4 February 2026
3QFY26 Results Update | Sector: Staffing

TeamLease

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	TEAM IN
Equity Shares (m)	17
M.Cap.(INRb)/(USDb)	25 / 0.3
52-Week Range (INR)	2499 / 1355
1, 6, 12 Rel. Per (%)	-3/-23/-46
12M Avg Val (INR M)	120

Financials & Valuations (INR b)

Y/E Mar	FY26E	FY27E	FY28E
Sales	121.0	133.9	150.0
EBIT Margin (%)	0.9	1.1	1.2
Adj. PAT	1.4	1.7	2.0
EPS (INR)	86.9	100.6	116.5
EPS Gr. (%)	34.0	15.7	15.9
BV/Sh. (INR)	624.4	723.0	837.3
Ratios			
RoE (%)	14.5	14.6	14.7
RoCE (%)	12.9	13.2	13.5
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	17.2	14.8	12.8
P/BV (x)	2.4	2.1	1.8
EV/EBITDA (x)	16.0	12.0	9.4
Div Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	31.1	31.1	31.6
DII	49.8	50.7	37.1
FII	6.4	6.7	21.9
Others	12.7	11.5	9.4

FII Includes depository receipts

CMP: INR1,491 TP: INR1,850 (+24%) Buy

A messy quarter; selective strength

Operating leverage and HR seasonality to aid 4Q margins

- TeamLease's (TEAM) 3QFY26 revenue growth of 4% YoY was below our estimate of 12% YoY growth. General Staffing (GS) declined by 1.0% QoQ, while Specialized Staffing grew 2% QoQ. EBITDA margin of 1.4% was in line with our expectation (1.4%). EBITDA improved by 11% QoQ. Adj. PAT at INR480m was up 69% YoY/73% QoQ, excluding a one-time impact due to costs related to changes in labor codes of INR57. In 9MFY26, revenue/EBITDA/adj. PAT grew 7.6%/22.7%/38.9% YoY. In 4QFY26, we expect revenue/EBITDA/adj. PAT to grow 10.8%/7.3%/15.1% YoY. **We reiterate our BUY rating with a TP of INR1,850.**

Our view: BFSI pain largely done

- **3QFY26 was impacted by BFSI insourcing.** The quarter saw a sharp ~27k net headcount decline, largely due to one large NBFC and other BFSI clients moving associates in-house to manage costs. In our view, this was a one-time adjustment rather than a demand shock. Management indicated that the full impact has been absorbed in 3Q, with headcount trends expected to normalize from 4QFY26 onwards. Early stabilization is visible in frontline sales, collections, and service roles, especially across Tier-2 and Tier-3 markets.
- **General Staffing demand remains selective, with the mix working against near-term growth.** Revenue growth stayed below historical trends as incremental hiring is skewed toward non-metro locations, where salary levels are meaningfully lower. That said, logo additions remain healthy (22 new clients in 3Q, over half on variable mark-up), and PAPM continued to inch up YoY. We believe improving rural liquidity, regulatory clarity in BFSI, and steady consumer-linked hiring should support a gradual pickup over the next few quarters. We expect 8%/11% YoY growth in FY26E/FY27E.
- **Specialized Staffing continues to be anchored by GCCs, despite flat IT hiring.** While volume-led hiring from IT services has not yet returned, demand remains steady in niche skills such as AI, data, cloud, and cybersecurity. GCCs now contribute over 65% of segment revenue, with additions continuing across sectors. In our view, lower volumes but higher rate cards should help protect margins, even if headline growth remains measured in the near term. We estimate 6.8% EBITDA margin for 4QFY26.
- **HR Services momentum improves on seasonality and cost discipline.** With most RegTech investments already expensed and HR Tech investments tapering, we believe margin expansion here is sustainable, with 4Q likely to be stronger than 3Q.
- **Margins hold up despite revenue headwinds.** EBITDA stood at 1.4%, supported by productivity gains, digitization, and tight cost control, despite fewer billable days. We believe profit growth should continue to outpace revenue growth as volumes stabilize. We expect EBITDA margins to expand gradually to ~1.5% by FY27.

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Valuation and revisions to our estimates

- We remain positive on the medium- to long-term opportunities owing to gains from the formalization of the labor market. We slightly cut our estimates for FY26/27. **We reiterate our BUY rating with a TP of INR1,850 (16x FY28E EPS vs. Consensus 2-yr FWD P/E of 13x).**

Miss on revenue and margins in line; 107 new logos secured

- Revenue growth of 4% YoY was below our estimate of 12% YoY.
- General Staffing declined by 1.0% QoQ, while specialized staffing grew 2% QoQ. HR services grew 9% QoQ.
- General Staffing associate additions declined 7% QoQ to ~282k. Specialized Staffing's headcount increased 2% QoQ. At the group level, the net impact was a reduction of ~27k employees.
- EBITDA margin of 1.4% was in line with our expectation of 1.4%. EBITDA grew 11% QoQ.
- 107 new logos were added during the quarter.
- Adj. PAT at INR480m was up 69% YoY/73% QoQ. This excludes a one-time impact on account of costs related to labor codes amounting to INR57m.

Key highlights from the management commentary

- Lost ~27k headcount during the quarter, largely impacting the BFSI segment across General Staffing and Degree Apprenticeship businesses.
- The full impact was absorbed in 3Q, with growth expected to correct in 4Q.
- Management will provide clarity on headcount recovery between 4QFY26 and 1QFY27.
- The company continued to see a gradual structural recovery in the staffing ecosystem. While the pace remains uneven across sectors and geographies, fiscal and monetary actions over recent quarters have begun to support consumption and business sentiment. Customers, however, remain selective with hiring.
- Over the next 3–9 months, demand is expected to broaden gradually, with BFSI stabilizing further. Steady momentum is visible in consumer-linked roles, along with benefits from technology-led productivity initiatives.
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- Consumer demand remains mixed, with subdued urban consumption but relative resilience in semi-urban and rural markets.
- Demand is rising sharply in AI/ML coding, data security, data engineering, cloud, and cybersecurity roles. While volumes are lower than conventional tech hiring, higher rate cards support revenue and margins.
- Any incremental regulatory cost is contractually passed through to clients, resulting in no P&L impact from gratuity-related changes.

Valuation and view

- As both the central and state governments look to liberalize and formalize the labor market, TEAM should be one of the biggest direct beneficiaries in the medium term.
- Healthy growth and expected margin recovery should help TEAM deliver a CAGR of 10%/20% in revenue/earnings over FY25-28. **We reiterate our BUY rating with a TP of INR1,850 (16x FY28E EPS vs. Consensus 2-yr FWD P/E of 13x).**

Consolidated Quarterly Performance **(INR M)**

	FY25				FY26E				FY25	FY26E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY26	(% / bp)
Revenue	**25,799**	**27,968**	**29,213**	**28,579**	**28,914**	**30,321**	**30,130**	**31,676**	**1,11,559**	**1,21,041**	**32,701**	**-8%**
YoY Change (%)	19%	23%	19%	18%	12%	8%	3%	11%	20%	8%	12%	
Total Expenditure	25,576	27,634	28,864	28,104	28,608	29,938	29,706	31,167	1,10,178	1,19,419	32,247	-8%
Reported EBITDA	**223**	**335**	**349**	**475**	**307**	**383**	**423**	**509**	**1,381**	**1,622**	**454**	**-7%**
Margins (%)	0.9%	1.2%	1.2%	1.7%	1.1%	1.3%	1.4%	1.6%	1.2%	1.3%	1.4%	2bp
Reported EBIT	**91**	**196**	**216**	**341**	**171**	**242**	**286**	**379**	**844**	**1,077**	**329**	**-13%**
Margins (%)	0.4%	0.7%	0.7%	1.2%	0.6%	0.8%	0.9%	1.2%	0.8%	0.9%	1.0%	-6bp
Interest	30	44	32	42	37	40	34	30	148	142	30	14%
Other Income	141	107	102	97	126	87	237	100	447	550	150	58%
PBT before EO expense	**202**	**259**	**286**	**397**	**260**	**289**	**489**	**449**	**1,144**	**1,486**	**449**	**9%**
Extra-Ord expense	0	0	0	0	0	0	56	0	0	56	0	
Reported PBT	**202**	**259**	**286**	**397**	**260**	**289**	**433**	**449**	**1,144**	**1,431**	**449**	**-4%**
Tax	8	11	2	20	13	12	10	18	40	53	18	
Rate (%)	4%	4%	1%	5%	5%	4%	2%	4%	4%	4%	4%	-166bp
Adjusted PAT	**194**	**249**	**284**	**379**	**250**	**278**	**480**	**436**	**1,105**	**1,445**	**436**	**10%**
YoY Change (%)	-25%	-10%	3%	38%	29%	12%	69%	15%	2%	31%	54%	1576bp
Margins (%)	0.8%	0.9%	1.0%	1.3%	0.9%	0.9%	1.6%	1.4%	1.0%	1.2%	1.3%	26bp
Reported PAT	**194**	**249**	**284**	**379**	**250**	**278**	**425**	**436**	**1,105**	**1,389**	**436**	**-3%**
YoY Change (%)	-25%	-10%	-8%	38%	29%	12%	50%	15%	-1%	26%	54%	-384bp
Margins (%)	0.8%	0.9%	1.0%	1.3%	0.9%	0.9%	1.4%	1.4%	1.0%	1.1%	1.3%	8bp

Key Perfor. Indicators

Y/E March	FY25				FY26			FY25
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Headcount								
General staffing associates	2,82,450	2,98,300	2,99,600	2,92,150	2,95,270	3,03,350	2,82,000	2,92,150
Apprentices	42,350	45,270	47,200	47,300	49,000	51,600	46,000	47,300
Specialised staffing	6,900	6,670	6,700	6,620	6,730	7,050	7,165	6,620
Revenue								
General staffing	24,139	26,094	27,207	26,230	26,693	27,834	27,554	1,03,669
Specialised staffing	1,446	1,425	1,472	1,581	1,770	1,912	1,951	5,924
Other HR Services	214	450	533	768	451	574	625	1,965
Operating Margins								
General staffing	0.9	0.9	1.0	1.0	0.9	0.9	1.0	1.0
Specialised staffing	6.0	7.5	7.4	7.0	5.9	6.5	6.3	7.0
Other HR Services	(44.8)	(1.8)	(2.9)	19.0	(23.5)	(6.5)	1.4	1.3

CONFERENCE CALL

Key highlights from the management commentary

Demand and growth outlook

- The company lost ~27k headcount during the quarter, largely impacting the BFSI segment across General Staffing and Degree Apprenticeship businesses.
- The full impact was absorbed in 3Q, with growth expected to correct in 4Q.
- Management will provide clarity on headcount recovery between 4QFY26 and 1QFY27.
- It continued to see a gradual structural recovery in the staffing ecosystem. While the pace remains uneven across sectors and geographies, fiscal and monetary actions over recent quarters have begun to support consumption and business sentiment. Customers, however, remain selective with hiring.
- Over the next 3–9 months, demand is expected to broaden gradually, with BFSI stabilizing further. Steady momentum is visible in consumer-linked roles, along with benefits from technology-led productivity initiatives.
- **GS:** Headcount growth was impacted by insourcing by a BFSI client, resulting in a 7% QoQ decline.
- Regulatory headwinds in BFSI continued, with one large NBFC client absorbing over 20,000 associates onto its own payroll to optimize costs.
- The sector mix is expected as follows: BFSI at 19–20%, consumer and FMCG at 20–25%, retail at ~15%, and manufacturing at ~12%.
- Revenue momentum in general staffing remains below historical trends due to higher hiring in non-metro locations, where average salaries are 30–40% lower than urban areas.
- BFSI remains in transition, but early signs of stabilization are visible, particularly in frontline sales, collections, and service roles, with stronger demand emerging in tier-2 and tier-3 markets. Regulatory clarity and improving rural liquidity are expected to support recovery in coming quarters.
- Consumer demand remains mixed, with subdued urban consumption but relative resilience in semi-urban and rural markets.
- E-commerce and logistics saw seasonal staffing upticks linked to festive demand, though growth remains measured.
- Telecom and industrial segments continue selective, productivity-driven hiring with increased focus on technology-led leverage.
- PAPM increased to INR680 from INR669 last year. Large clients typically pay lower PAPM compared to smaller clients.
- **Specialized Staffing:** Demand is rising sharply in AI/ML coding, data security, data engineering, cloud and cybersecurity roles. While volumes are lower than conventional tech hiring, higher rate cards support revenue and margins.
- The business now serves over 100 GCC clients, with high activity across Life Sciences, Telecom, Consulting, Engineering, BFSI, Consumer and IT.
- Volume-led headcount growth from IT services has not yet resumed.
- Any incremental regulatory cost is contractually passed through to clients, resulting in no P&L impact from gratuity-related changes.
- **HR Services:** 4Q growth is expected to be higher than 3Q, supported by seasonality.
- University admission and revenue cycles typically drive stronger performance in 3Q and 4Q, with 4Q outperforming 2Q and 3Q.
- Strong demand visibility in 4Q, along with cost optimization, is expected to sustain margin expansion.

Margin outlook

- PBT grew 69% QoQ, primarily driven by interest credits on tax refunds. EBITDA grew 11% QoQ and 22% YoY, supported by digitization and cost optimization.
- Margin expansion in General Staffing was achieved despite revenue headwinds, driven by productivity and cost initiatives.
- A marginal sequential dip in EBITDA was recorded due to fewer billable days in 3QFY26 vs 2QFY26.
- HR Services EBITDA margin expanded to 7%, supported by EdTech seasonality.
- Technology-led leverage remains central to margin expansion, enabling support for a larger associate base without proportional overhead increases.
- Investments in digital hiring, payroll compliance and associate engagement continue to lower cost-to-serve and improve client experience.
- Any incremental regulatory cost is contractually passed through to clients, resulting in no P&L impact from gratuity-related changes.
- International business headcount is ~100. Peer margins remain higher due to a larger share of international operations, which are structurally higher-margin.
- Specialized Staffing and Degree Apprenticeship are expected to return to growth and contribute to margin expansion over time

Valuation and view

- As both the central and state governments look to liberalize and formalize the labor market, TEAM should be one of the biggest direct beneficiaries in the medium term.
- Healthy growth and expected margin recovery should help TEAM deliver a CAGR of 10%/20% in revenue/earnings over FY25-28. **We reiterate our BUY rating with a TP of INR1,850 (16x FY28E EPS vs. Consensus 2-yr FWD P/E of 13x).**

Exhibit 1: Summary of our revised estimates

	Revised			Earlier			Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue (INR m)	1,21,041	1,33,906	1,49,957	1,24,422	1,39,558	1,56,258	-2.7%	-4.0%	-4.0%
Rev. growth (%)	8.5%	10.6%	12.0%	11.5%	12.2%	12.0%	-300bps	-150bps	0bps
EBITDA (INR mn)	1,622	2,037	2,416	1,635	2,098	2,489	-0.8%	-2.9%	-2.9%
EBITDA margin (%)	1.3%	1.5%	1.6%	1.3%	1.5%	1.6%	3bps	2bps	2bps
EBIT (INR mn)	1,077	1,477	1,856	1,108	1,538	1,929	-2.8%	-4.0%	-3.8%
EBIT margin (%)	0.9%	1.1%	1.2%	0.9%	1.1%	1.2%	0bps	0bps	0bps
EPS (INR)	86.9	100.6	116.5	89.5	104.6	121.3	-2.9%	-3.8%	-3.9%

Source: MOFSL

Financials and valuations

Income Statement							(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	**64,798**	**78,700**	**93,215**	**1,11,559**	**1,21,041**	**1,33,906**	**1,49,957**
Change (%)	32.7	21.5	18.4	19.7	8.5	10.6	12.0
Employee Benefit Expense	61,807	75,698	89,799	1,06,172	1,14,479	1,26,215	1,41,215
Other Expense	1,567	1,779	2,108	4,005	4,940	5,655	6,327
Total Expenditure	**63,375**	**77,477**	**91,907**	**1,10,178**	**1,19,419**	**1,31,870**	**1,47,541**
As a percentage of Sales	97.8	98.4	98.6	98.8	98.7	98.5	98.4
EBITDA	**1,424**	**1,223**	**1,308**	**1,381**	**1,622**	**2,037**	**2,416**
Margin (%)	2.2	1.6	1.4	1.2	1.3	1.5	1.6
Depreciation	408	432	525	537	545	560	560
EBIT	**1,016**	**791**	**783**	**844**	**1,077**	**1,477**	**1,856**
Int. and Finance Charges	40	57	102	148	142	140	160
Other Income	197	439	461	449	562	420	340
PBT bef. EO Exp.	**1,173**	**1,174**	**1,141**	**1,145**	**1,498**	**1,757**	**2,036**
EO Items	-750	-23	35	0	56	0	0
PBT	**423**	**1,150**	**1,176**	**1,145**	**1,442**	**1,757**	**2,036**
Total Tax	61	35	51	40	53	70	81
Tax Rate (%)	14.4	3.0	4.3	3.5	3.7	4.0	4.0
Minority Interest	0	0	-8	0	0	0	0
Reported PAT	**362**	**1,115**	**1,118**	**1,105**	**1,389**	**1,687**	**1,954**
Adjusted PAT	**-388**	**1,092**	**1,153**	**1,105**	**1,445**	**1,687**	**1,954**
Change (%)	-151.4	-381.7	5.5	-4.1	30.8	16.7	15.9
Margin (%)	-0.6	1.4	1.2	1.0	1.2	1.3	1.3

Balance Sheet							(INR m)
Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	171	171	168	168	168	168	168
Total Reserves	6,887	8,034	7,945	9,062	10,507	12,193	14,148
Net Worth	**7,058**	**8,205**	**8,113**	**9,230**	**10,674**	**12,361**	**14,315**
Total Loans	1,702	2,100	2,221	2,320	2,320	2,320	2,320
Capital Employed	**8,760**	**10,305**	**10,334**	**11,549**	**12,994**	**14,680**	**16,635**
Net Fixed Assets	**2,512**	**2,432**	**2,350**	**2,771**	**2,342**	**1,842**	**1,331**
Total Investments	**533**	**1,939**	**30**	**756**	**756**	**756**	**756**
Curr. Assets, Loans, and Adv.	**12,332**	**13,239**	**16,909**	**17,856**	**19,729**	**21,916**	**24,381**
Account Receivables	3,697	3,803	4,496	4,913	6,418	6,964	7,704
Cash and Bank Balance	1,765	1,495	1,679	949	1,317	2,958	4,683
Loans and Advances	6,870	7,942	10,734	11,994	11,994	11,994	11,994
Curr. Liability and Prov.	**6,644**	**7,373**	**9,035**	**9,897**	**9,897**	**9,897**	**9,897**
Other Current Liabilities	6,010	6,632	8,206	8,756	8,756	8,756	8,756
Provisions	634	741	829	1,141	1,141	1,141	1,141
Net Current Assets	**5,688**	**5,867**	**7,874**	**7,959**	**9,832**	**12,019**	**14,484**
Deferred Tax assets	26	68	80	63	63	63	63
Appl. of Funds	**8,760**	**10,305**	**10,334**	**11,549**	**12,994**	**14,680**	**16,635**

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	**22.5**	**65.1**	**64.8**	**64.9**	**86.9**	**100.6**	**116.5**
Cash EPS	1.2	89.1	98.1	96.0	116.4	131.4	147.1
BV/Share	412.8	479.9	474.5	539.8	624.4	723.0	837.3
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E ratio	66.4	22.9	23.0	23.0	17.2	14.8	12.8
Cash P/E ratio	1,262.3	16.7	15.2	15.5	12.8	11.3	10.1
P/BV ratio	3.6	3.1	3.1	2.8	2.4	2.1	1.8
EV/Sales ratio	0.4	0.3	0.3	0.2	0.2	0.2	0.2
EV/EBITDA ratio	17.9	21.3	19.5	19.1	16.0	12.0	9.4
FCF per share	-11.4	62.4	58.0	43.8	-2.5	82.4	93.3
Return Ratios (%)							
RoE	-5.7	14.3	14.1	12.7	14.5	14.6	14.7
RoCE	12.7	12.5	11.5	11.4	12.9	13.2	13.5
RoIC	16.1	11.5	9.7	8.8	10.0	13.0	16.1
Working Capital Ratios							
Asset Turnover (x)	7.4	7.6	9.0	9.7	9.3	9.1	9.0
Debtor (Days)	21	18	18	16	19	19	19
Leverage Ratio (x)							
Current Ratio	1.9	1.8	1.9	1.8	2.0	2.2	2.5
Interest Coverage Ratio	25.6	13.9	7.6	5.7	7.6	10.5	11.6
Net Debt/Equity ratio	-0.1	-0.2	0.1	0.1	0.0	-0.1	-0.2

Cash Flow Statement (INR m)

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	456	1,150	1,177	1,145	1,498	1,757	2,036
Depreciation	408	432	525	537	545	560	560
Interest and Finance Charges	608	-246	-287	-149	-409	-260	-160
Direct Taxes Paid	-593	-761	-488	-280	-53	-70	-81
(Inc.)/Dec. in WC	-939	687	251	-210	-1,506	-546	-740
CF from Operations	**-61**	**1,262**	**1,178**	**1,044**	**75**	**1,441**	**1,614**
Others	0	0	0	0	0	0	0
CF from Operations incl. EO	**-61**	**1,262**	**1,178**	**1,044**	**75**	**1,441**	**1,614**
(Inc.)/Dec. in FA	-134	-196	-205	-310	-116	-60	-49
Free Cash Flow	**-195**	**1,067**	**973**	**734**	**-41**	**1,381**	**1,565**
(Pur.)/Sale of Investments	-807	-1,134	391	-1,439	0	0	0
Others	305	99	224	273	409	260	160
CF from Investments	**-636**	**-1,232**	**410**	**-1,475**	**293**	**200**	**111**
Issue of Shares	0	0	0	0	0	0	0
Inc./(Dec.) in Debt	-100	-177	-213	-202	0	0	0
Interest Paid	-31	-66	-1,301	-148	0	0	0
CF from Fin. Activity	**-131**	**-244**	**-1,514**	**-350**	**0**	**0**	**0**
Inc./Dec. in Cash	**-828**	**-213**	**74**	**-782**	**368**	**1,641**	**1,725**
Opening Balance	2,593	1,516	1,304	1,378	951	1,317	2,958
Closing Balance	**1,765**	**1,495**	**1,683**	**950**	**1,319**	**2,958**	**4,683**

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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