

Teamlease Regtech Private Limited

November 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	9.00	CARE BBB+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of TeamLease Regtech Private Limited (TL Regtech) factors in the company being subsidiary of TeamLease Services Limited (TLSL), which provides regulatory and compliance management solutions. The rating reflects TL Regtech's strengthened operational performance in FY25, marked by a significant scale-up and a transition to profitability. However, despite this progress, the company's contribution to TLSL's consolidated revenue and profitability remains limited at this stage. TL Regtech's ability to ramp up the operations profitability to contribute meaningfully to TLSL's consolidated profile would be key to its prospects.

TLSL is one of the largest staffing solutions companies in India, providing general staffing, specialised staffing and other Human Resources (HR) services. TLSL reported 20% growth in the business, with growth primarily coming from general staffing businesses as specialised staffing business continues to witness headwinds from slow hiring in IT companies, however, expansion of global capacity centres (GCCs) helped it sustain profit margins. TLSL continues to maintain strong capital structure with low reliance on debt as the group follows 'collect and pay model' for its general staffing business. The rating also continues to positively factor in the company's adequate liquidity position. Based on consistent client additions and its strong standing in staffing business, CARE Ratings Limited (CareEdge Ratings) expects TLSL to maintain revenue growth at a compounded annual growth rate (CAGR) of 15% in the medium term while maintaining a strong capital structure.

Rating strengths are partially offset by thin operating margins associated with the staffing industry. Operating margins have moderated in FY25 (refer to April 01 to March 31) and Q1FY26 for TLSL. Decline was primarily driven by a shift in business mix, with reduced contribution from higher-margin segments such as National Employment Enhancement Mission Scheme (NEEM), and increased reliance on lower-margin streams such as National Apprenticeship Promotion Scheme (NAPS) and general staffing. Additional pressure came from in-sourcing trends in the BFSI sector, while moderation in Q1FY26 margins can be attributed to seasonal factors. Although marginal recovery is expected in FY26, supported by a strategic focus on value-added services and new HR technology offerings. The rating also continues to be constrained by the company's presence in a highly fragmented and competitive staffing industry.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving credit profile of the parent company, TLSL, marked by return on capital employed (ROCE) of over 15% and maintenance of net debt negative position.
- Significant contribution of TL Regtech to overall TLSL's profitability with 10% of consolidated earnings before interest, taxation, depreciation, and amortisation (EBIDTA) being generated by it.

Negative factors

- Weakening linkages between TLSL and TL Regtech.
- Deteriorating credit profile of the parent company TLSL marked by ROCE, falling below 10% or overall gearing above 0.25x.
- Deteriorating liquidity profile of TLSL and TL Regtech.

Analytical approach:

Standalone, factoring linkages with parent company, TLSL. TL Regtech is into compliance and regulatory technology solutions, which is one of TLSL's strategic areas. Hence, TL Regtech is expected to receive continuing operational, financial and management support from TLSL.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

The stable outlook reflects CareEdge Ratings expectation that the TL Regtech's scale would continue to grow while maintaining stable profitable margins and would continue to receive managerial, operational and financial support from the parent company, TLSL.

Detailed description of key rating drivers:**Key strengths****Subsidiary of TLSL, a reputed player in the staffing business**

TL Regtech is subsidiary of TLSL, and its bank facilities are guaranteed by TLSL. TLSL is one of the leading companies in human resource providers in the organised sector and provides temporary staffing to companies and has over 4000 clients and ~3.5 lakh associates and trainees. TLSL is also present in margin-accretive specialised staffing segments such as information technology (IT) and telecom staffing through a series of acquisitions post the initial public offer (IPO) in FY16. TLSL has a diversified geographical footprint with its client base consisting of top multinationals. TLSL has sectoral expertise in FMCG, logistic, infrastructure, telecom, retail ecommerce, banking and finance, agro and chemicals manufacturing. Supported by its brand equity and the increasing formalisation of the industry, CareEdge Ratings opines that TLSL would continue to maintain its strong market share in an otherwise highly fragmented industry.

Satisfactory financial profile of TLSL

At a consolidated level, TLSL demonstrated significant growth in income, which increased by ~20% y-o-y to ₹11,156 crore in FY25 (FY24: ₹9,323 crore). Nearly 93% of TLSL's revenues are derived from general staffing business, while 5% of revenues were derived from specialised staffing, which has better margins compared to general staffing, and balance 2% of revenues were reported from education entities and other HR services. Improved accruals and low debt levels have supported comfortable capitalisation and coverage indicators over the years. Under the general staffing segment, TLSL adopts the collect and pay model, where salaries of associate employees deployed to TLSL's customers are collected in advance and only then paid to associate employees, lowering the company's working capital requirements. The company continues to maintain healthy liquidity with cash and cash equivalent of ₹481 crore as on June 30, 2025. With constant addition of new clients and formalisation of the staffing solutions industry, CareEdge Ratings expects the company's revenue to grow at CAGR of 15% in the medium term, while maintaining strong debt coverage indicators.

Experienced promoters and well-qualified management team

The group was incorporated on February 02, 2000, in Bengaluru by Manish Sabharwal, Ashok Kumar Nedurumalli and Mohitkaran Gupta. Manish Sabharwal, chairman of the group has over two decades of experience in creating and implementing strategies. TLSL's day-to-day operations are managed by Ashok Kumar Nedurumalli (Managing Director and Chief Executing Officer), who completed his diploma in Management from Indian Institute of Management, Bengaluru. Long experience of promoters in the business has helped the company build strong relationship with its clients and add new clients to its portfolio.

Key weaknesses**Modest scale of operations of TL Regtech**

Despite consistent improvement in revenues in the last five years, TL Regtech scale of operations remains modest, with total operating income (TOI) amounting to ₹46 crore in FY25 (FY24: ₹18 crore). TL Regtech's contribution to overall TLSL's revenues stood below 1%, while its contribution to profitability was at ~3% for FY25. TL Regtech's ability to grow its scale as envisaged while improving operating profitability would be key rating monitorable.

Thin PBILDT margin, which moderated in FY25 and Q1FY26 of TLSL

Being in the staffing business with majority revenues coming from general staffing, the company's margins are inherently thin. TLSL's profit before interest, lease rentals, depreciation and taxation (PBILDT) margins moderated in FY25 and Q1FY26, due to shift in business mix, with reduced contribution from higher-margin segments such as NEEM, and increased reliance on lower-margin streams such as NAPS and general staffing. Additional pressure came from in-sourcing trends in the BFSI sector and the full absorption of a ₹6 crore impact following NEEM's withdrawal. However, management expects margins to recover to ~1.3% for FY26, supported by a strategic focus on value-added services and new HR technology offerings.

Competitive nature of compliance industry

The domestic compliance service industry is a fragmented market with limited entry barriers. Competitive pressures limit the company's pricing power and the scope for margin expansion in these segments. However, with increasing focus on compliance

and the streamlining of labour codes, the organised sector is likely to improve its market share, going forward which augurs well from its prospects.

Liquidity: Strong

The company's liquidity profile is driven from its parent, TLSL. TL Regtech does not have term debt but its reliance on working capital has increase after transfer of Professional services business from TLSL to TL Regtech, which has longer collection period. At TLSL consolidated level, liquidity is assessed at adequate as dependence on working capital (WC) borrowings is minimal as majority revenue (~90%) is billed under collect and pay model translating into low working capital cycle. At consolidated level, TLSL's cash and bank balances and liquid investments stood at ₹481 crore as on June 30, 2025.

Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial services & supplies	Diversified commercial services

TL RegTech (formerly known as Avantis RegTech Private Limited) was incorporated on October 12, 2018. TLSL acquired stake in TL Regtech and currently holds 62% stake in TL RegTech, making it a subsidiary of TLSL.

TL RegTech offers technology-based compliance and regulatory SaaS solutions that help enterprises track, automate, and strengthen their on-ground compliance programs.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total operating income	18.07	45.58	11.97
PBILD	0.49	4.65	0.06
PAT	NM	2.23	-0.37
Overall gearing (times)	0.00	0.78	NA
Interest coverage (times)	4.00	9.36	0.43

A: Audited UA: Unaudited; NM: Not meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	9.00	CARE BBB+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	9.00	CARE BBB+; Stable		-	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in</p>	<p>Analytical Contacts</p> <p>Karthik Raj K Director CARE Ratings Limited Phone: +91-80-4662-5555 E-mail: karthik.raj@careedge.in</p> <p>Himanshu Jain Associate Director CARE Ratings Limited Phone: +91-80-4662 5528 E-mail: himanshu.jain@careedge.in</p> <p>Sourav Dalan Analyst CARE Ratings Limited E-mail: Sourav.dalan@careedge.in</p>
--	--

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**