of education secondary and above) of age 15 years and above in India measured at 6.5% in 2023–24, down from 7.3% in 2022–23 and 8.6% and 9.1% in the previous two years, respectively.

Key Indicators on Youth Employment Age between 15-29 years

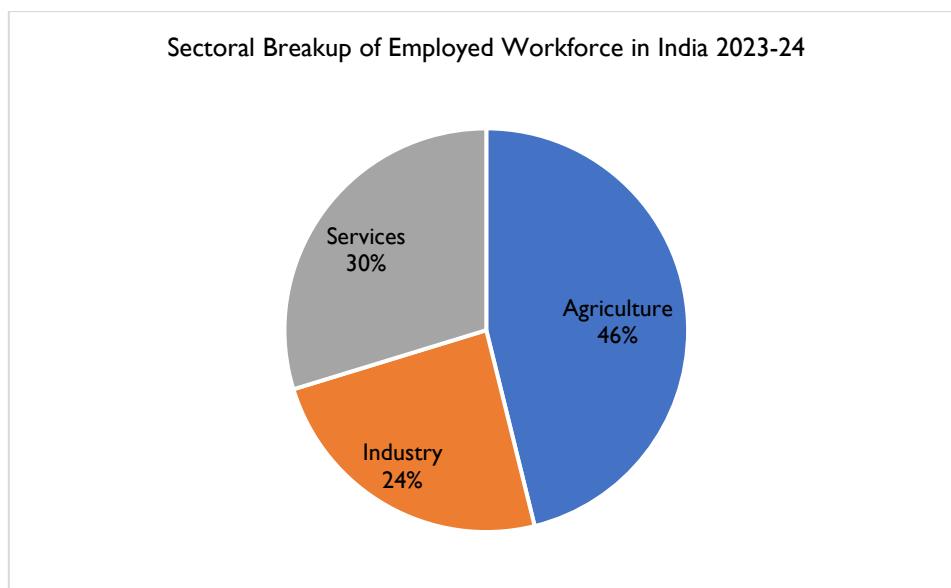


Source: National Sample Survey Office: Periodic Labour Force Survey 2023-24

India’s demographic dividend is a stepping stone for a steady economic growth and its improving global competitiveness in manufacturing and services segment. The decline in the annual youth unemployment rate accompanies by increasing youth participation in the labour force suggest better utilisation of this dynamic resource.

Industrial distribution of workers

According to PLFS 2023-24, nearly 46% the work force is employed in agriculture, 24% in industry and 29.7 % in services while a granular break of employed workforce in industrial and service sector reveals, 11.4% in manufacturing, 30% in services, and 12% in the construction. The predominance of agriculture in the providing employment to nearly half of the population, is both concerning relative to its contribution in the country’s GVA.



Periodic Labour Force Survey 2023-24, Break is for the period July to June
, 100% Equals to 643.3 million

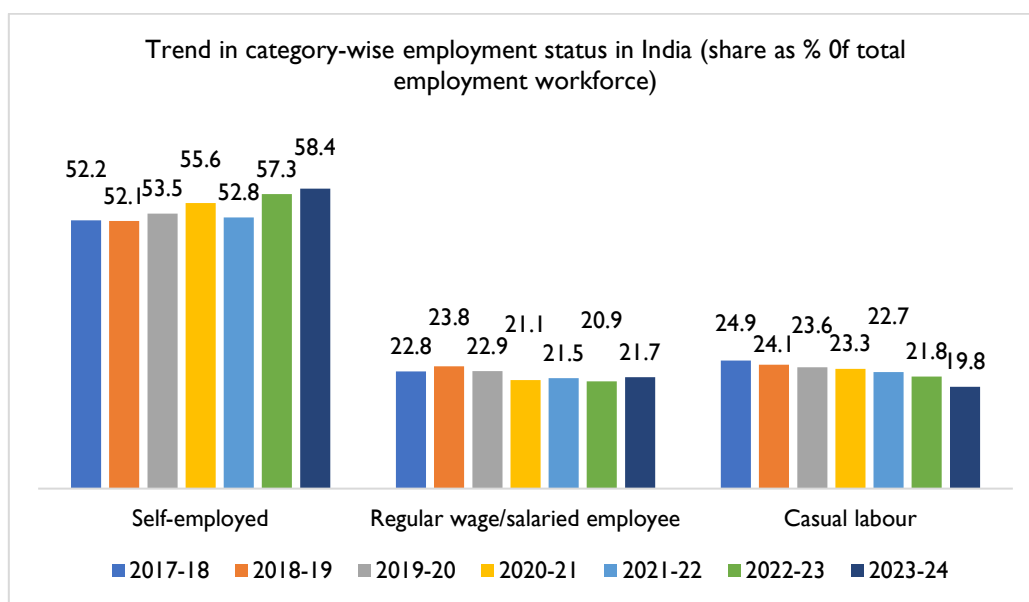
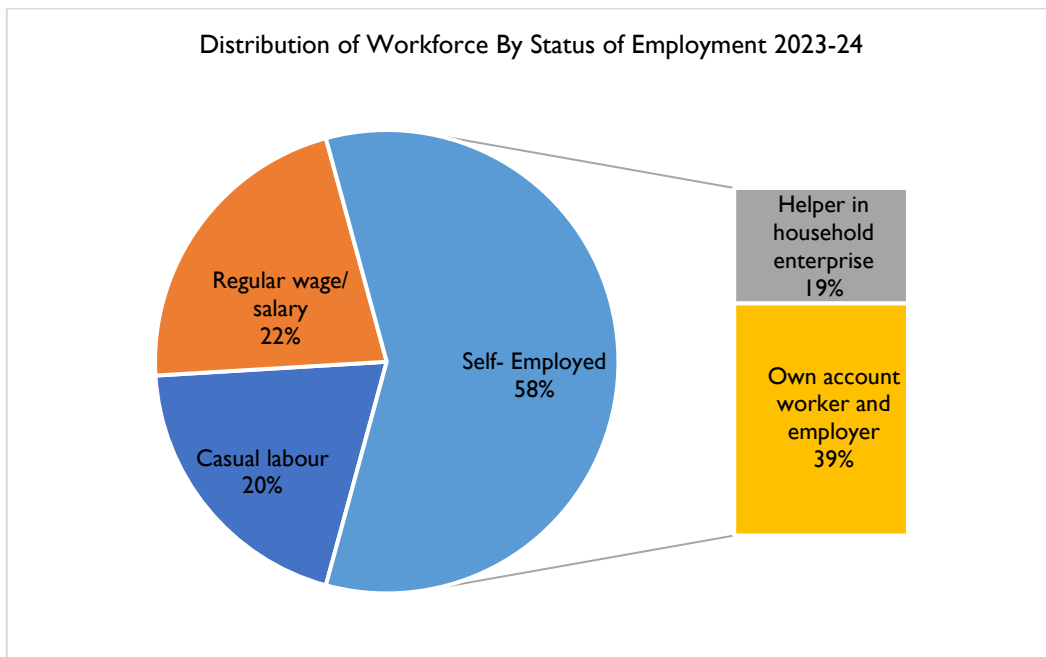
% of Employed workforce in Key Sectors	2021-22	2022-23	2023-24
Agriculture	45.5	45.8	46.1
Mining & quarrying	0.3	0.3	0.2
Manufacturing	11.6	11.4	11.4
Electricity, water, etc.	0.6	0.5	0.5
Construction	12.4	13	12
Trade, hotel & restaurant	12.1	12.1	12.2
Transport, storage & communications	5.6	5.4	5.6
Other services ⁶	11.9	11.4	11.9

Periodic Labour Force Survey 2023-24, Break is for the period July to June

⁶ other services' category includes activities belonging to publishing, consultancy services, information services, financial and insurance services, real estate, legal and accounting, advertising, health and education services, tours and travels, arts, entertainment, and recreation, etc.

Distribution of workers in by status in employment

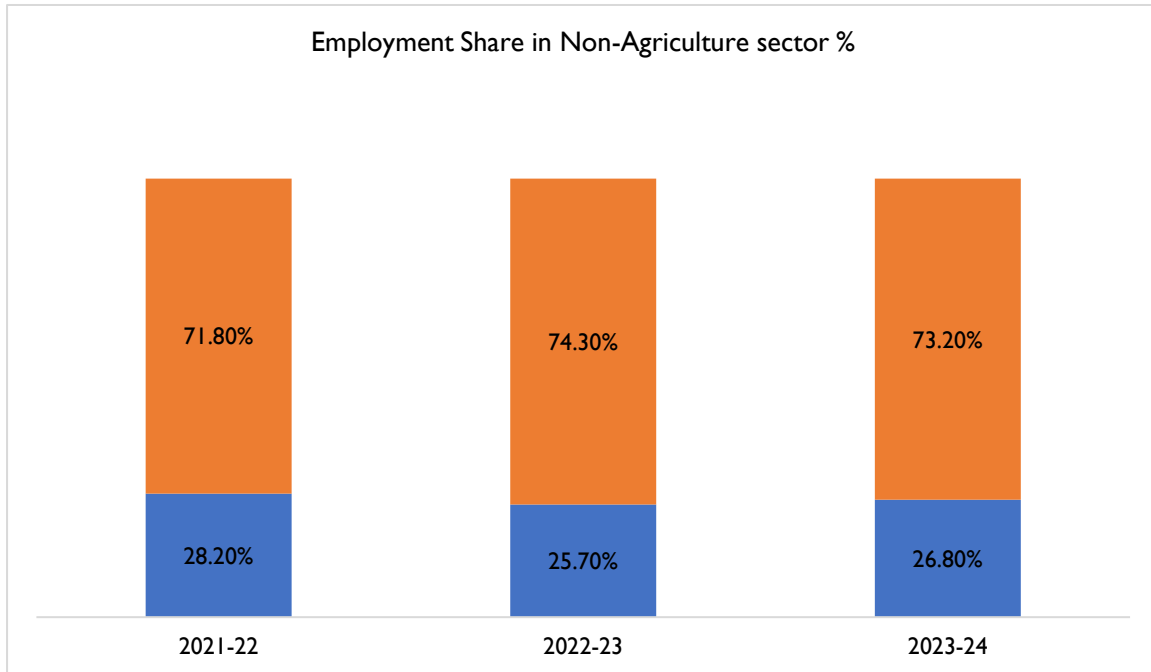
Due to the lack of employment opportunities and skill sets constraint, a large proportion of workers have become self-employed or is working as low-paid casual workers. The proportion of self-employed and casual labourers is around 80% of the total workforce. More than half of the workforce is self-employed owing to lack of employment opportunities. In 2023-24, 58% of the total workforce is self-employed where 19% worked as helper in household enterprises. Casual labour comprised of 20% of the total workforce while regular wage/salaried workers are 22% of the total workforce. Gender-wise, it is the female workforce, which is shifting to self-employment, while the male workforce's share has been stable.



Periodic Labour Force Survey 2023-24, Break is for the period July to June

Employment in formal vs informal sectors

India's informal sector is currently driving employment. The informal sector comprises all unincorporated proprietary, partnership enterprises and enterprises whose activities or collection of data is not regulated under any legal provision. About 73.20% of the country's workers in the non-agriculture sector were working in the informal sector in 2023-24 as against 71.8% in 2021-22.



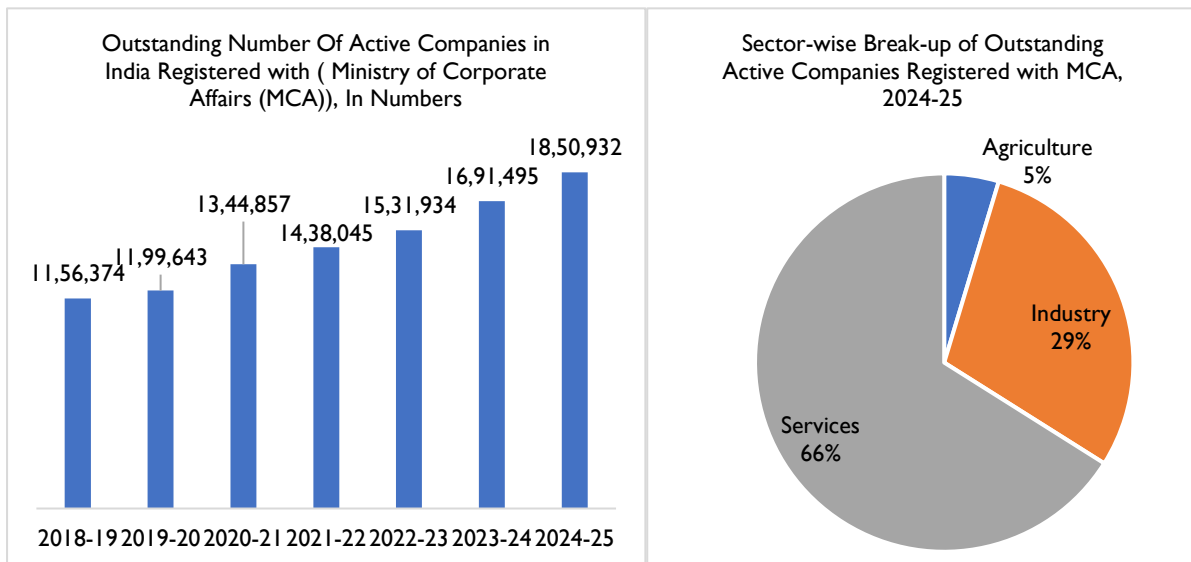
Periodic Labour Force Survey 2023-24, Break is for the period July to June

The cumulative effect of less-than-adequate skill sets, the quality of jobs and shortage of employment opportunities in the formal sector has resulted in rising level of self-employed workforce due to which informal employment dominates the overall employment landscape in India. In the post-pandemic period, few people are employed in the formal sector compared to the pre-pandemic period while it stood at 26.8% in 2023-24 which as per the Bloomberg report is the lowest in 18 years.

Although the formal sector accounts for low share in India's employment landscape, the formal employment scenario is expected to improve driven by the government focussed effort towards improving employment generation coupled with improving employability. Certain economic indicators like rise in number of active/new companies registered, growth of start-ups and rapid rise in number of Unicorns in the country, improvement in the EPFO data points towards an improving job market condition in the formal sector.

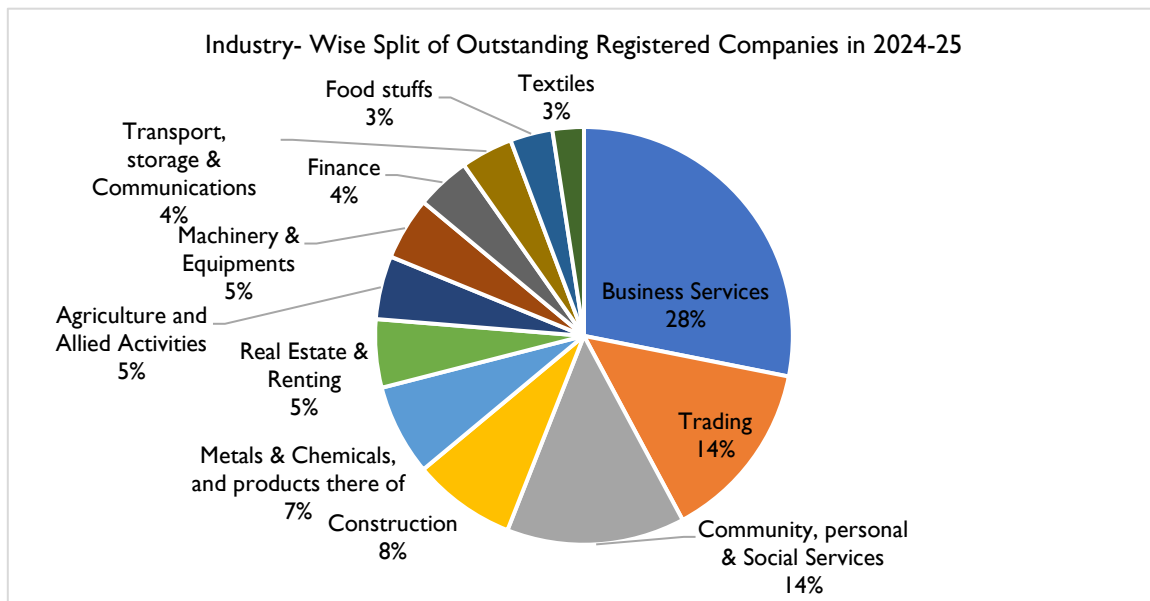
Increase in the registered outstanding active companies with Ministry of Corporate Affairs (MCA)

As per CMIE data, outstanding active companies registered with the MCA in India at the end of FY 2025 grew to 1.85 Mn, witnessing 8% CAGR between FY 2019-24. Based on broader sectoral break-up available for FY 2025, around 66% of the outstanding active companies were registered in the services sector, 29% in the industrial sector and 5% in the agriculture and allied activities.



Sources: CMIE Economy Outlook

While sectorwise, about 28% of the active outstanding companies registered with MCA operated in the business services sector followed by 18% in the manufacturing sector, 14% in trading, 14% in the Community, personal & Social Services and 8% companies in the construction sector.

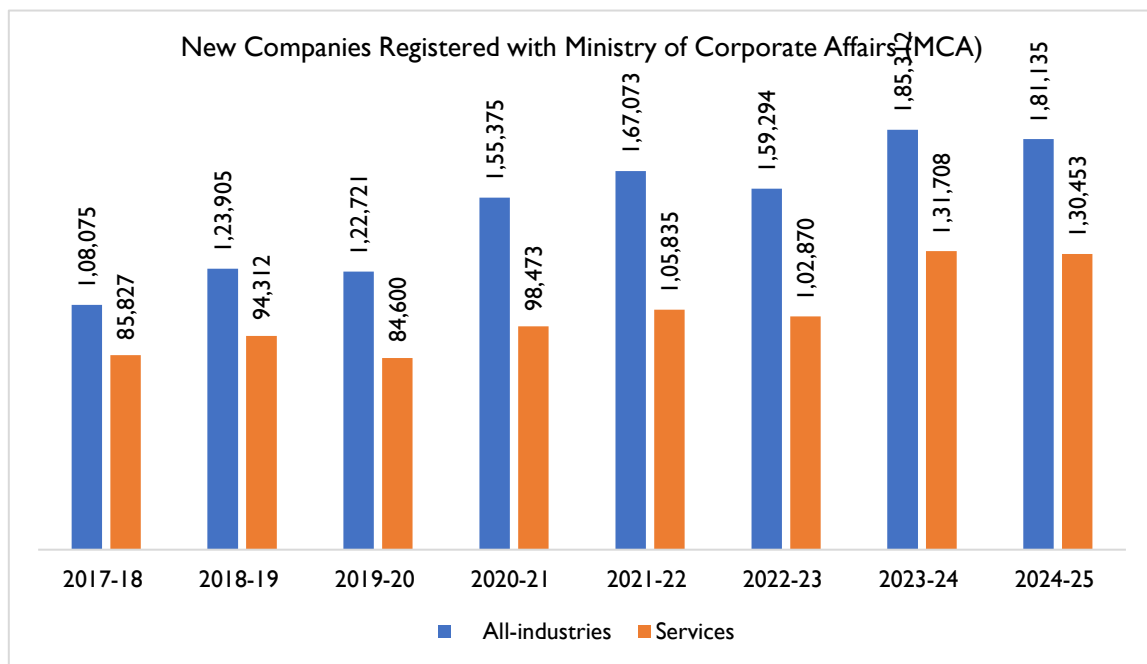


Sources: CMIE Economy Outlook

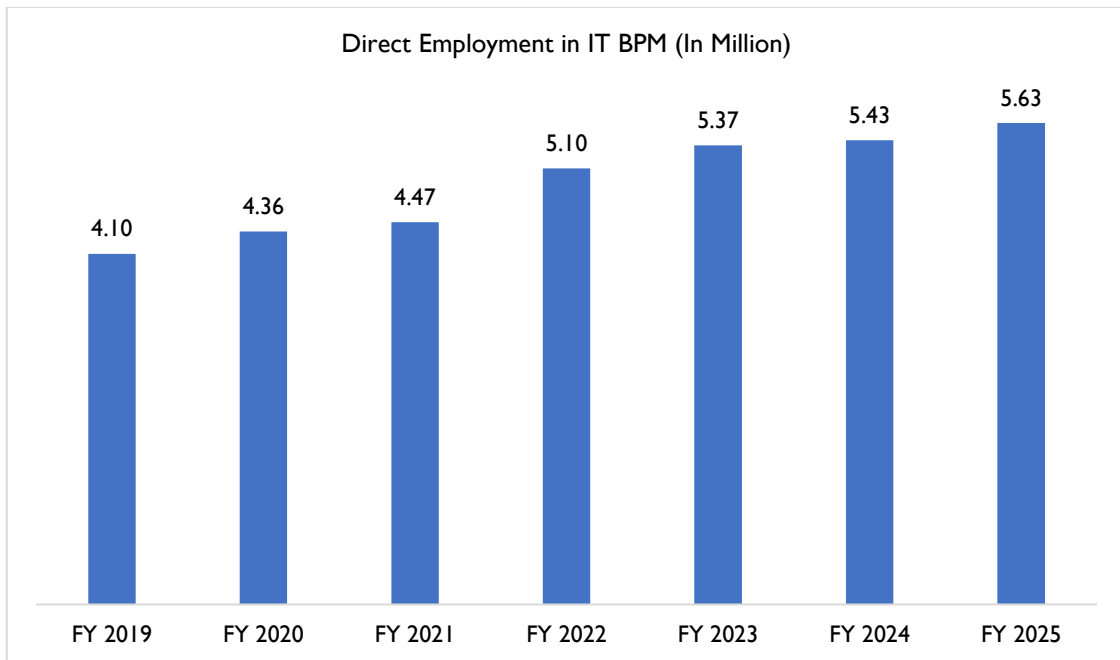
The above chart highlight the importance of business services companies which includes IT-BPM sector in driving the workforce demand where number of of outstanding registered companies has increased at CAGR of 7%. Between FY 2021-25, community, personal & social services sector that includes educator, healthcare services witnessed fastest expansion in terms of total outstanding registered companies growing at 18% CAGR followed by agriculture and allied services 12%.

Growth Trend in New Company Registration With MCA

Barring FY 2020 and FY 2023, the new company registration with MCA has observed growth between FY 2018-25, increasing at 7% CAGR. In FY 2025 registrations moderated with a 2.3% decline. Nearly 72% of the new registrations happened in the services segment, where new registrations grew at 5% CAGR. This expansion in service sector is expected to absorb increasing workforce in formal sector.



Sources: CMIE Economy Outlook



Sources: Ministry of Electronics & Information Technology, Government of India

The IT-BPM industry plays a pivotal role in driving India’s overall economic growth. Currently, the industry (excluding e-commerce) contributes nearly 7.3% to the country’s GDP in FY 2025. The industry’s export revenues touched USD 224.4 billion in FY 2024-25, recording a growth of 12.5% y-o-y driven by sustained global demand and digital transformation initiatives. The industry is also one of the largest employers in private organized sectors in the country, employing nearly 5.64 million people in FY 2025, with a net addition of around 200,000 employees during the year, maintaining a workforce composition of ~36% women employees. The sector continues to be one of the largest private sector employers of women in India. The IT/BPO sector has also enabled the growth of several ancillary industries such as transportation, real estate, catering, security, and housekeeping, highlighting its multiplier impact on India’s economy.

Rise in Start Up and Unicorns:

Launched on 16th January 2016, the Start-up India initiative is fostering a favourable eco-system and is mushrooming the growth of start-ups in India. The scheme is aiding in transforming India to evolve as a Job creator instead of job seeker. The scheme has observed an exponential growth since the launch. As on 30th June 2025, over 1,80,683 entities have been recognised as startups by DPIIT, spread across all 36 States and Union Territories of the country. These startups and unicorns are not only developing innovative solutions and technologies but are also contributing in large-scale employment. The number of jobs reported by the recognised start-ups has increased from 93,527 in 2018 to over 17.28 lakh direct jobs by December 2024. About 75,935 recognised startups have at least one-woman director, highlighting the inclusive nature of India’s startup ecosystem.

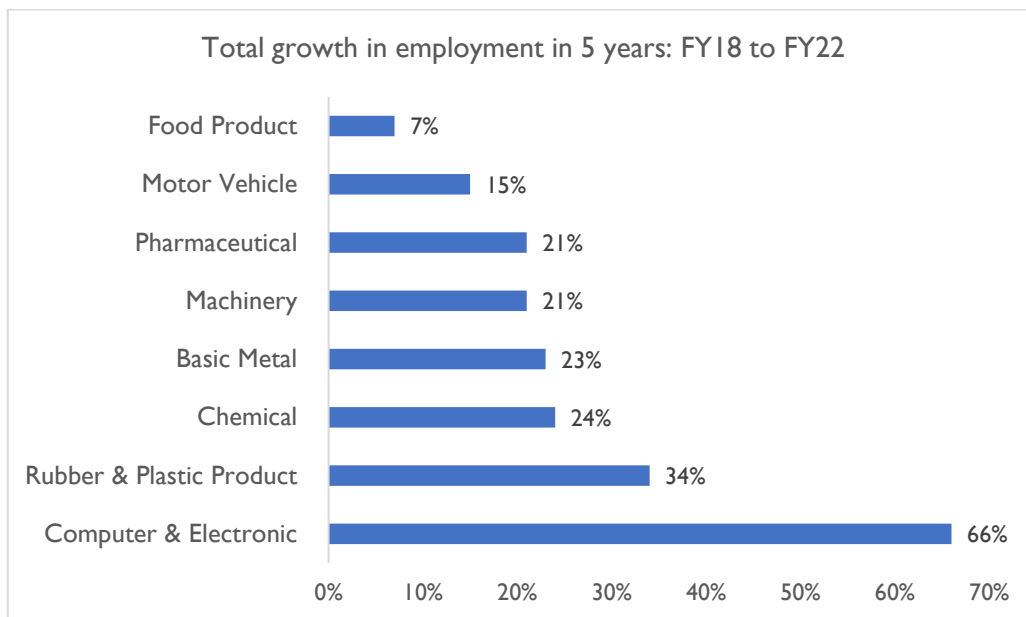
Employment Scenario in Factories

As per the Annual Survey of Industries (ASI), the employment in the organized manufacturing sector recovered to above the pre-pandemic level in 2021-22 accompanied by a wage growth. In FY 2022, the total person engaged in organised manufacturing sector surged to 17.2 million increasing from 15.6 million in 2017-18.

State-wise, the top six states in terms of the number of factories, were also the greatest factory employment creators where more than 40% of the factory employment created by Tamil Nadu, Gujarat, and Maharashtra. While the highest employment growth between FY 2018-22 has been witnessed by the state having higher share of youth population that is Chhattisgarh, Haryana, and Uttar Pradesh.

In terms of the sectoral share of factory employment (total persons engaged) in FY 2022, the food products industry (11.1%) remained the largest employer, followed by textiles (10%), primary metals (7%), wearing apparel (7%) and motor vehicles (7%).

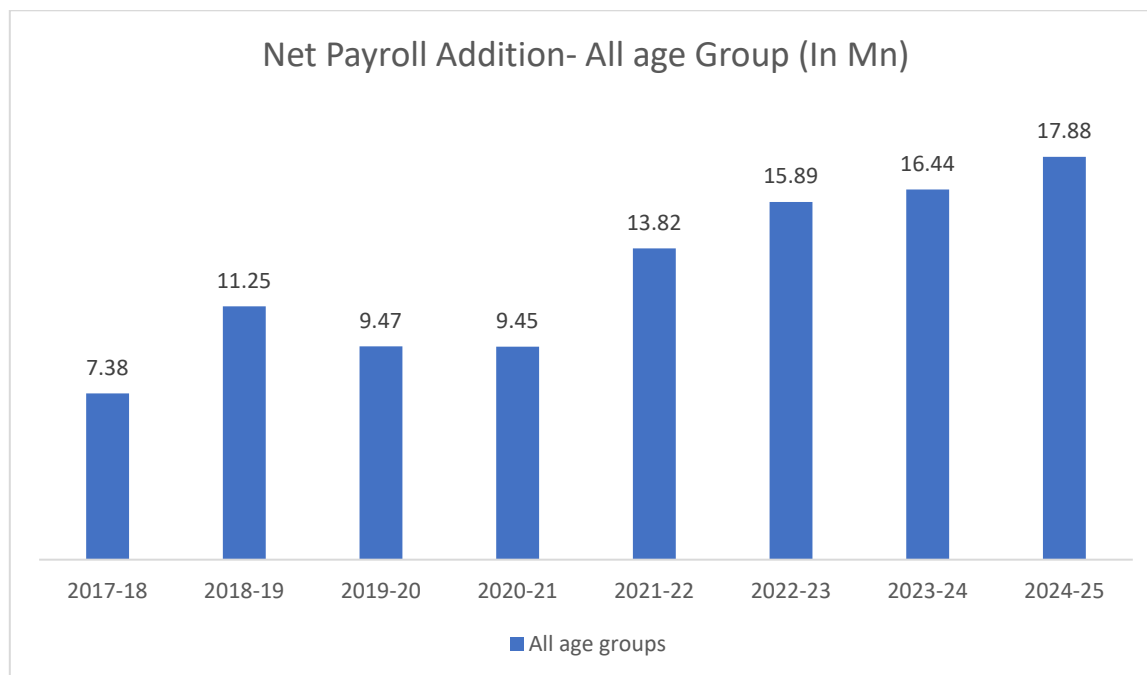
In terms of total growth in employment generation between FY 2018-22, computers and electronics, rubber and plastic products, and chemicals sectors have taken a lead over other sector and have emerged as a sunrise sector as that Indian manufacturing is moving up the value chain and have emerged as sunrise sectors for manufacturing employment generation.



Sources: Economic Survey 2024

Rising Enrolment in EPFO

An important indicator to measure the formal sector job market conditions is the payroll data published by EPFO, which has shown consistent growth in net payroll additions. The net additions increased from 73.8 lakh in FY 2018 to 178.8 lakh in FY 2025, highlighting a strong and sustained expansion in the formal workforce.



Sources: CMIE Economic Outlook

Between FY 2018–2025, annual net payroll additions to the EPFO more than doubled, rising from 7.38 million to 17.88 million, indicating a robust recovery from the pandemic years. This growth has been aided by various government initiatives to boost employment generation and formalization of the workforce. The steady rise in payroll additions reflects the increasing number of people joining the formal employment framework, further strengthening India’s labour market

Government Initiatives

Employment is the crucial link between economic growth and prosperity. Acknowledging the importance of India’s demographic advantage on the country’s economic output, the government has implemented different employment generation schemes/ programmes like Pradhan Mantri Mudra Yojana (PMMY), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Prime Minister’s Employment Generation Programme (PMEGP), Rural Self Employment and Training Institutes (RSETIs), Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Deen Dayal Antodaya Yojana-National Urban Livelihoods Mission (DAY-NULM), etc which are expected to have a favourable impact on employment status in India.

In the Budget 2025-26, the government also announced a package of schemes and initiatives under the Pradhan Mantri Viksit Bharat Rozgar Yojana (earlier ELI scheme) to facilitate employment, skilling, and

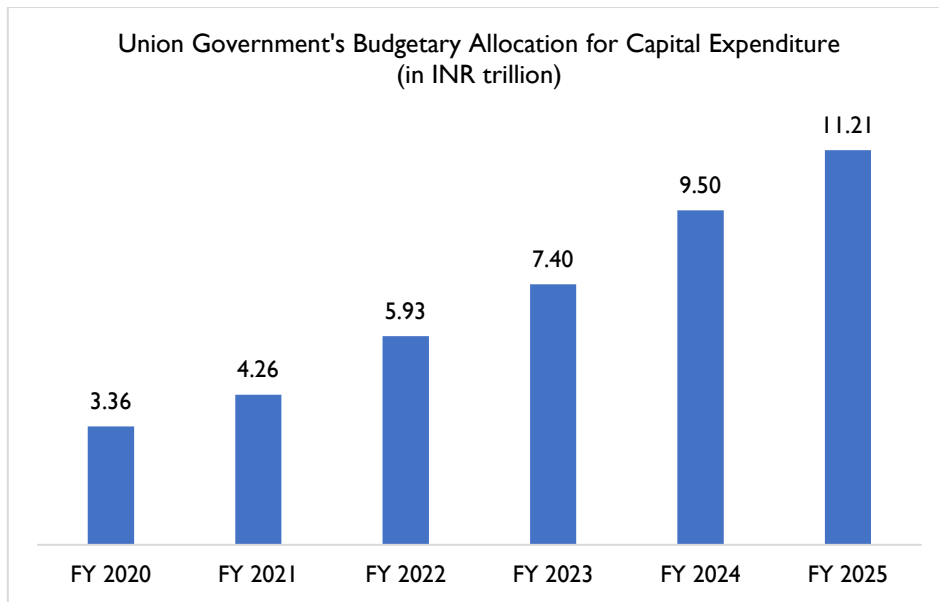
other opportunities for youth. The scheme has an outlay of ₹1 lakh crore and is expected to generate 3.5 crore jobs within 2 years, with incentives for both employers and employees.

Beside above, the government has introduced various demand led growth scheme which fosters well in transforming the employment landscape in India. The major ones include:

Make in India: This flagship program incentivizes domestic manufacturing across 25 key sectors, providing tax breaks, subsidies, and streamlined regulatory processes. This directly increases demand for industrial infrastructure to house new manufacturing units. Moreover, the manufacturing sector is undergoing a transition, as the industry shift to the new Industry 4.0 norm. Dubbed the new industry revolution, the focus here is on improving efficiency as well as pace of activity. Automation of process has become central to this new norm. Factory automation which utilizes sensors to foster machine to machine communication as well as real time monitoring is the hallmark of Industry 4.0. This shift is likely to result in higher demand for industrial robots, data collection & analysis tools, as well as other smart industry platforms while its progress will essentially depend on the upskilling of the country's workforce transforming the broader landscape of Indian employment structure.

Production Linked Incentive Scheme (PLI): Offering financial incentives for specific sectors like electronics, pharmaceuticals, and automobiles, the PLI scheme attracts global players and stimulates domestic production, leading to increased demand for manufacturing facilities. At present PLI scheme is active in 14 industrial sectors, manufacturing products ranging from electronics to medical devices. Of the approximately Rs. 4 trillion in expected capital expenditure by corporates under the PLI scheme over five to six years, Rs. 1 trillion had been invested by November 2023, representing around 25% of the total estimated capex. The current capex deployment has generated approximately Rs. 9 trillion in incremental sales, which is 20-25% of the total projected incremental sales of Rs. 35-40 trillion from the PLI scheme as of November 2023. As of November 2023, eight sectors, including phone/electronics, pharma, and food products, have received disbursements under the PLI scheme for FY2024. Additionally, two more sectors, textiles, and white goods, are expected to claim PLI incentives for FY 2024. Increasing domestic manufacturing as a part of PLI scheme is expected to favourable impact the overall employment landscape in India by generating about 6 Mn job in a span of 5 years and thereby supporting the business of staffing and recruitment industry.

Infrastructure Development: Massive investments in highways, ports, railways, and power grids create an enabling environment for efficient logistics and improved connectivity, boosting the attractiveness of industrial zones. The union budget for 2025-26 increased the capital investment outlay for infrastructure by 10.1% to INR 11.2 trillion, equating to 3.4% of GDP.



Union Budget, Government of India

Multiple flagship scheme focussing the development of infrastructure construction creates immense opportunities for staffing companies' key infrastructure sector. These are discussed below:

National Infrastructure Pipeline (NIP)

If India is to become a USD 5 Trillion economy by 2027, as well as continue its strong economic growth, the country will have to spend close to USD 4.5 trillion on infrastructure construction by 2030. National Infrastructure Pipeline is the consolidated platform that captures the multiple infrastructure investment projects planned by the Government to propel Indian economy to USD 5 trillion mark.

In Union Budget 2019-20, the government announced to invest INR 100 trillion in infrastructure over the next five years. The National Infrastructure Pipeline aims to improve the ease of living for its citizen. National Infrastructure Pipeline will include projects in various sectors such as housing, safe drinking water, access to clean and affordable energy, world-class educational institutes, healthcare for all, modern railway stations, airports, bus terminals, metro and railway transportation, logistics and warehousing, irrigation projects, etc. These projects are classified as per their size and stage of development.

The National Infrastructure Pipeline (NIP) was launched with 6835 projects envisaging investment worth INR 103 trillion in December 2019. The project pipeline has now comprised of nearly 9,736 projects which is together worth nearly USD 1.82 billion covering 56 diverse industry segments. Of this nearly 2,014 projects are under various stages of development. With NIP spanning FY 2019 – 25 period, the remaining projects are expected to be developed in the next couple of years. This points to a flurry of infrastructure construction activity in the

country, which in turn would create numerous opportunities for the staffing and recruitment firms.

PM Gati Shakti

PM Gati Shakti plan – National Master Plan for Multi Modal Connectivity – launched in October 2021 is a digital platform that is aimed at improving the coordination among multiple ministries and departments involved in infrastructure development in the country. The program covers all the infrastructure initiatives outlined under Bharatmala & Sagarmala initiatives, port development, dedicated freight corridor program of railways as well as development of special economic zones.

Skill Development Programs: Initiatives like "Skill India" and "Make in India Skill Development Centres" bridge the skill gap in the workforce, ensuring a readily available pool of skilled labour for new industrial units.

Staffing Industry in India

Staffing is the process of recruiting, evaluating, and hiring a workforce to fill vacant positions in the firms. During the past years, the Indian economy has witnessed robust growth backed by infrastructure development and substantial growth in sectors such as e-commerce, retail, FMCG, logistics, manufacturing, hospitality, tourism, aviation, energy, public administration, non-financial services, real estate, building, etc. Due to the ongoing growth in the above sectors, India has added 46.7 million workforces in FY 2024, making the total employment 643.4 million. Companies in the staffing industry, provide different types of staffing solutions to cater to the demands of their clients from a wide range of industries for recruiting, evaluating, and hiring staff for specific job roles. There are numerous staffing services to cater to numerous demands. One of the most growing spaces in staffing is flexi staffing in which employers can hire the workforce for temporary periods that can be long or short. The types of staffing are as follows.

Flexi Staffing: Flexible staffing or flexi staffing is a dynamic model that allows business to adjust their workforce size and composition in response to varying requirements for specific projects. It integrates both temporary and contract staffing, offering enhanced flexibility. Temporary staffing under flexi staffing addresses short-term needs such as seasonal surges or urgent projects. Similarly, contract staffing provides workers for defined periods or projects, accommodating different contract lengths and scopes. Additionally, flexi staffing can involve outsourcing certain HR functions and leveraging external agencies to manage shifting staffing requirements. This method of hiring staff helps businesses remain agile, adapting quickly to changes in demand without the long-term commitments of permanent hires.

Temporary Staffing: Temporary staffing is also considered as flexi staffing or contract staffing. Temporary staffing refers to the short-term hiring of employees during a specific time. They are often assigned to work on projects or assignments of a client company. This solution is beneficial if there are special projects or when an organization experiences peak seasons. Due to its flexible nature in managing workforce needs, companies use temporary staffing to cover employees on leave. Companies don't incur long-term employment benefits or obligations, saving costs along the way.

Temp-to-hire: Starting with contract staffing, a staffing agency employee can work for a client for a trial period, during which the customer and the employee discuss the possibility of a long-term job arrangement. At the end of the trial period, typically 90 days or longer, the employer can decide if they want to make a long-term commitment with the employee or not.

Direct Hire: In this solution, the staffing agency is a recruitment partner that is on the lookout for a suitable candidate for the company. The agency will take most of the initial steps in the hiring process and the client is the one who makes the final call. This solution is suitable for organizations looking for candidates to fill open positions for an extended period.

Payrolling: Payrolling as a staffing solution engages an agency to manage payroll and administration for a certain number of workers. These workers may be temporary, rehired retirees, or even independent contractors. The agency typically handles tasks involving payroll processing, benefits, taxation, and more, allowing the company to concentrate on managing the worker's daily tasks without worrying about the burden of paperwork.

Flexi Staffing

According to the Indian Staffing Federation (ISF), India's flexi staffing industry employed around 1.8 million formal flexi workers as of FY 2024-25, with the sector adding 1.39 lakh new jobs, marking a 9.7% year-on-year growth. In addition, there are nearly 70 lakh (7 million) contract workers engaged through staffing firms across the country. Despite this expansion, contract staffing still represents only about 1% of India's total workforce, compared to 2.2% in Europe and Asia-Pacific, highlighting significant headroom for growth. The model continues to gain traction as staffing companies ensure timely salary payouts, medical insurance, and longer contract durations, while collaboration among workers, organizations, agencies, industry bodies, and the government is driving the creation of more formal employment opportunities with social security benefits. Key stakeholders involved in flexi staffing are as follows:

- **Organization:** Corporate or organisations across sectors like e-commerce, FMCG, logistics, and start-ups are using flexible staffing solutions to fulfil the changing needs.
- **Flexi Workers:** Individuals from a large segment of India's workforce, including gig workers, first-time job seekers, and those in the unorganized space.

- **Staffing Agencies:** These agencies work as mediators for organizations and flexi workers. They can handle all the steps for hiring flexi workers or they can collaborate with the client's human resources team. They formalize employment and offer benefits such as PF, ESIC, and paid leave.
- **Government & Policy Makers:** New labour codes of the Indian government aim to extend social security to gig and platform workers. Policymakers can regularize the Flexi staffing space with laws and legislation to protect Flexi workers.
- **Industry Bodies:** Industry bodies like the Indian Staffing Federation give trends and updates about the industry and engage with the policymakers to create a conducive environment for the flexi workers.

Key features of Flexi staffing

Flexi staffing has gained popularity due to its numerous benefits. Flexi staffing offers businesses a highly adaptable hiring solution, allowing them to smoothly adjust staffing levels in response to changing demands and requirements. Key features include cost efficiency by aligning labour costs with current needs, access to specialized skills temporarily, and reduced administrative burden. Flexi staffing provides a dynamic and responsive approach to workforce management. The key features of flexi staffing are as follows:

Cost advantage: Hiring temporary workers instead of permanent employees allows organisations to switch fixed costs to variable costs. Thereby minimising cost, as they have only the necessary number of employees on their roster and minimal bench. They save on hiring and training costs and reduced overtime for permanent employees.

Faster deployment: Staffing vendors have access to a vast candidate pool with varied skill sets, the latest tools for recruitment functions, and a larger team dedicated to talent hiring. It allows them to fulfil staffing requirements swiftly, efficiently, and effectively.

Flexibility: Flexi staffing permits organisations to increase or decrease employee strength corresponding to business requirements. It allows firms to be dynamic and bold in their business choices. Trying out an experimental product or service is less fraught with risk as it's easier to wrap up the project if it fails to deliver.

Competitive edge: A nimble team with the right skills is more effective than a cumbersome one. Especially in the tech industry, adding numbers does not necessarily mean an earlier resolution or project end-date. Hiring contingent workers who fit the project requirements is more likely to let the organisation be one-up on its competitors.

Specialist expertise: Some product development or project might require a specialist in a niche area on the team. Such experts usually are expensive resources. Moreover, their skill might not prove helpful for other ongoing projects or the ones in the pipeline. Additionally, these specialists would customarily be highly reluctant to switch or change to another field of expertise. A temporary hire is the best fit in such scenarios.

Complex projects: There are long-running projects with many highs and ebbs in the resource count according to the stage of the project. For example, the life cycle could consist of a small initial design team, a medium-sized development team, an extensive test team, and a small review team before the next iteration. Such projects are best done with a core team of permanent employees and an additional contingent unit that grows and shrinks as required.

Reduced administrative effort: Hiring a permanent employee entails more scrutiny and screening to ensure a culture fit, growth potential, and leadership skills than recruiting temporary workers. So, contract worker hiring is the way to go when a ramp-up is needed for a particular duration.

Reduced employee attrition: Employee burnout and stagnation are significant causes of attrition, especially for high-performing talent. Burnout can be avoided by bringing in temporary workers to ease the workload. An employee whose growth has stagnated can take on a change in role, while a contingent worker assumes the employee's previous responsibility. Economic downturns are a time of layoffs, and employees might quit if they get a more secure offer. Organisations can manage staff reductions by letting go of contingent workers and reassuring permanent employees about their job security.

On-the-job assessment: A temporary position can be offered to promising candidates to evaluate their performance on the job. This step ensures that only suitable candidates become permanent employees. It reduces attrition because the candidates get hands-on experience and can decide if the job interests them and whether they fit the organisation.

Key Growth Drivers

With the rapid integration of technology across all sectors, the demand for highly skilled workforce, which can be hired immediately for any specific project, has also been increasing. India is steadily catching up with the developed countries on increasing preference for flexi workers or formal contractual workers across all industries. According to the Annual Survey of Industries (ASI), the share of contract workers in India's formal manufacturing sector has continued to rise. In FY 2024, contract workers constituted 40.7% of the total workforce, up from 40.2% in FY 2023. This substantial increase shows the preference of businesses for flexi staffing. The key demand drivers of flexi staff are as follows:

Presence of large pool of resources: India has a large pool of working-age resources which has supported the growth of the Staffing Solutions market. Increasing preference for gig working among millennial is also contributing to the growth of this market. Deploying temporary staff with the required skill set lowers the time and effort spent on training.

Manpower scalability and flexibility: Workplace dynamics and requirements have changed radically over the last decade. Today organizations need skilled manpower to deal with the dynamic and bespoke industry demand. Opting for temporary staffing enables companies to recruit employees based on the demand situation. This helps in making the end user company agile to the needs of the industry while making the company lean and the manpower compliance management easy. Moreover, many organizations have fluctuating demand for manpower depending on seasonality economic scenario etc. where temporary staffing can address the issues. Choosing temporary staff enables user organizations to convert their fixed costs into variable costs.

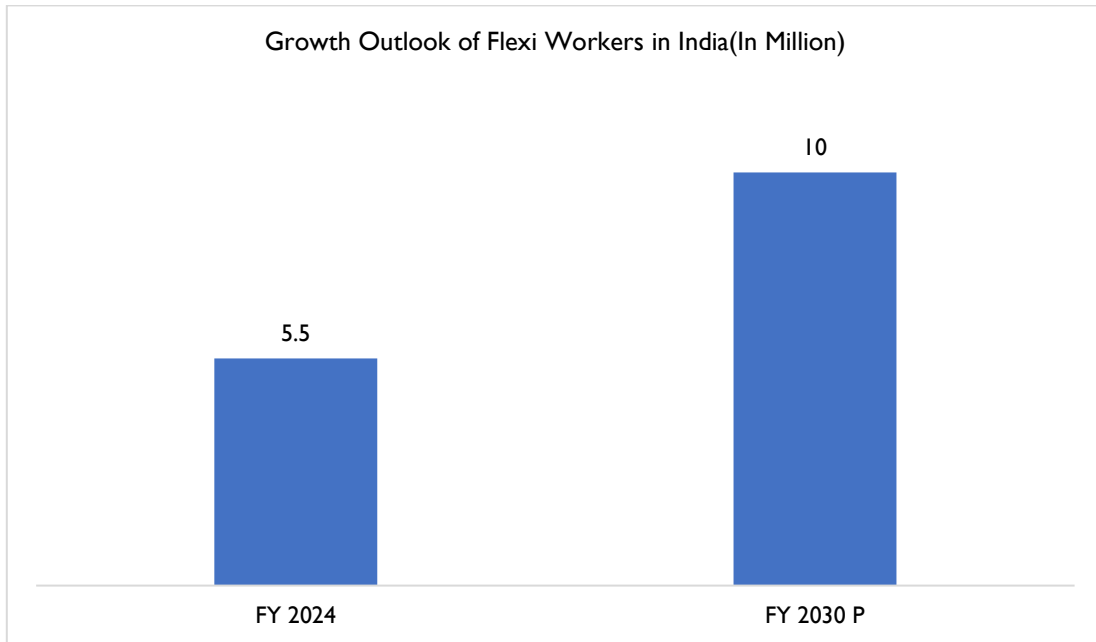
Rise of the Gig Economy: As the gig economy grows, characterized by short term, project-based or freelance work, there is an increasing reliance on temporary staffing solutions. This shift is primarily driven by businesses' need for greater flexibility and agility in managing their workforce. Companies are now able to hire skilled workers for specific task or project without committing to long term employment contracts, which help them manage costs more effectively. According to a **Industry** report, India's gig workforce is projected to reach 23.5 million by FY 2030 up from 12 million in FY 2025. This means gig workers will constitute 6.7% of the non-agricultural workforce in India by the FY 2030 financial year, compared to over 2% in the FY 2025.

Ease of compliance: India has a complex regulatory compliance requirement with more than 1,500 Acts, 72,000+ compliances and 6,600+ filings across central and state governments. Labour laws have the maximum number of compliance and filing requirements. Various states have implemented their own rules leading to variations in submission dates, formats, regulatory authorities, and duty structures among others. Non-compliance can result in severe legal and financial implications for companies. With the adoption of flexi-staffing or temporary staff, compliance related to labour laws become the responsibility of staffing companies and this significantly reduces the efforts required from clients.

Shorter Hiring Process: By rapidly providing pre-screened and qualified candidates, these services help companies quickly fill position and meet immediate need, which is a crucial for maintain operational efficiency.

Growth forecast

The demand for the flexi staffing model is expected to accelerate further in FY 2025. With improved communication technologies like 5G and advancements in IoT, more jobs will be location-independent, facilitating remote work, and this will, in turn, boost work-life balance and encourage skilled workers on breaks to explore going back to work, at least for specific gigs or part-time. Companies and contingent workers will connect more efficiently as more businesses go digital and online digital platforms evolve.



Source: Indian Staffing Federation

The number of women in STEM courses in India has been steadily increasing, with a rise of 53,388 from 2018 to 2020, and it is expected to continue doing so. This increase will provide a more extensive and diverse talent pool and reduce the demand and supply gap for the IT and ITES sectors where flexi staffing is rising. Improved gender parity in STEM and other educational fields will break gender stereotypes, and hiring will be more inclusive. As per the Indian Staffing Federation (ISF), the volume of flexi workers in India is projected to be 10 million by 2030 from 5-5.5 million at present, showing the huge requirements of flexi workers.

The huge gap in gender equality in household chores is another factor that holds back women from the workforce. As more women become financially independent, cultural norms are slowly changing in India, and the younger generation is more progressive in their beliefs. As AI and IoT-enabled intelligent home appliances, which are better automated, are developed and become the norm, a more equitable distribution of household responsibilities can be expected. Lesser women will quit, and the representation of women at all levels, including middle and senior management, will rise. Flexi staffing will see a surge in women applicants. Many nations are facing an impending aging population and will

see a shrinking labour force. Flexi staffing could help organisations solve the labour supply issue by providing flexible and part-time options to retired workers who could remain part of the working population.

Moreover, The National Infrastructure Pipeline (NIP) for FY 2019–2025 is a key government initiative to provide world-class infrastructure to Indian citizens and improve their quality of life. Its objective is to improve project preparation and attract investments into the infrastructure segment. As government invest on large scale infrastructure, there is often a need for diverse range of skills and expertise on a temporary or project specific basis. This creates opportunities for propel the growth for the market.

Recruitment & Hiring Services Industry

India's recruitment & hiring sector has seen robust growth in recent years and is estimated to continue to grow in the coming years. India with a population of 1.4 billion people and with a growing economy, is home to a large and wide range of workforce. With growing infrastructure development, an increasing number of skilled workforces, and the integration of technology in every possible industry, India is becoming a key market for recruitment services. In India's hiring industry, there is a mix of large and small players, including multinational companies and domestic firms. The industry boasts a diverse industry including IT software, IT-BPM, Finance & banking, healthcare, manufacturing, etc.

A notable trend in the recruitment market is the shift towards skill-centric hiring. Employers are increasingly prioritizing specific skills and practical experience over formal qualifications, prompting recruitment agencies to refine their strategies to find talent that meets these nuanced requirements. This shift is driven by the growing demand for professionals skilled in areas such as artificial intelligence, data analytics, and cybersecurity, reflecting the broader trend of technology-driven demand across various sectors.

Recruitment and hiring services in India offer a range of tailored solutions to corporates, helping them meet their talent acquisition needs efficiently and effectively.

- These services include **talent sourcing**, where agencies identify and attract qualified candidates for specific roles, and **executive search**, which focuses on finding top-tier leadership talent for senior positions.
- Additionally, recruitment agencies provide services such as **employer branding** to enhance a company's appeal to potential candidates,
- **Workforce planning** to align hiring strategies with business objectives, and **onboarding support** to ensure new hires are smoothly integrated into the organization.

By leveraging their extensive networks and industry expertise, recruitment firms offer corporates a strategic advantage in navigating the complex and competitive job market in India.

India's position as a global outsourcing hub has further shaped the recruitment landscape, fuelling the demand for specialized skills, particularly in sectors like IT and customer service. Offshore recruitment agencies are actively sourcing talent capable of thriving in a globalized work environment. Simultaneously, the thriving start-up ecosystem in India has introduced a wave of innovation and new job roles, requiring a blend of technical skills and an entrepreneurial mindset. Recruitment agencies are increasingly catering to these unique demands, focusing on finding candidates who are not only technically proficient but also adaptable and innovative.

Government initiatives aimed at enhancing skill development and promoting entrepreneurship are also playing a crucial role in transforming the employment landscape. These initiatives are creating new opportunities and driving recruitment agencies to align their strategies with the evolving market needs. As the job market continues to change, the ability to adapt remains a key requirement for both job seekers and recruitment agencies.

In summary, the recruitment and hiring industry in India is experiencing significant transformation due to technological advancements, changing employer expectations, and government-led initiatives. Recruitment agencies are at the forefront of this evolution, playing a vital role in connecting talent with opportunity and navigating the ever-changing dynamics of the Indian job market.

Traditional staffing V/S tech-enabled / SaaS-based recruitment solutions

Adoption of Digital Solutions in the Recruitment Process: The recruitment function is undergoing accelerated digital transformation, with enterprises increasingly shifting from traditional staffing-led hiring models to technology-enabled and SaaS-based recruitment solutions. While traditional staffing companies primarily operate through service-based, placement-driven models with high manual involvement, enterprises are now adopting digital platforms to improve efficiency and scalability. Industry benchmarks suggest that approximately 75–85% of mid-to-large enterprises deploy Applicant Tracking Systems (ATS), while 60–70% use AI-based resume screening tools. Video interviewing platforms have achieved adoption levels of nearly 65–75%, particularly following the shift toward remote and hybrid work models. Additionally, 40–55% of organizations use recruitment chatbots for candidate engagement, and over 50% integrate recruitment analytics dashboards into their HR processes. This shift reflects a broader transition from manpower-intensive recruitment models to automated, data-driven digital ecosystems.

Efficiency Gains and Measurable Business Impact: Unlike traditional staffing companies—where hiring timelines are often dependent on recruiter bandwidth and manual coordination—tech-enabled recruitment solutions deliver measurable efficiency gains through automation. Enterprises integrating ATS, AI screening, and video interviewing tools report a 30–45% reduction in time-to-hire and a 20–

35% decline in cost-per-hire. Recruiter productivity improves by 25–40% as repetitive administrative tasks are automated. Automated scheduling reduces coordination time by 50–60%, while candidate drop-off rates decline by 15–25% due to faster engagement cycles. These improvements demonstrate how SaaS-based platforms enhance operational efficiency compared to traditional placement-driven models.

Integration of an End-to-End Digital Recruitment Ecosystem: Organizations are increasingly building integrated recruitment ecosystems that combine ATS platforms, AI-based screening tools, video interviewing solutions, recruitment chatbots, and HRMS systems. This integration creates a seamless hiring workflow covering sourcing, screening, interviewing, offer management, and onboarding. By centralizing candidate data within unified dashboards, enterprises gain enhanced visibility into hiring funnel metrics, source effectiveness, compliance tracking, and workforce analytics. Such ecosystem-driven recruitment improves scalability, enhances governance, and reduces reliance on manual coordination.

Applicant Tracking Systems (ATS) Platforms: Applicant Tracking Systems (ATS) platforms constitute the core infrastructure of modern digital recruitment by centralizing candidate applications, automating resume parsing, and ranking profiles through skill-based matching algorithms. These systems integrate seamlessly with HRMS, payroll, and onboarding modules, ensuring a streamlined transition from hiring to broader employee lifecycle management. By digitizing workflows such as application tracking, interview scheduling, and approval hierarchies, ATS platforms enhance transparency, standardization, and administrative efficiency. Additionally, built-in analytics dashboards provide visibility into recruiter productivity, hiring funnel performance, and source effectiveness. Delivered through a SaaS-based subscription model, ATS solutions offer scalable deployment across geographies and business units, making them suitable for both large enterprises and growing SMEs.

Video Interviewing Platforms: Video interviewing platforms have become a critical component of digital hiring strategies, particularly for high-volume and geographically dispersed recruitment needs. These platforms support both live and asynchronous (one-way) interviews, enabling recruiters to assess candidates more efficiently and flexibly. When integrated with ATS systems, video interviewing tools allow centralized candidate tracking and seamless progression across hiring stages. Advanced features such as AI-driven scoring, speech analysis, and structured evaluation templates enhance standardization and help reduce bias in assessments. Organizations leveraging video interviewing solutions report up to 40–50% faster initial screening cycles along with significant reductions in travel and coordination costs, positioning these platforms as a key enabler of scalable recruitment in hybrid and remote work environments.

Sector-Wise Digital Penetration Trends: Digital recruitment adoption is highest in IT, technology, BFSI, and e-commerce sectors, where rapid scaling and remote hiring necessitate

automation. Manufacturing and traditional industries show moderate adoption, driven by gradual digitization efforts. MSMEs display relatively lower penetration levels due to cost sensitivity; however, increasing availability of affordable SaaS-based recruitment tools is improving accessibility. Overall, the market is steadily transitioning from service-led recruitment toward platform-driven, technology-enabled hiring models focused on efficiency, analytics, and improved candidate experience.

How Staffing/recruitment happens in the public domain

Recruitment in the public domain, encompassing government departments, Public Sector Undertakings (PSUs), and statutory bodies, operates within a structured, rule-based, and highly regulated framework designed to ensure transparency, fairness, and adherence to constitutional mandates. Unlike private-sector hiring, which is typically faster and commercially flexible, public-sector recruitment is formal, documentation-intensive, and governed by statutory procedures. The process is centralized and merit-driven, with clearly defined eligibility criteria, reservation provisions, and procedural safeguards to ensure institutional accountability.

In addition to direct recruitment, public institutions may engage manpower through tender-based outsourcing mechanisms for contractual roles. Such engagements are governed by public procurement norms, commonly under the LI (lowest bidder) model or, in certain cases, Quality and Cost-Based Selection (QCBS) frameworks. Unlike private-sector recruitment, which is typically faster and commercially negotiated, public sector staffing involves slower, tender-driven vendor selection processes, strict statutory compliance requirements, and layered administrative approvals. This makes public domain recruitment more procedural, compliance-heavy, and time-intensive compared to private-sector hiring models.

Public sector staffing engagements are highly compliance-driven, requiring strict adherence to labour laws, statutory registrations, tax regulations, and contractual obligations. Agencies must ensure timely PF and ESI remittances, minimum wage compliance, valid PAN and GST registrations, and maintain detailed payroll and audit documentation, all subject to periodic inspections. In tender-based contracts, additional requirements such as performance bank guarantees, service-level adherence, and structured reporting further reinforce regulatory oversight, with non-compliance potentially leading to penalties, payment suspension, or contract termination.

Delays in Vendor Payments in the Public Domain

Vendor payment delays are a structural characteristic of public sector staffing and tender-based contracts. While procurement frameworks emphasize transparency and compliance validation, payment cycles are often prolonged due to multi-layered approval mechanisms, documentation verification requirements, and budgetary release procedures. Invoice settlement may require attendance reconciliation, validation of statutory remittances such as PF and ESI, compliance

certification, and formal administrative approvals before funds are released. As a result, receivable cycles commonly extend to 60–120 days.

However, staffing agencies remain obligated to disburse employee salaries and deposit statutory contributions within fixed monthly timelines, irrespective of payment receipt. Given that many public sector contracts operate under competitive LI frameworks with compressed service margins, this extended payment cycles create additional operational and financial pressure. Agencies must fund payroll and compliance obligations upfront, increasing working capital requirements and short-term financing dependence. Consequently, the combination of slow tender-based selection, strict compliance requirements, and delayed payments distinguishes public sector staffing significantly from private-sector engagements and materially impacts liquidity management for staffing companies.

Strengthening Public Domain Recruitment through Tech-Enabled / SaaS-Based Solutions

Public sector recruitment and tender-based staffing frameworks are traditionally documentation-intensive, compliance-driven, and administratively layered. While such structures promote transparency and procedural integrity, they often lead to extended hiring timelines, manual verification dependencies, and limited real-time visibility into compliance status. The integration of SaaS-based recruitment and compliance management platforms offers an opportunity to modernize these processes by enhancing operational efficiency, strengthening governance controls, and improving audit readiness without diluting statutory safeguards.

Technology enablement can significantly improve both recruitment and vendor management functions. Through digitized tender and vendor management systems, authorities can facilitate online bid submissions, automate eligibility validation, and monitor empanelled vendors in real time, thereby improving transparency and accountability beyond traditional LI-based evaluation models. Simultaneously, integrated compliance monitoring tools can automate tracking of PF and ESI contributions, validate statutory challans, generate compliance certifications, and issue dashboard-based alerts for filing deadlines or wage revisions. Such real-time visibility reduces compliance risk, minimizes manual bottlenecks, and supports structured oversight across departments and service providers.

Working Capital Dynamics in the Staffing Industry

Staffing businesses operate within a structurally working capital-intensive framework due to the inherent design of their revenue and cost structure. Unlike product-led or SaaS-based models, staffing companies function as intermediaries that deploy manpower to client organizations while assuming responsibility for salary disbursement, statutory remittances, and payroll administration. A substantial portion of the revenue generated is pass-through employee cost, with only a limited-service margin

retained by the firm. This dynamic creates an inherent timing mismatch between cash inflows and outflows.

A key driver of working capital requirements is the mandatory monthly disbursement of employee salaries and statutory contributions, irrespective of the client's payment cycle. In several engagements—particularly with large corporate and public sector entities—receivable periods may extend from 60 to 120 days. Despite this, staffing companies must meet fixed payroll timelines and deposit statutory dues such as Provident Fund (PF) and Employee State Insurance (ESI) within prescribed deadlines. The resulting gap between cash outflow for payroll and cash realization from clients necessitates the maintenance of liquidity buffers or reliance on short-term financing arrangements.

The working capital burden is further heightened by compliance-related cash commitments. Statutory remittances must be deposited upfront, and in tender-based contracts, performance bank guarantees or security deposits may temporarily block funds. Given that staffing margins are typically limited—often in the low to mid-single-digit range, any delay in receivable collections can directly impact cash flow stability and overall profitability. Consequently, revenue growth does not automatically translate into improved liquidity; instead, expansion often requires proportionately higher working capital support.

Moreover, the scale-driven nature of the staffing model intensifies capital requirements. As the number of employees under management increases, aggregate monthly payroll obligations rise correspondingly. Unlike SaaS-based platforms, where incremental revenue generation requires minimal incremental capital deployment, staffing firms must finance each additional manpower engagement. Therefore, effective receivables management, prudent client credit assessment, and access to structured working capital financing are essential to ensure operational continuity and sustainable growth.

Long Debtor Cycles and Elevated Cash Requirements

The staffing industry inherently operates with extended debtor cycles, particularly when serving large enterprises and government clients. These customers typically follow structured and multi-layered payment approval processes, which can extend receivable timelines to 60–120 days or longer. Invoice verification often involves attendance reconciliation, compliance documentation review, statutory validation, and multiple internal approval stages before payment release. While such processes enhance governance and control, they contribute to elongated cash conversion cycles for staffing providers.

Despite these delayed inflows, staffing companies are obligated to meet fixed and time-bound cash outflows, including monthly salary payments, statutory contributions, and administrative expenses. This structural imbalance between receivable realization and payroll obligations increases liquidity

pressure. The situation is more pronounced in public sector contracts, where budgetary release mechanisms and compliance scrutiny can further extend payment timelines.

As a result, the industry naturally demands substantial working capital support to bridge the gap between cash outflows and inflows. Companies operating at scale must maintain strong liquidity management practices, access to credit facilities, and disciplined receivables monitoring to ensure operational continuity. Extended debtor cycles are therefore not an isolated challenge but a structural characteristic of the staffing sector, particularly in engagements with large corporate and government institutions.

[Margin differences: High-level differentiation in margins between manpower services and scalable technology platforms.](#)

Staffing as a Low-Margin, High-Volume Business Model

The traditional staffing industry operates on structurally thin margins due to its markup-based revenue model and high-cost obligations. Revenue is typically earned as a percentage of the employee's gross salary, around 3–8% in public sector and large enterprise contracts (often LI-driven) and 8–15% in private sector engagements. However, since this margin is calculated on payroll cost rather than value-added services, profitability remains inherently constrained. A substantial portion of invoiced revenue is pass-through in nature, covering wages, statutory contributions (PF, ESI, gratuity), bonuses, insurance, and payroll taxes, with only the service fee retained by the agency.

The model is further burdened by working capital intensity and operational complexity. Staffing firms must disburse salaries and statutory dues upfront despite receivable cycles of 60–120 days, creating liquidity pressure and financing costs. Growth is labour-intensive and linear, each new contract requires additional recruiters, compliance personnel, payroll processing capacity, and administrative oversight. As headcount scales, so do documentation, statutory, and grievance management requirements, increasing execution risk. Consequently, profitability depends largely on volume expansion, geographic scale, and disciplined operational efficiency rather than pricing power or margin expansion.

Technology-Driven Recruitment as a High-Margin, Scalable Model

Technology-enabled or SaaS-based recruitment solutions operate on an asset-light, subscription-driven model that inherently supports higher margins and scalability. Revenue is typically generated through recurring subscription fees, per-user licenses, or enterprise platform contracts, without assuming employee wage liabilities or statutory compliance obligations associated with manpower deployment. As a result, gross margins are significantly higher, often in the range of 60–80%, with core costs largely limited to software development, cloud infrastructure, and customer support.

Once the platform infrastructure is established, the incremental cost of adding new clients remains relatively low, enabling strong operating leverage and non-linear revenue growth. Recurring revenue visibility, multi-year contracts, and high retention rates enhance financial predictability. Additionally, the ability to upsell complementary modules such as video interviewing, AI-based screening, and analytics dashboards increases average revenue per user, while digital deployment facilitates rapid geographic expansion without the need for physical branch infrastructure

Comparison of Two Models

Key Parameter	Traditional Staffing (Low-Margin, High-Volume)	Technology-Driven Recruitment (High-Margin, Scalable)
Business Model & Revenue Structure	Revenue is directly linked to manpower deployment. Earnings come from service markups on payroll or placement fees. Growth depends on increasing employee headcount under management.	Revenue is generated through recurring SaaS subscriptions, licensing fees, and platform usage. Income is not linked to employee deployment but to software adoption.
Margin Profile & Profitability Drivers	Operates on compressed margins (often low to mid-single-digit EBITDA), especially in competitive or public sector contracts. Profitability depends on scale, cost control, and operational efficiency.	Operates on structurally higher gross and EBITDA margins due to operating leverage. Margins expand as the customer base grows since incremental costs are relatively low.
Scalability & Growth Nature	Linear scalability, each new contract requires proportional increases in recruiters, compliance staff, payroll processing, and administrative infrastructure.	Exponential scalability, once the technology platform is built, additional customers can be onboarded with limited incremental cost, enabling rapid multi-geography expansion.
Working Capital & Cash Flow Intensity	High working capital requirement due to upfront salary payments and statutory dues despite delayed client receivables (often 60–120 days). Growth increases funding pressure.	Low working capital intensity with predictable recurring subscription revenue and minimal receivable risk. No payroll financing obligations.

Transition in Hiring Space: Integration of Technology

The recruitment landscape in India has evolved dramatically with the integration of advanced technology and digital tools. As industries have digitized globally, talent acquisition has also shifted from traditional methods to more efficient, technology-driven processes. The COVID-19 pandemic accelerated this transformation, pushing companies to adopt online recruitment strategies and remote work models. This digital shift, coupled with the emergence of the gig economy, has necessitated innovative approaches to hiring, retention, and development of human capital in an increasingly volatile market. Technology is now a cornerstone of modern recruitment, offering solutions that enhance efficiency, reduce biases, and widen the talent pool.

Increasing Usage of Applicant Tracking Systems (ATS):

The adoption of Applicant Tracking Systems (ATS) is rapidly increasing as organizations seek to optimize their hiring processes. An ATS serves as a centralized hub that automates job postings, manages applications, tracks candidates' progress, and facilitates seamless communication between hiring teams and candidates. Beyond these basic functions, modern ATS solutions offer advanced capabilities like resume parsing, which automatically extracts and organizes relevant information from resumes for easy evaluation. This software also provides automated screening based on predefined criteria, enhancing the accuracy and efficiency of shortlisting candidates. Additionally, ATS platforms offer analytics and reporting tools, helping organizations assess key recruitment metrics and maintain compliance with employment laws, thereby improving hiring outcomes and candidate experience. **According to the recent estimation by JobScan, in 2025 over 97.8% of Fortune 500 companies use ATS.**

Integration of Video Interviewing Software:

Video interviewing software is revolutionizing recruitment by providing flexibility and cost-efficiency to both employers and candidates. This technology enables recruiters to conduct remote interviews, saving time and reducing expenses associated with traditional in-person interviews. Advanced video interviewing tools incorporate AI features like facial recognition, sentiment analysis, and voice modulation, allowing for a more comprehensive assessment of a candidate's skills, personality, and cultural fit. The capability for asynchronous interviews, where candidates can record responses at their convenience also speeds up the hiring process and allows recruiters to review them on their schedules, enhancing decision-making efficiency.

Pre-Employment Assessment Tools & Onboarding Software:

Organizations are increasingly using pre-employment assessment tools to make informed hiring decisions. These tools evaluate candidates' skills, cognitive abilities, personality traits, and cultural fit, providing data-driven insights to select the best talent. Coupled with onboarding software, firms can

ensure new employees are smoothly integrated into their job roles and the company culture. These platforms automate the delivery of training modules, resource allocation, and personalized onboarding experiences, which improves employee engagement, reduces turnover, and ensures compliance with organizational policies.

Automated Resume Screening Applications:

Automated resume screening applications have become essential in recruitment, particularly for companies handling a high volume of applications. These AI-powered tools use natural language processing (NLP) and machine learning algorithms to screen resumes for specific keywords, qualifications, and experiences that match job descriptions. This automated approach speeds up the initial screening process and eliminates human bias, resulting in a more objective selection of candidates. As a result, recruiters can focus more on strategic aspects of hiring, such as evaluating cultural fit and potential for growth within the organization.

Increasing Usage of AI/ML in Recruitment Processes:

Integrating Artificial Intelligence (AI) and Machine Learning (ML) into recruitment is transforming how companies attract, screen, and select candidates. AI-powered tools such as chatbots provide personalized interactions, conduct initial screenings, and offer real-time feedback to candidates, enhancing the overall candidate experience. Predictive analytics tools analyse data from various sources, including social media, to identify candidates most likely to succeed in a role. AI-driven video interviewing tools use facial recognition and sentiment analysis to assess candidate suitability, while candidate matching tools use sophisticated algorithms to pair candidates with the most fitting roles. Companies in India are already leveraging AI platforms to reduce time-to-hire and improve candidate quality, making AI a game-changer for modern recruitment strategies.

These advanced tools not only save time and resources but also improve accuracy, eliminate biases, and ensure a more holistic approach to talent acquisition. Technology & AI in recruitment are paving the way for smarter, more efficient hiring practices, with a focus on both technical skills and cultural fit.

Major Demand Drivers for Recruitment Technology Solutions:

The demand for recruitment technology in India is growing rapidly, driven by the need for efficient high-volume hiring, cost reduction, and data-driven decision-making. The rise of digital transformation, remote work trends, and the growth of Global Capability Centres (GCCs) are pushing organizations to adopt advanced tools like AI-driven platforms and automated screening applications. Enhancing candidate experience and ensuring compliance with labour laws also play a significant role in this trend. Startups, SMEs, and large enterprises alike are leveraging these technologies to stay competitive and

attract top talent in a dynamic job market. Overall, recruitment technology is becoming essential for optimizing hiring processes and improving outcomes.

Managing High-Volume Hiring and Competition for Talent

With a growing economy, industries in India are expanding, and thus recruiting high volumes of candidates is creating demand for skilled talent across all industries. India's vast and growing talent pool presents challenges for organizations to efficiently manage large volumes of applications. Recruitment technologies, such as Applicant Tracking Systems (ATS), automated screening tools, and AI-driven platforms, have become essential for filtering and shortlisting candidates quickly, reducing time-to-hire, and improving the quality of hires. As competition for top talent intensifies across various industries, companies are investing in innovative recruitment technologies to enhance their employer branding, improve engagement with potential candidates, and expedite the hiring process, thereby gaining a competitive edge in the job market.

Digital Transformation and Remote Recruitment Solutions

The shift towards digital transformation and the increasing prevalence of remote work, accelerated by the COVID-19 pandemic, have pushed organizations to adopt digital recruitment solutions. Video interviewing software, remote onboarding tools, and AI-powered assessments have become crucial for companies to connect with candidates and evaluate them virtually. These digital tools ensure business continuity in a hybrid or remote work environment, enabling companies to adapt to the evolving landscape and attract talent from diverse locations without geographical constraints.

Efficiency, Cost Reduction & Data Driven Hiring

Organizations are increasingly focused on optimizing their hiring processes and reducing recruitment costs. The demand for technologies that automate repetitive tasks like resume screening, interview scheduling, and candidate communication is on the rise. Recruitment technology helps streamline these processes, saving time and resources for HR teams. Additionally, companies are relying on data analytics to make informed hiring decisions. Recruitment technology provides advanced analytics and reporting features that offer insights into key recruitment metrics, such as source of hire, time-to-fill, and candidate quality, enabling HR teams to refine their strategies and improve overall hiring outcomes.

Enhancing Candidate Experience and Skill-Based Hiring

Improving the candidate experience has become a crucial factor in attracting top talent. Recruitment technologies, such as AI-powered chatbots, personalized communication tools, and mobile-friendly platforms, enhance the candidate journey by providing timely updates, feedback, and seamless interactions, which in turn boosts employer branding and candidate satisfaction. Moreover, there is a growing emphasis on skill-based hiring and evaluating candidates beyond just their resumes. AI and

machine learning (ML) are transforming recruitment by automating processes, eliminating biases, and predicting hiring outcomes. Tools like resume parsers, candidate matching systems, pre-employment assessments, psychometric tests, and skill-based evaluations help companies identify candidates who possess the right skills, cognitive abilities, and cultural fit.

Compliance, Startups, and Global Capability Centres (GCCs)

In India, Compliance has become a central factor in India's recruitment landscape, with companies required to adhere to a wide array of labour laws, tax regulations, and social security mandates. Recruitment technology plays a vital role here by automating processes such as documentation, payroll management, record-keeping, and audit trails, reducing risks of non-compliance and ensuring transparency. As firms expand across states with diverse regulations, the reliance on digital compliance solutions is increasing, making recruitment platforms not just hiring tools but also governance enablers.

At the same time, India's booming startup ecosystem and the rapid expansion of Global Capability Centres (GCCs) are driving demand for advanced recruitment solutions. As of June 2025, over 1.80 lakh startups have been recognized, making India the world's third-largest startup hub, while 1,700+ GCCs employ around 1.9 million professionals with projections to cross 2,100 centres and 2.5 million employees by 2030. Startups demand cost-effective, scalable recruitment tools to compete with larger players, whereas GCCs increasingly require sophisticated, globally compliant solutions for high-skill hiring in R&D, AI, cloud, and cybersecurity. Together, these developments are reshaping India's employment landscape and accelerating the adoption of recruitment technology.

Demands for technology solutions in the recruitment & hiring space are going to rise in upcoming years due to the robust demands from the companies. As digital transformation accelerates, the adoption of recruitment technology will continue to grow, catering to the diverse needs of both large enterprises and emerging startups in the recruiting sector.

Growth Outlook:

India's workforce, now numbering nearly 643.3 million as of FY 2024, underscores a rapidly evolving labour market marked by significant growth and diversification. Agriculture and services remain dominant job creators, with agriculture employing 46% of the workforce and services accounting for 30%. Meanwhile, the formal sector has seen considerable progress, employing about one-fourth of the workforce in 2024, signalling a shift towards more structured employment opportunities. This shift towards the formal sector is accompanied by a substantial increase in the workforce, with 46.7 million additions in FY24 alone.

As the demand for skilled talent across various sectors is set to rise, particularly in the formal sector, companies will face the challenge of managing large-scale hiring processes efficiently. The surge in job opportunities in the formal sector will drive the need for advanced recruitment technology solutions. Tools such as Applicant Tracking Systems (ATS), AI-driven screening, and automated recruitment platforms will become essential in streamlining recruitment processes, ensuring effective talent acquisition, and meeting the growing demands of a rapidly evolving job market.

Furthermore, the startup ecosystem, supported by government initiatives like Startup India, Standup India, Atal Innovation Mission, and the Fund of Funds for Startups (FFS), plays a crucial role in driving economic growth and job creation. These programs provide essential resources, including funding, mentorship, tax benefits, and regulatory support, fostering innovation and entrepreneurship across the country. As these startups grow and expand, they will contribute significantly to job creation, further increasing the demand for skilled talent and advanced recruitment technologies to manage high-volume hiring needs.

Moreover, the rapid expansion of Global Capability Centres (GCCs) in India is reshaping the hiring landscape, particularly within the IT sector. The anticipated surge of 12-15% in IT hiring in CY2024, driven by the growth of GCCs, underscores the demand for highly skilled professionals to manage complex technological processes. This growth in formal sector jobs will necessitate the use of advanced recruitment technologies to handle large-scale hiring efficiently. AI and machine learning will be pivotal in transforming recruitment processes by automating repetitive tasks, improving candidate screening, and providing data-driven insights for optimizing hiring strategies.

As the India's economy continues to grow, businesses will continue to expand, and new startups will continue to emerge. This is expected to create an increasing emphasis on utilizing advanced recruitment technologies to manage high-volume hiring needs. Platforms leveraging AI-driven algorithms and data analytics will become essential for organizations to navigate the complexities of large-scale recruitment. These technologies will enable companies to identify and attract the right talent, reduce time-to-hire, and enhance overall recruitment efficiency.

By investing in recruitment technology and fostering a supportive environment for startups and businesses, India is well-positioned to meet its ambitious job creation targets and sustain economic growth. This strategic focus will allow companies to manage large-scale hiring efficiently, build a robust and skilled workforce, and ensure that India continues to make significant strides in its economic development.

Competitive Landscape for Tech-focused staffing companies

The competitive landscape in the staffing and recruitment industry is characterized by the presence of large organized workforce management companies, mid-sized regional staffing firms, and emerging technology-driven recruitment platforms. Competition varies significantly across segments, with traditional staffing providers competing primarily on scale, pricing, compliance capability, and geographic reach, particularly in public sector and large enterprise contracts where tender-based selection and LI pricing models dominate. In contrast, technology-enabled recruitment platforms compete on product innovation, automation capabilities, analytics integration, and scalability. The market structure, therefore, reflects a clear divergence between manpower-intensive service providers operating on thin margins and asset-light SaaS players leveraging technology to drive efficiency, differentiation, and higher-margin growth.

Name		Profile
Darwinbox Solutions Limited	Digital Private	Founded in 2015 and headquartered in Hyderabad, Darwinbox Digital Solutions Private Limited is an enterprise HR-tech SaaS company offering end-to-end Human Capital Management (HCM) solutions. Its platform includes recruitment management, Applicant Tracking System (ATS), onboarding automation, payroll, performance management, and workforce analytics. The company operates on a subscription-based SaaS model and serves large enterprises across India and international markets. It leverages AI-driven automation and analytics to improve hiring efficiency and employee lifecycle management. The asset-light, recurring revenue model supports scalability and operating leverage.
Zoho Corporation Private Limited (Zoho Recruit Division)	Corporation	Zoho Recruit is the recruitment software division of Zoho Corporation Private Limited, an Indian multinational technology company headquartered in Chennai. The platform offers ATS capabilities, resume parsing, workflow automation, interview scheduling, and recruitment analytics. It caters to both staffing agencies and corporate HR teams globally. Operating on a SaaS subscription model, Zoho Recruit benefits from integration within the broader Zoho

	ecosystem, including CRM, payroll, and productivity tools, enabling seamless digital hiring workflows.
Freshworks Inc. (Freshteam Product Division)	Freshteam is a recruitment and HR management platform developed by Freshworks Inc., a global SaaS company founded in India. The solution provides applicant tracking, candidate sourcing, interview scheduling, onboarding automation, and employee data management. Operating under a recurring subscription-based model, Freshteam serves SMEs and mid-sized enterprises worldwide. Its cloud-based architecture, strong integration capabilities, and scalable infrastructure position it as a technology-driven recruitment platform with high-margin SaaS characteristics.

Competitive Scenario

It is estimated that there are over 10,000 firms operating in the recruitment & staffing space, lending the industry its fragmented nature. However, these firms – in the unorganized sector – often cater to the lower-level employee requirement and temporary staffing. Organized players which include home grown players like Quest and Team Lease and MNCs like Adecco operates across all segments, from temporary staffing to employee training. The organized segment is thus better placed to benefit the changes that is happening in the staffing & recruitment industry in India.

Key factors Shaping Competition:

The competition in India's Flexi staffing industry is shaped by various factors that influence how agencies operate and compete for both clients and talent. These factors collectively drive the industry's growth and determine the competitive dynamics. Key factors shaping competition are as follows:

- **Market Demand and Sectoral Growth:** High demand in sectors like e-commerce, FMCG, and IT increases competition among agencies to provide flexible staffing solutions.
- **Technological Advancements:** Agencies leveraging AI, digital platforms, and remote work technologies gain a competitive edge in streamlining processes and expanding reach.
- **Regulatory Environment:** Compliance with evolving labour regulations and new social security measures impacts agency operations and their competitive standing.
- **Talent Pool and Skill Availability:** The competition to attract and retain skilled workers, particularly in technology sectors, is intense, with a focus on building diverse and inclusive teams.

- **Cost Efficiency and Flexibility:** Agencies offering cost-effective and flexible staffing solutions are better positioned to thrive in a market focused on minimizing overheads.
- **Cultural Shifts and Workforce Preferences:** Changing attitudes toward work-life balance and flexible job arrangements are driving competition, with agencies that cater to these preferences gaining an advantage.
- **Globalization and Economic Factors:** The entry of multinational companies and the liberalization of the Indian economy push local agencies to meet higher international standards.

Company Profile

Hyrefox Consultants Limited.

Overview

Hyrefox was established in **2018** and is headquartered in **Jaipur, Rajasthan, India**. The company operates primarily as a digital recruitment and HR services platform with a pan-India reach. Its business model enables employers and recruiters across multiple regions in India to connect through an online ecosystem, allowing nationwide service delivery without reliance on physical branch infrastructure.

Product & Service Profile

- **Recruitment Technology Platform:** Provides an online marketplace that connects employers with a network of head-hunters and recruitment consultants.
- **Talent Acquisition Tools:**
 - **Talsuite ATS** – Applicant Tracking System.
 - **XenHire** – AI powered Video interview solution.
 - **EasyHyre Marketplace** – Job marketplace platform (upcoming / active).
- **Recruitment Services:** Recruitment services of the company including full-time hiring, recruitment process outsourcing (RPO), staffing, vendor management, and job fairs.
- **HR-Related Services:** Training, counselling, career services, and managed IT services tied to HR and recruiting processes.

Key Customer Segments Served

- **Employers and Corporates** seeking talent acquisition support nationally.
- **Professional Recruiters & Head-hunters** who use the platform to access job mandates.
- **Industry Sectors Served:** IT-BPO, e-commerce, services, and other sectors where staffing and hiring needs are significant.

Key Players Profiling

Profiling of Key Players	
<p>Spectrum Talent Management Limited</p>	<p>Spectrum Talent Management Ltd. was incorporated in 2012 and is headquartered in Noida, Uttar Pradesh, India, with its registered office in Delhi. The company provides human resource and staffing services including recruitment, payroll, onboarding, flexible and contract staffing, recruitment process outsourcing, IT staff augmentation, and workforce management solutions for clients in India and internationally. It has expanded operations with subsidiaries in the USA and the UK and serves a range of industries with manpower and talent solutions.</p>
<p>Integrated Personnel Services Limited</p>	<p>Integrated Personnel Services Ltd. was incorporated in 2004 and is headquartered in Mumbai, Maharashtra, India. The company offers human resource and staffing solutions including permanent and contract recruitment, payroll outsourcing, workforce management, executive search, and staffing services across sectors such as manufacturing, IT, BFSI, logistics, energy, and healthcare in India and internationally. It is a publicly listed company on the National Stock Exchange of India and operates through a network of offices serving clients across many locations.</p>
<p>ITCONS e-Solutions Ltd.</p>	<p>ITCONS E-Solutions Ltd. was incorporated in 2007 and is headquartered in Noida, Uttar Pradesh, India (with registration in New Delhi). The company provides IT consulting and human resource services, including IT and general staffing, recruitment services, manpower supply and sourcing, payroll services, managed IT services, and other workforce solutions for public and private sector clients across industries. It operates with a pan-India presence and serves a range of sectors by meeting staffing and workforce management needs.</p>

Financial Analysis⁷

Particular	Unit	Hyrefox Consultants Limited				Spectrum Talent Management Ltd				Integrated Personnel Services Limited				ITCONS E-Solutions Limited			
		As at and for Fiscal				As at and for Fiscal				As at and for Fiscal				As at and for Fiscal			
		Fiscal 2026 HI	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2026 HI	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2026 HI	Fiscal 2025	Fiscal 2024	Fiscal 2023	Fiscal 2026 HI	Fiscal 2025	Fiscal 2024	Fiscal 2023
Total Income	₹ in Lakhs	697.33	1,121.33	765.69	346.55	70,975.40	1,27,338.60	1,01,866.20	76,880.50	18,071.72	31,681.83	24,620.05	19,803.33	4,101.90	5,709.71	2,872.92	2,841.97
Revenue from Operations	₹ in Lakhs	692.93	1,110.47	752.46	338.16	70,806.20	1,27,013.50	1,01,620.10	76,803.70	18,042.88	31,623.07	24,559.23	19,753.57	4,019.10	5,598.41	2,849.91	2,829.19
EBITDA	₹ in Lakhs	203.01	401.21	264.68	81.12	570.20	821.70	937.90	2,357.30	726.91	1,210.57	1,021.79	828.47	270.20	412.77	316.01	251.77
EBITDA Margin	in %	29.30%	36.13%	35.18%	23.99%	0.81%	0.65%	0.92%	3.07%	4.03%	3.83%	4.16%	4.19%	6.72%	7.37%	11.09%	8.90%
PAT	₹ in Lakhs	123.40	249.37	168.62	52.60	377.30	723.80	1,159.00	2,781.50	454.89	666.66	538.00	452.90	278.21	324.96	190.61	172.65
PAT Margin	in %	17.81%	22.46%	22.41%	15.55%	0.53%	0.57%	1.14%	3.62%	2.52%	2.11%	2.19%	2.29%	6.92%	5.80%	6.69%	6.10%
Total Asset	₹ in Lakhs	1,383.97	1,307.85	775.77	259.62	27,532.50	24,949.30	20,022.50	9,610.10	12,676.01	10,536.13	8,352.60	6,643.96	5,807.46	5,021.41	1,924.01	1,495.08
Net worth	In Times	1,052.70	932.14	428.66	-33.96	16,366.20	15,957.00	14,659.40	5,580.60	6,108.47	5,638.54	4,081.00	3,240.13	4,213.29	3,711.00	1,392.40	1,215.63
Total Debt	₹ in Lakhs	129.93	200.47	198.55	140.33	4,401.40	3,513.50	86.60	375.60	4,648.28	3,459.07	3,113.69	2,676.29	833.27	373.53	175.60	5.65
Debt - equity Ratio	₹ in Lakhs	0.12	0.22	0.46	-4.13	0.27	0.22	0.01	0.07	0.76	0.61	0.76	0.83	0.20	0.10	0.13	0.00
ROCE	in %	15.78%	31.75%	39.78%	67.71%	2.13%	3.03%	5.37%	37.05%	6.15%	11.54%	12.83%	13.37%	4.94%	8.95%	17.08%	19.06%
ROE	in %	11.72%	26.75%	39.34%	154.89%	2.31%	4.54%	7.91%	49.84%	7.45%	11.82%	13.18%	13.98%	6.60%	8.76%	13.69%	14.20%
ROA	in %	8.92%	19.07%	21.74%	20.26%	1.37%	2.90%	5.79%	28.94%	3.59%	6.33%	6.44%	6.82%	4.79%	6.47%	9.91%	11.55%
Capital Employed	₹ in Lakhs	1,182.63	1,132.61	627.21	106.37	20,767.60	19,470.50	14,746.00	5,956.20	10,756.75	9,097.61	7,194.69	5,916.42	5,046.56	4,084.53	1,568.00	1,221.28

⁷ Note: For All Companies we have considered Consolidated Balance Sheet

Formula Table

Parameter	Formula
Total Revenue	Total Income includes Revenue from Operations and Other income.
Revenue From Operations	Revenue from operations means the revenue from operations as appearing in the restated statement of profit & loss for the relevant year/period.
EBITDA	PBT+ Finance Cost + Depreciation- Other income
EBITDA Margin	EBITDA/Revenue from Operations
PAT Margin	PAT /Revenue from Operations
Net worth	Shareholder Equity
Debt Equity Ratios	Short term Borrowing +Long Term Borrowing/Shareholder Equity
Return on Equity	PAT/Net worth
Return On Asset	PAT/Total Asset
Return on Capital Employed	(EBITDA-Depreciation)/Capital Employed
Capital Employed	Net worth+ Total Debt