

# Teamlease Services

## New labour codes: Long-term structural impact

The government implemented the new labour law framework by consolidating 29 older legislations into four comprehensive labour codes covering wages, industrial relations, social security, and occupational safety and health. These reforms introduce universal minimum wages, expand social security to gig and platform workers, mandate formal appointment letters, and modernize compliance through digital, simplified processes, thereby promoting formalization of employment and a more transparent, worker-friendly labour market. This overhaul will accelerate the shift from the unorganized to the organized sector (formalization), thereby increasing the addressable market for organized staffing companies. The new regulatory rigor requires heavy investment in technology and compliance infrastructure, which unorganized regional players with low markups (PAPM) will struggle to achieve. This will lead to consolidation, moving business away from non-compliant local vendors towards organized players. This market consolidation and expansion of formal employment, coupled with Teamlease's existing investment in technology-driven systems, is expected to improve operating leverage and drive gross margin expansion in general staffing. The leading concern for the staffing industry was the declining gross margins, which now with the new codes is expected to improve from the current 2.5% to ~4%. Finally, the extension of social security benefits, like ESIC, to gig workers opens a new market opportunity for Teamlease to provide outsourced HR helpline and compliance management services for businesses utilizing this workforce.

Teamlease registered a 23% CAGR in revenue over FY21-25, but EBITDA growth was limited to 9% CAGR due to EBITDA margins compressing from 2.0% in FY21 to 1.2% in FY25. This drop in consolidated margins was mainly caused by a decline in gross margins (GM) in the general staffing segment, where GM fell from 3.9% in FY21 to 2.6% in FY25. The GM is closely linked to PAPM, which has remained largely flat over the years, hovering around ~INR 650-700. Post-implementation of the new labour codes, there is a high probability of PAPM growth due to structural regulatory changes. Current estimates factor in a ~2% PAPM increase. PAPM sensitivity is significant, with a 5% PAPM increase potentially lifting FY27E PAT by ~10%. Revenue growth is expected to be 11%, 15%, and 17% in FY26E, FY27E, and FY28E respectively, accompanied by EBITDA margin expansion to 1.37%, 1.42%, and 1.48% over the same periods. This translates to revenue, EBITDA, and EPS CAGRs of 14%, 22%, and 25% over FY25-28E. Teamlease is currently trading at a P/E of 17x on FY27E earnings, which is below its 5-year average of ~32x. We have kept estimates unchanged while awaiting visible margin and PAPM improvements. We maintain our BUY rating with a TP of INR 2,300 based on 20x Sep-27E EPS.

- Major changes in compliance, wages, and administration:** The new system moves from numerous complex laws to a single code. Compliance will become 100% digital. The administrative burden is significantly reduced, moving from the anticipated four returns (one for each code) to one return per month. Earlier Professional Tax required physical remittance at the state or even district level, which is now moved to the digital system. A single identification number will be used across all PF and other compliances. Employee payouts are expected to be linked to Aadhaar. Once linked, PF and ESIC contributions are mandated to be automatically remitted. This linkage drives formal employment, as informal workforces would require businesses to explicitly explain that payments are not employment-related, or else they must use an organized agency like Teamlease to manage the compliance. To introduce uniformity, the central government will fix a floor wage every five years. State governments must set minimum wages at or above this floor, which will cause a substantial increase in labor costs in previously low-wage states where wages were sometimes as low as INR 9,000/month. All traditional loopholes are being removed, including strict mandates for salary remittance by the 7th of the month and the cessation of cash payments.

**BUY**

CMP (as on 28 Nov 2025)	INR 1,647
Target Price	INR 2,300
NIFTY	26,203

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 2,300	INR 2,300
EPS %	FY26E +0.0	FY27E +0.0

### KEY STOCK DATA

Bloomberg code	TEAM IN
No. of Shares (mn)	17
MCap (INR bn) / (\$ mn)	28/309
6m avg traded value (INR mn)	87
52 Week high / low	INR 3,103/1,641

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(5.9)	(11.8)	(39.8)
Relative (%)	(12.2)	(17.9)	(47.6)

### SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	31.61	31.11
FIs & Local MFs	50.25	50.72
FPIs	7.69	6.68
Public & Others	10.41	11.46
Pledged Shares	1.59	0.00

Source : BSE

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- **Impact on employment structure:** The new codes provide clear instructions that PF contribution is expected to be calculated on 50% of the CTC. In the short term, companies will revisit and restructure all existing CTC components (basic, DA, HRA, etc.) to comply with this new calculation while trying to protect the employee's take-home pay. The codes formalize and promote the use of FTCs across all roles and profiles, including for a company's core work activities. This eliminates state-level restrictions and brings uniformity, enabling greater ease of hiring and separation, even allowing for the layoff of up to 300 people in one go. Gratuity is now extended to FTCs on a proportionate basis.
- **Gig worker opportunity:** With over 10mn gig workers, the government is expected to bring them under social security, such as extending ESIC hospital benefits. Companies utilizing gig workers (like quick commerce platforms) typically handle hiring and payouts internally but lack the back-end HR rigor to manage compliance nuances. The introduction of benefits will generate high volumes of queries regarding PF loans, documentation, and procedural filings. This regulatory requirement creates a new product opportunity for Teamlease to offer outsourced HR and compliance services.
- **Formalization, unorganized players, and margin expansion:** Currently, only 10-20% of the workforce is in the organized space, but the new labour laws are expected to drive market expansion, potentially increasing the organized addressable market. In the short term, there could be some delays in hiring and onboarding as companies restructure their CTC and offer letters to ensure compliance. There could be a short-term risk as some volume may move to insourcing if companies perceive the reduced complexity makes managing employees directly easier. However, handling entry-level jobs requires significant HR rigor (onboarding, KYC, timely salaries, and managing queries) that many companies are not equipped for, which is why they outsource. Regional unorganized players, who currently survive by operating paper-based systems with extremely low markups (e.g., INR 300–INR 400 PAPM—Per Associate Per Month), will find it unsustainable to achieve compliance. They will have to invest heavily in technology for central, API-based direct digital filings with PF and ESIC which will increase the cost of compliance for unorganized players. Clients, fearing reputational risk and scrutiny from non-compliance, are expected to consolidate business away from non-compliant local vendors. Clients will likely pay a INR 100–INR200 premium to an organized player for compliance assurance, similar to the consolidation seen during the GST rollout. This formalization and market consolidation is the biggest driver for potential margin expansion. Gross margins in general staffing, currently ~2.5%, are expected to improve, potentially reaching ~4% in the long run (we are not taking any expansion in GM and PAPM). Teamlease's existing investment in technology-driven systems is expected to improve its operating leverage. The fastest adoption of formalized players is anticipated in manufacturing and industrial sectors, particularly in tier 2 cities where the unorganized sector contribution was historically higher.

### Financial Summary

YE March (INR bn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenue	78.70	93.22	111.56	123.65	142.64	167.17
EBITDA	1.22	1.31	1.38	1.69	2.02	2.48
APAT	1.14	1.09	1.09	1.36	1.69	2.15
Diluted EPS (INR)	66.5	64.8	64.9	81.0	101.0	128.1
P/E (x)	24.8	25.4	25.4	20.3	16.3	12.9
EV / EBITDA (x)	19.8	18.3	16.2	12.6	9.9	7.4
RoE (%)	15.1	13.5	12.8	13.9	15.0	16.3

Source: Company, HSIE Research

## Teamlease business segments financial highlights

INR mn	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR 21-25E	CAGR 25-28E
<b>Revenue</b>	<b>36,241</b>	<b>44,476</b>	<b>52,007</b>	<b>48,815</b>	<b>64,798</b>	<b>78,700</b>	<b>93,215</b>	<b>1,11,559</b>	<b>1,23,647</b>	<b>1,42,642</b>	<b>1,67,174</b>	<b>23%</b>	<b>14%</b>
Core Staffing	33,749	40,115	46,813	44,276	58,383	71,794	85,906	1,03,669	1,13,465	1,30,540	1,53,030	24%	14%
Specialised Staffing	1,829	3,092	4,098	3,983	5,309	5,658	5,886	5,924	7,772	9,209	10,833	10%	22%
HR Tech	663	1,269	1,097	556	1,105	1,248	1,423	1,965	2,410	2,893	3,311	37%	19%
<b>Cost breakup*</b>													
Associate Cost	33,834	40,902	48,047	45,790	60,146	73,801	87,891	1,04,012	1,14,376	1,31,397	1,52,843	23%	14%
Core Cost	879	1,070	1,318	1,080	1,661	1,897	1,908	2,084	2,345	2,650	2,995	18%	13%
Other Cost	841	1,560	1,692	960	1,567	1,779	2,108	4,082	5,232	6,570	8,854	44%	29%
<b>Total Cost</b>	<b>35,553</b>	<b>43,532</b>	<b>51,056</b>	<b>47,830</b>	<b>63,375</b>	<b>77,477</b>	<b>91,907</b>	<b>1,10,178</b>	<b>1,21,953</b>	<b>1,40,617</b>	<b>1,64,692</b>	<b>23%</b>	<b>14%</b>
GM% Core Staffing*	4.3%	4.2%	4.1%	3.9%	3.5%	3.3%	2.8%	2.6%	2.5%	2.4%	2.4%		
GM% Specialized Staffing*	21.8%	12.6%	12.8%	16.0%	16.0%	14.4%	12.1%	12.0%	10.2%	10.5%	10.9%		
<b>GM% (Core + Specialised) *</b>	<b>4.8%</b>	<b>5.2%</b>	<b>5.5%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>4.6%</b>	<b>4.2%</b>	<b>5.0%</b>	<b>5.5%</b>	<b>5.9%</b>	<b>6.6%</b>		
<b>Net Revenue (ex of Associate cost)</b>	<b>2,408</b>	<b>3,574</b>	<b>3,960</b>	<b>3,024</b>	<b>4,652</b>	<b>4,899</b>	<b>5,324</b>	<b>7,547</b>	<b>9,271</b>	<b>11,245</b>	<b>14,331</b>	<b>26%</b>	<b>24%</b>
Net EBITDA Margin %*	28.6%	26.4%	24.0%	32.6%	30.6%	25.0%	24.6%	18.3%	18.3%	18.0%	17.3%		
<b>EBITDA</b>	<b>688</b>	<b>944</b>	<b>951</b>	<b>985</b>	<b>1,424</b>	<b>1,223</b>	<b>1,308</b>	<b>1,381</b>	<b>1,694</b>	<b>2,025</b>	<b>2,482</b>	<b>9%</b>	<b>22%</b>
Core Staffing	615	808	903	872	1,048	1,186	1,071	1,107	1,205	1,381	1,655	6%	14%
Specialised	180	202	267	391	471	437	404	433	508	645	812	3%	23%
HR Tech	39	83	-86	-77	69	62	121	86	120	178	207		34%
Unallocated	-146	-149	-133	-201	-164	-462	-288	-245	-139	-178	-193	5%	-8%
<b>EBITDA Mix %</b>													
Core Staffing	89.4%	85.5%	95.0%	88.5%	73.6%	97.0%	81.9%	80.2%	71.2%	68.2%	66.7%		
Specialised	26.2%	21.4%	28.1%	39.7%	33.1%	35.7%	30.9%	31.4%	30.0%	31.8%	32.7%		
HR Tech	5.7%	8.8%	-9.1%	-7.8%	4.8%	5.1%	9.3%	6.2%	7.1%	8.8%	8.3%		
Unallocated	-21.3%	-15.7%	-14.0%	-20.4%	-11.5%	-37.8%	-22.0%	-17.7%	-8.2%	-8.8%	-7.8%		
<b>EBITDA%</b>													
Core Staffing	1.8%	2.0%	1.9%	2.0%	1.8%	1.7%	1.2%	1.1%	1.1%	1.1%	1.1%		
Specialised	9.8%	6.5%	6.5%	9.8%	8.9%	7.7%	6.9%	7.3%	6.5%	7.0%	7.5%		
HR Tech	5.9%	6.5%	-7.9%	-13.9%	6.2%	5.0%	8.5%	4.4%	5.0%	6.1%	6.3%		
<b>Consolidated EBITDA %</b>	<b>1.9%</b>	<b>2.1%</b>	<b>1.8%</b>	<b>2.0%</b>	<b>2.2%</b>	<b>1.6%</b>	<b>1.4%</b>	<b>1.2%</b>	<b>1.4%</b>	<b>1.4%</b>	<b>1.5%</b>		
<b>Associates (Nos)</b>													
General Staffing	1,32,323	1,54,095	1,61,365	1,59,955	1,94,650	2,23,500	2,67,000	2,92,150	3,14,350	3,41,430	3,79,510	16%	9%
Trainees (DA)	43,052	56,169	50,620	61,086	81,110	50,350	44,800	47,300	55,600	67,600	82,600	-6%	20%
Specialised	5,948	5,947	8,225	7,109	9,470	8,600	7,230	6,620	7,350	8,150	9,030	-2%	11%
<b>Core Emp (Nos)</b>													
General Staffing	798	780	804	628	794	780	839	898	939	959	979	9%	3%
Specialised	375	277	357	346	492	413	320	279	276	284	292	-5%	2%
Other Core	531	733	861	698	1,003	1,066	1,045	1,272	1,303	1,323	1,343	16%	2%
<b>Total Core (Nos)</b>	<b>1704</b>	<b>1790</b>	<b>2022</b>	<b>1672</b>	<b>2289</b>	<b>2259</b>	<b>2,204</b>	<b>2,449</b>	<b>2,518</b>	<b>2,566</b>	<b>2,614</b>	<b>10%</b>	<b>2%</b>
Dep	92	105	286	337	408	432	525	537	556	592	640	12%	6%
Other Income	156	181	308	317	-572	416	497	447	435	505	575	9%	9%
Interest	25	52	123	69	40	57	102	148	155	160	160	21%	3%
<b>PBT</b>	<b>728</b>	<b>968</b>	<b>851</b>	<b>896</b>	<b>404</b>	<b>1,150</b>	<b>1,177</b>	<b>1,143</b>	<b>1,418</b>	<b>1,778</b>	<b>2,256</b>	<b>6%</b>	<b>25%</b>
Tax	-9	-16	480	101	61	35	51	40	68	89	113	-20%	41%
Tax %	-1.3%	-1.7%	56.4%	11.2%	15.1%	3.0%	4.3%	3.5%	4.8%	5.0%	5.0%		
<b>PAT</b>	<b>735</b>	<b>980</b>	<b>350</b>	<b>775</b>	<b>333</b>	<b>1,113</b>	<b>1,122</b>	<b>1,088</b>	<b>1,356</b>	<b>1,693</b>	<b>2,147</b>	<b>9%</b>	<b>25%</b>
<b>EPS</b>	<b>43.0</b>	<b>57.3</b>	<b>20.5</b>	<b>45.3</b>	<b>19.5</b>	<b>65.1</b>	<b>66.9</b>	<b>64.9</b>	<b>80.9</b>	<b>100.9</b>	<b>128.0</b>	<b>9%</b>	<b>25%</b>

Source: Company, HSIE research, \* based on our calculation/estimates

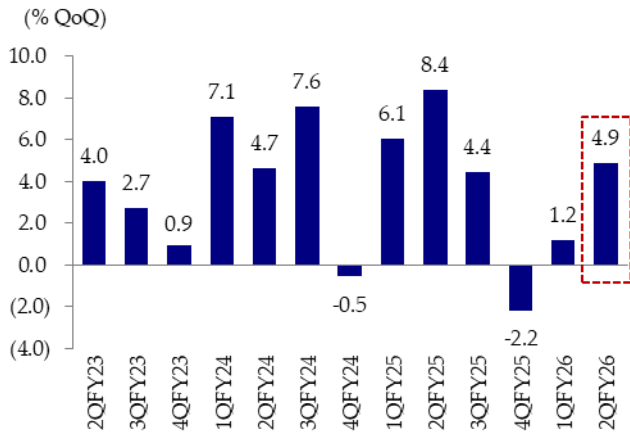
## Core staffing business metrics

Core Staffing (INR mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR 21-25E	CAGR 25-28E
Core Staffing Revenue	33,749	40,115	46,813	44,276	58,383	71,794	85,906	1,03,669	1,13,465	1,30,540	1,53,030	24%	14%
YoY %	14.6%	18.9%	16.7%	-5.4%	31.9%	23.0%	19.7%	20.7%	9.4%	15.0%	17.2%		
<b>No of Associates (Nos)</b>													
General Staffing	1,32,323	1,54,095	1,61,365	1,59,955	1,94,650	2,23,500	2,67,000	2,92,150	3,14,350	3,41,430	3,79,510	16%	9%
Trainees (DA)	43,052	56,169	50,620	61,086	81,110	50,350	44,800	47,300	55,600	67,600	82,600	-6%	20%
<b>Total Associates (Nos)</b>	<b>1,75,375</b>	<b>2,10,264</b>	<b>2,11,985</b>	<b>2,21,041</b>	<b>2,75,760</b>	<b>2,73,850</b>	<b>3,11,800</b>	<b>3,39,450</b>	<b>3,69,950</b>	<b>4,09,030</b>	<b>4,62,110</b>	<b>11%</b>	<b>11%</b>
YoY %	17.0%	19.9%	0.8%	4.3%	24.8%	-0.7%	13.9%	8.9%	9.0%	10.6%	13.0%		
Core Associates (Nos)	1,474	1,652	1,885	1,819	2,113	2,288	2,400	2,622	2,852	3,190	3,635	10%	12%
YoY %		12.1%	14.1%	-3.5%	16.2%	8.3%	4.9%	9.2%	8.8%	11.9%	13.9%		
Revenue/Associate/Month (INR)	17,292	17,337	18,478	17,041	19,586	21,771	24,447	26,531	26,658	27,930	29,278	12%	3%
YoY %	5.6%	0.3%	6.6%	-7.8%	14.9%	11.2%	12.3%	8.5%	0.5%	4.8%	4.8%		
<b>Core Cost breakup (based on estimates) *</b>													
Associate Cost	32,306	38,428	44,890	42,569	56,311	69,449	83,514	1,00,971	1,10,612	1,27,342	1,49,366	24%	14%
Core Cost	348	396	434	336	461	536	604	669	722	819	927	19%	11%
Other Cost	480	484	586	499	563	623	717	922	926	998	1,081	17%	5%
<b>Total Cost</b>	<b>33,134</b>	<b>39,307</b>	<b>45,910</b>	<b>43,404</b>	<b>57,335</b>	<b>70,608</b>	<b>84,835</b>	<b>1,02,562</b>	<b>1,12,260</b>	<b>1,29,159</b>	<b>1,51,374</b>	<b>24%</b>	<b>14%</b>
<b>Core Cost Mix%</b>													
Associate Cost	95.7%	95.8%	95.9%	96.1%	96.5%	96.7%	97.2%	97.4%	97.5%	97.6%	97.6%		
Core Cost	1.0%	1.0%	0.9%	0.8%	0.8%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%		
Other Cost	1.4%	1.2%	1.3%	1.1%	1.0%	0.9%	0.8%	0.9%	0.8%	0.8%	0.7%		
<b>Core Staffing EBITDA %</b>	<b>1.8%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>2.0%</b>	<b>1.8%</b>	<b>1.7%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.1%</b>		
Cost/Associate (INR/month)	16,553	16,608	17,719	16,384	18,891	21,060	23,767	25,840	25,987	27,246	28,577	12%	3%
<b>PAPM (INR)</b>	<b>740</b>	<b>729</b>	<b>759</b>	<b>657</b>	<b>695</b>	<b>711</b>	<b>681</b>	<b>691</b>	<b>670</b>	<b>684</b>	<b>701</b>		
GP*	1,444	1,688	1,923	1,707	2,072	2,345	2,392	2,698	2,854	3,198	3,663	12%	11%
GP%	4.3%	4.2%	4.1%	3.9%	3.5%	3.3%	2.8%	2.6%	2.5%	2.4%	2.4%		
EBITDA	615	808	903	872	1,048	1,186	1,071	1,107	1,205	1,381	1,655	6%	14%
<b>EBITDA %</b>	<b>1.8%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>2.0%</b>	<b>1.8%</b>	<b>1.7%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>1.1%</b>		
Markup (PAPM) (INR)	755	714	744	700	709	694	683	671	670	683	696	-1%	1%
Cost/Associate/month (INR)	440	365	388	364	357	334	378	388	387	387	379	2%	-1%
<b>EBITDA/Associate/Month (INR)</b>	<b>315</b>	<b>349</b>	<b>356</b>	<b>336</b>	<b>352</b>	<b>360</b>	<b>305</b>	<b>283</b>	<b>283</b>	<b>296</b>	<b>317</b>	<b>-4%</b>	<b>4%</b>

Source: Company, HSIE research, \* based on our calculation/estimates

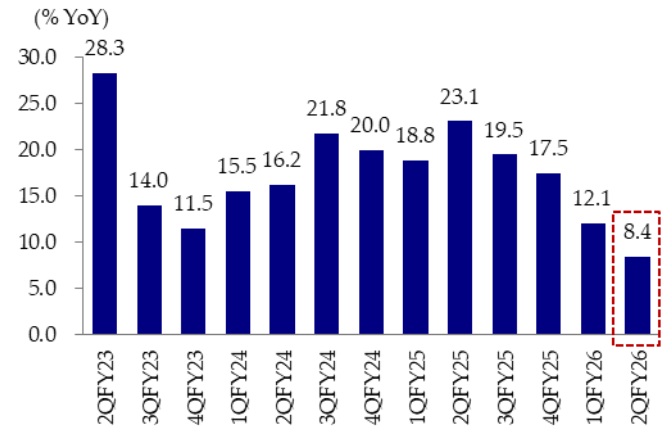
## Teamlease Services: Company update

**Exhibit 1: Total consolidated revenue growth was strong on a sequential basis**



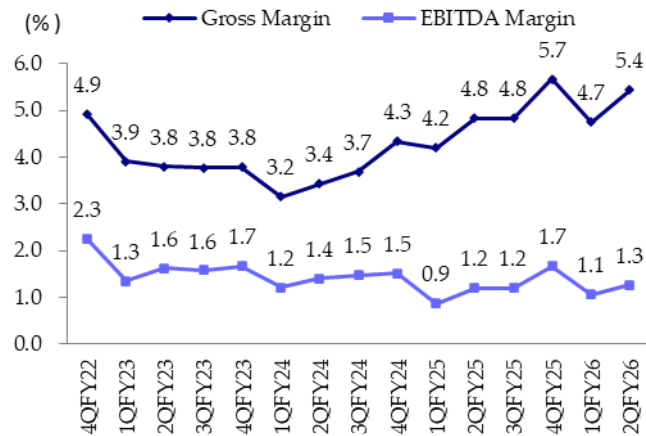
Source: Company, HSIE Research

**Exhibit 2: YoY revenue growth muted led by weakness in BFSI**



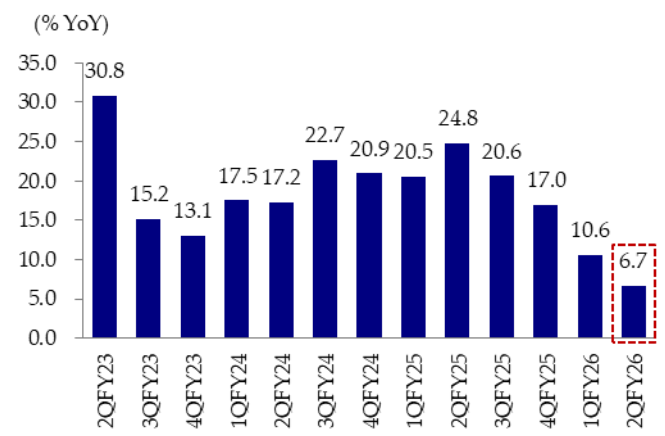
Source: Company, HSIE Research

**Exhibit 3: Expansion in consolidated gross Margin led by specialized staffing, EBITDA margins remain flat**



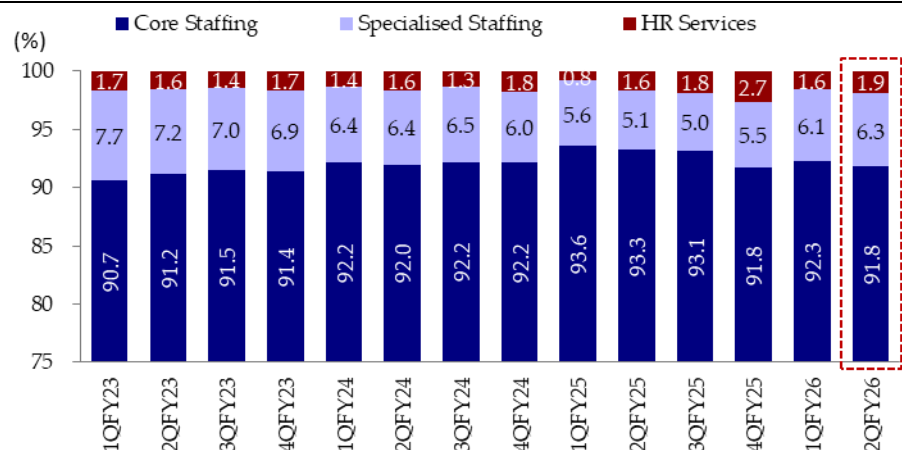
Source: Company, HSIE Research

**Exhibit 4: Core staffing YoY revenue growth has slowed down over the last five quarters**



Source: Company, HSIE Research

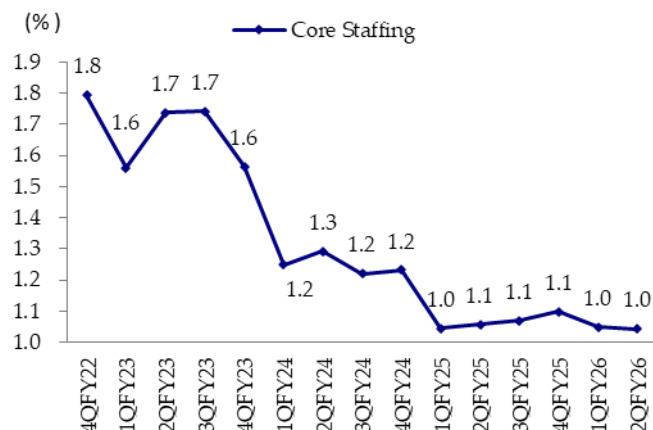
**Exhibit 5: Core Staffing is ~92% of overall revenue and 80% of EBITDA**



Source: Company, HSIE Research

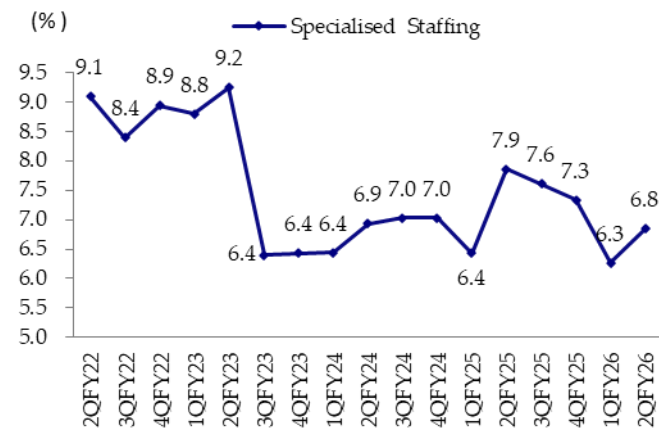
## Teamlease Services: Company update

**Exhibit 6: Core Staffing EBITDA Margins at all time low led by flat PAM**



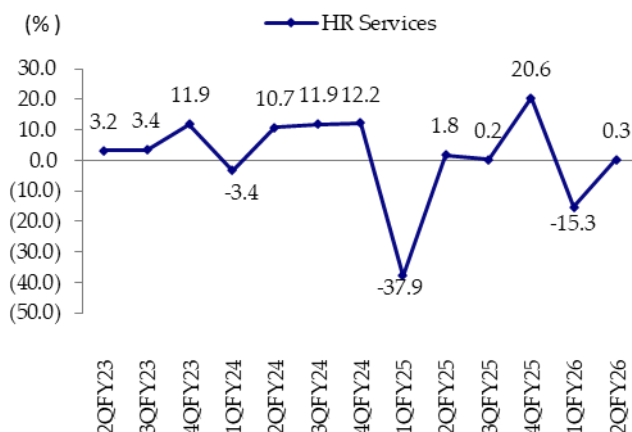
Source: Company, HSIE Research

**Exhibit 7: Specialised Staffing EBITDA margins have been in the 6-7% range**



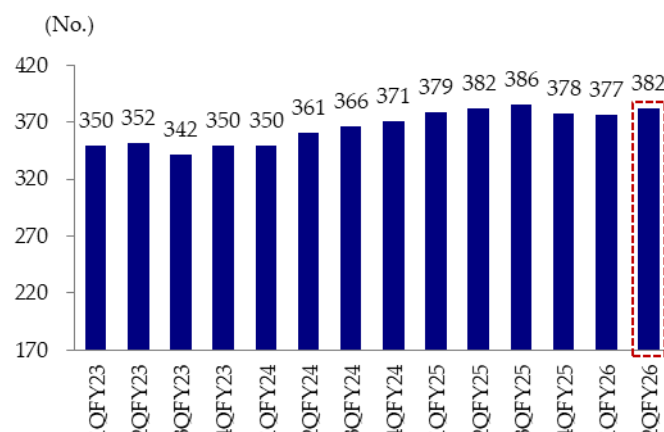
Source: Company, HSIE Research

**Exhibit 8: HR Services broke even this quarter on EBITDA level**



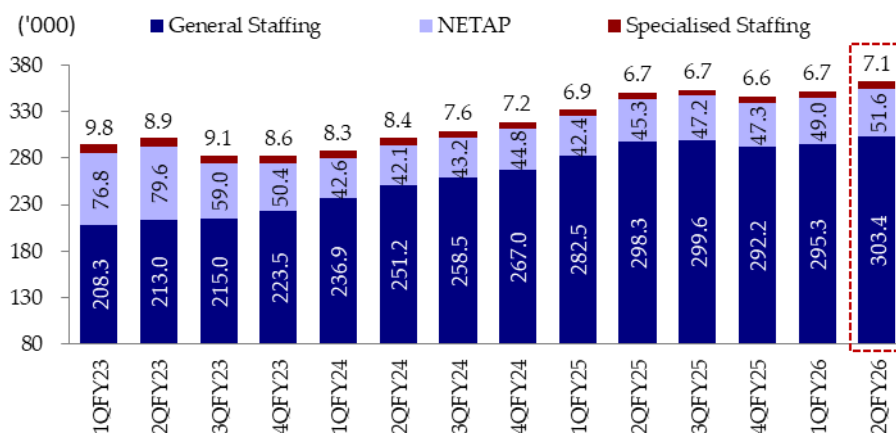
Source: Company, HSIE Research

**Exhibit 9: Associate per Core Employee broadly stable**



Source: Company, HSIE Research

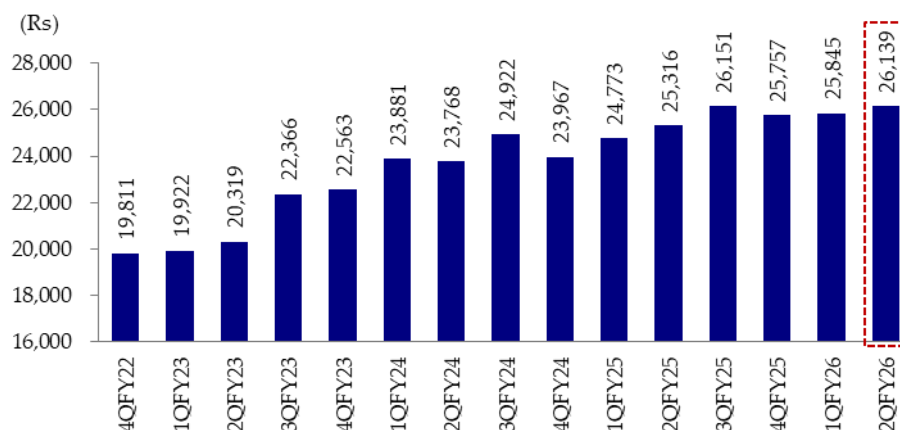
**Exhibit 10: Sustained growth in number of Associate, powered by General Staffing growing at 4-year CAGR of 16%**



Source: Company, HSIE Research



**Exhibit 11: Realization per associate has increased at a 3 Year CAGR of 8.8% led by increase in minimum wages across states**



Source: Company, HSIE Research

**Exhibit 12: Key Changes brought in**

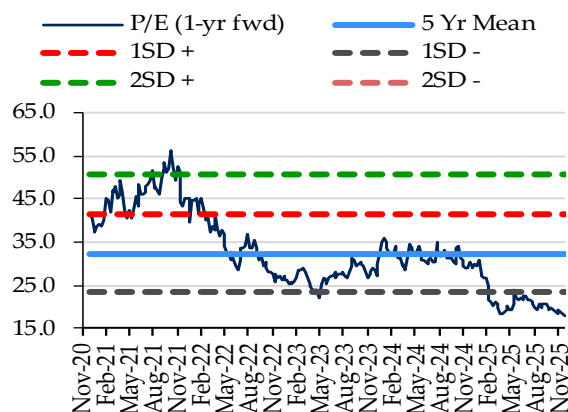
Area of Reform	Pre-Labour Reforms	Post-Labour Reforms
<b>Formalisation of Employment</b>	No mandatory appointment letters.	Mandatory appointment letters to all workers.
<b>Social Security Coverage</b>	Limited Social Security Coverage.	All workers, get social security coverage (PF, ESIC, insurance, etc.).
<b>Minimum Wages</b>	Applied only to scheduled industries; large sections of workers were uncovered.	Statutory right to a minimum wage payment for all workers.
<b>Preventive Healthcare</b>	No legal requirement for employers to provide free annual health check-ups.	Employers must provide free annual health check-ups to all workers above 40 years.
<b>Timely Wages</b>	No mandatory compliance for employers' payment of wages.	Mandatory for employers to provide timely wages.
<b>Women Workforce</b>	Women's employment in night shifts and certain occupations was restricted.	Women are permitted to work at night and in all types of work, subject to consent and required safety measures.
<b>ESIC Coverage</b>	Limited to notified areas and specific industries; generally excluded establishments with <10 employees.	Extended Pan-India; voluntary for establishments with <10 employees, and mandatory for establishments with even one employee engaged in hazardous processes.
<b>Compliance Burden</b>	Multiple registrations, licenses, and returns across various labour laws.	Single registration, PAN-India single license, and single return.

Source: Ministry of Labour and employment, HSIE Research

# Teamlease Services: Company update

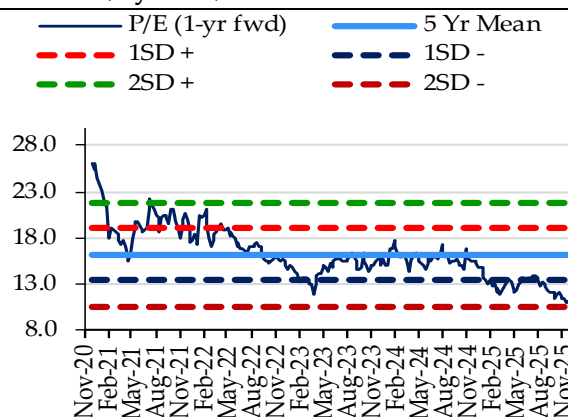
Exhibit 13: Valuation Charts – P/E de-rating across the sector

## TeamLease P/E (1-yr fwd) trend



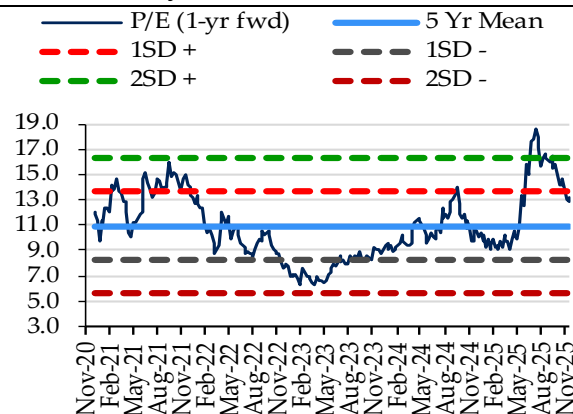
Source: Bloomberg, HSIE Research

## SIS P/E (1-yr fwd) trend



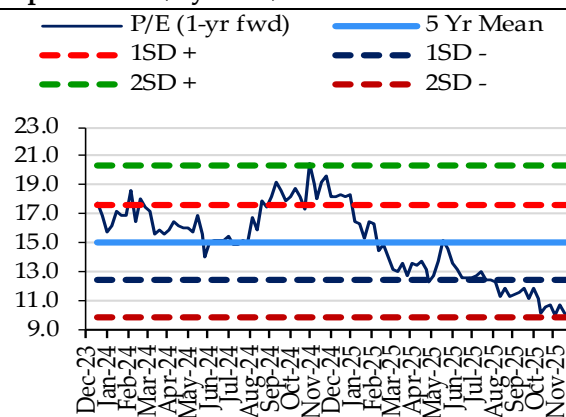
Source: Bloomberg, HSIE Research

## Quess P/E (1-yr fwd) trend



Source: Bloomberg, HSIE Research

## Updater P/E (1-yr fwd) trend



Source: Bloomberg, HSIE Research



## Teamlease Services: Company update

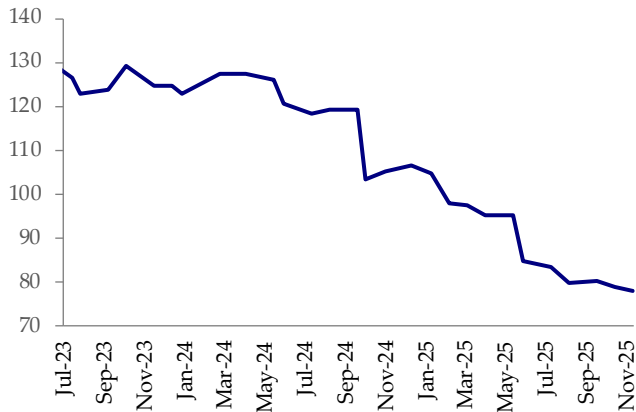
### Exhibit 14: Peer valuation

Company	MCAp (INR bn)	CMP (INR)	TP (INR)	RECO	EPS (INR)				P/E (x)				ROE (%)				Rev CAGR% FY25-28E	EPS CAGR% FY25-28E
					FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E		
TeamLease	28	1647	2,300	BUY	64.9	81.0	101.0	128.1	25.4	20.3	16.3	12.9	12.8	13.9	15.0	16.3	14.4%	25.5%
Quess	32	215	355	BUY	14.2	15.2	17.9	21.6	15.2	14.2	12.0	10.0	19.4	19.5	19.8	20.4	9.8%	15.1%
SIS Ltd	46	329	NA	NR	21.9	25.7	31.5	35.9	15.0	12.8	10.4	9.2	0.5	15.6	16.6	16.1	12.4%	17.9%
Updater Services	13	187	NA	NR	17.7	16.9	20.0	24.8	10.5	11.1	9.3	7.5	13.2	11.2	11.8	12.8	10.4%	11.8%

Source: Company, HSIE research, Bloomberg Estimates. CMP as of 28<sup>th</sup> November 2025

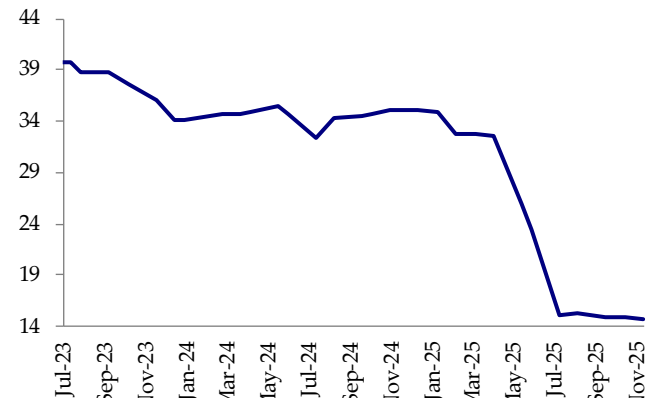
### Exhibit 15: EPS downgrades across the sector led by margin concerns

#### TeamLease FY26E EPS



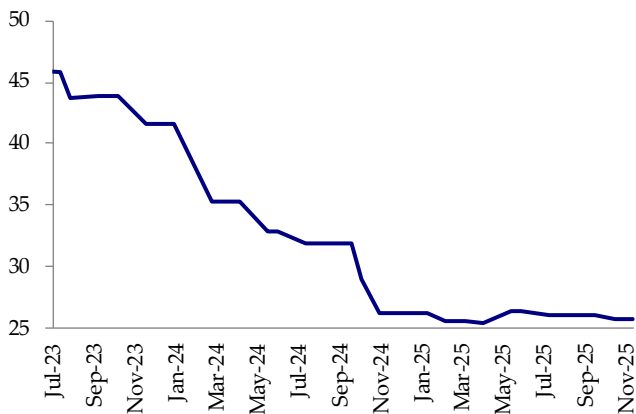
Source: Bloomberg, HSIE Research

#### Quess FY26E EPS



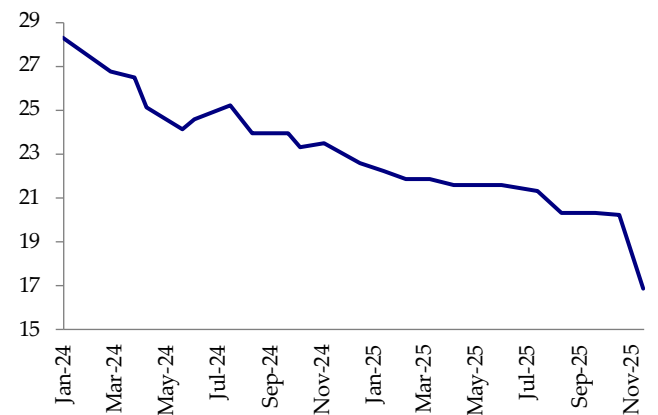
Source: Bloomberg, HSIE Research

#### SIS FY26E EPS



Source: Bloomberg, HSIE Research

#### Updater FY26E EPS



Source: Bloomberg, HSIE Research

### Exhibit 16: Change in estimates

YE March (INR bn)	FY26E			FY27E			FY28E		
	Old	Revised	Change %	Old	Revised	Change %	Old	Revised	Change %
Revenue	123.65	123.65	0.0	142.64	142.64	0.0	167.17	167.17	0.0
EBITDA	1.69	1.69	0.0	2.02	2.02	0.0	2.48	2.48	0.0
EBITDA margin (%)	1.37	1.37	0bps	1.42	1.42	0bps	1.48	1.48	0bps
APAT	1.36	1.36	0.0	1.69	1.69	0.0	2.15	2.15	0.0
EPS (INR)	80.9	80.9	0.0	100.9	100.9	0.0	128.0	128.0	0.0

Source: Company, HSIE Research

## Financials

### Consolidated Income Statement

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	93,215	111,559	123,647	142,642	167,174
Growth (%)	18.4	19.7	10.8	15.4	17.2
Employee benefits	89,799	106,096	116,721	134,047	155,838
EBITDA	1,308	1,381	1,694	2,025	2,482
EBITDA Margin (%)	1.4	1.2	1.4	1.4	1.5
EBITDA Growth (%)	7.0	5.6	22.6	19.6	22.6
Depreciation	525	537	554	590	639
EBIT	783	844	1,139	1,434	1,843
EBIT Margin %	0.8	0.8	0.9	1.0	1.1
Other Income (Including EO Items)	497	447	435	505	575
Interest	102	148	155	160	160
PBT	1,177	1,143	1,419	1,779	2,257
Tax (Incl Deferred)	51	40	68	89	113
Minority Interest/Share of profit from Associate	(5)	(15)	6	4	4
RPAT	1,122	1,088	1,358	1,694	2,148
EO (Profit) / Loss (Net Of Tax)	(35)	-	-	-	-
APAT	1,086	1,088	1,358	1,694	2,148
APAT Growth (%)	-4.4	0.1	24.8	24.8	26.8
Adjusted EPS (Rs)	64.8	64.85	81.0	101.0	128.1
EPS Growth (%)	-2.6	0.1	24.8	24.8	26.8

Source: Company, HSIE Research

### Consolidated Balance Sheet

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
<b>SOURCES OF FUNDS</b>					
Share Capital - Equity	168	168	168	168	168
Reserves	7,813	8,901	10,253	11,943	14,087
Total Shareholders' Funds	7,980	9,069	10,420	12,110	14,255
Minority Interest	132	161	161	161	161
Total Debt	525	725	725	725	725
Net Deferred Taxes	(80)	(63)	(63)	(63)	(63)
Long Term Provisions & Others	1,916	1,870	1,978	2,282	2,675
TOTAL SOURCES OF FUNDS	10,474	11,761	13,221	15,215	17,752
<b>APPLICATION OF FUNDS</b>					
Net Block	1,195	1,250	1,314	1,437	1,633
CWIP	113	337	337	337	337
Goodwill	1,733	1,856	1,856	1,856	1,856
Investments	30	133	133	133	133
LT Loans & Advances & Others	3,975	4,279	4,699	5,420	6,353
Total Non-current Assets	7,046	7,854	8,338	9,182	10,311
Inventories					
Debtors	4,496	4,913	5,420	6,253	7,328
Other Current Assets	3,533	2,631	2,684	2,762	2,862
Cash & Equivalents	4,214	5,986	6,977	8,213	9,869
Total Current Assets	12,243	13,529	15,082	17,227	20,059
Creditors	617	695	678	782	916
Other Current Liabilities & Provns	8,198	8,927	9,521	10,413	11,702
Total Current Liabilities	8,815	9,622	10,198	11,194	12,618
Net Current Assets	3,428	3,907	4,883	6,033	7,441
TOTAL APPLICATION OF FUNDS	10,474	11,761	13,221	15,215	17,752

Source: Company, HSIE Research

**Consolidated Cash Flow**

YE March (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Reported PBT	1,142	1,145	1,419	1,779	2,257
Non-operating & EO Items	(354)	(298)	(435)	(505)	(575)
Interest Expenses	102	148	155	160	160
Depreciation	525	537	554	590	639
Working Capital Change	251	(210)	(296)	(332)	(291)
Tax Paid	(488)	(280)	(68)	(89)	(113)
<b>OPERATING CASH FLOW ( a )</b>	<b>1,178</b>	<b>1,042</b>	<b>1,330</b>	<b>1,604</b>	<b>2,077</b>
Capex	(205)	(489)	(618)	(713)	(836)
Free Cash Flow (FCF)	974	553	712	891	1,242
Investments					
Non-operating Income	222	269	435	505	575
<b>INVESTING CASH FLOW ( b )</b>	<b>17</b>	<b>(221)</b>	<b>(183)</b>	<b>(208)</b>	<b>(261)</b>
Debt Issuance/(Repaid)	0	0	0	0	0
Interest Expenses	(102)	(148)	(155)	(160)	(160)
FCFE	872	405	557	730	1,081
Share Capital Issuance/Buyback	0	0	0	0	0
Dividend	0	0	0	0	0
<b>FINANCING CASH FLOW ( c )</b>	<b>(102)</b>	<b>(148)</b>	<b>(155)</b>	<b>(160)</b>	<b>(160)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>1,094</b>	<b>673</b>	<b>992</b>	<b>1,235</b>	<b>1,656</b>
EO Items, Others	(1,268)	1,098	0	0	0
Closing Cash & Equivalents	4,214	5,986	6,977	8,213	9,869

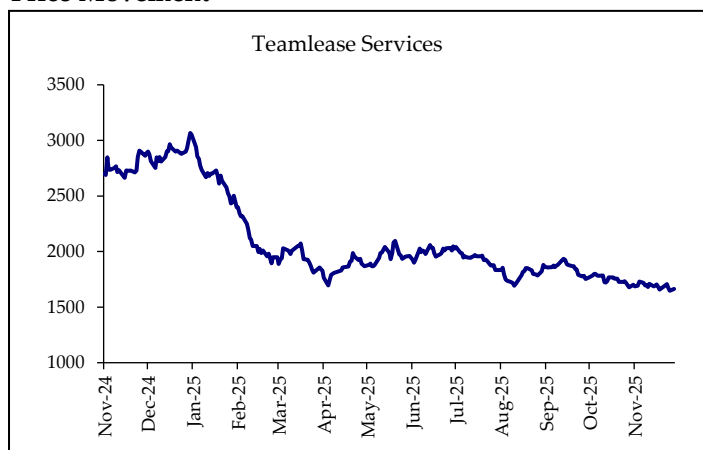
Source: Company, HSIE Research

**Key Ratios**

(%)	FY24	FY25	FY26E	FY27E	FY28E
<b>Profitability</b>					
GPM	3.7	4.9	5.6	6.0	6.8
EBITDA Margin	1.4	1.2	1.4	1.4	1.5
APAT Margin	1.2	1.0	1.1	1.2	1.3
RoE	13.5	12.8	13.9	15.0	16.3
RoIC (or Core RoCE)	9.5	10.6	14.4	16.5	18.8
RoCE	11.1	10.8	11.8	12.8	13.8
<b>EFFICIENCY</b>					
Tax Rate (%)	4.3	3.5	4.8	5.0	5.0
Inventory (days)	0	0	0	0	0
Debtors (days)	18	16	16	16	16
Other Current Assets (days)	14	9	8	7	6
Payables (days)	2	2	2	2	2
Other Current Liab & Provns (days)	32	29	28	27	26
Cash Conversion Cycle (days)	-3.1	-6.8	-6.2	-5.6	-5.3
Net D/E (x)	-0.5	-0.6	-0.6	-0.6	-0.6
Interest Coverage (x)	7.6	5.7	7.3	8.9	11.5
<b>PER SHARE DATA (Rs)</b>					
EPS	64.8	64.9	81.0	101.0	128.1
CEPS	96.1	96.9	114.0	136.2	166.2
Dividend	0	0	0	0	0
Book Value	476	541	621	722	850
<b>VALUATION</b>					
P/E (x)	25.4	25.4	20.3	16.3	12.9
P/BV (x)	3.5	3.0	2.7	2.3	1.9
EV/EBITDA (x)	18.3	16.2	12.6	9.9	7.4
EV/Revenues (x)	0.3	0.2	0.2	0.1	0.1
OCF/EV (%)	4.9	4.7	6.2	8.0	11.2
FCF/EV (%)	4.1	2.5	3.3	4.4	6.7
FCFE/Mkt Cap (%)	3.2	1.5	2.0	2.6	3.9
Dividend Yield (%)	0	0	0	0	0

Source: Company, HSIE Research

## Price Movement



### Rating Criteria

**BUY:** >+15% return potential  
**ADD:** +5% to +15% return potential  
**REDUCE:** -10% to +5% return potential  
**SELL:** > 10% Downside return potential

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