Dated: 30 July 2026

# TeamLease Services (TEAM) - ADD

## Q1FY27 Result Update

| Current Market Price (CMP) | Fair Value (FV) |
|---|---|
| **Rs.1294** | **Rs.1600** |

## Rationale:

- Tepid growth in the core staffing segment.
- Muted revenue growth, driven by headcount decline in Q1FY27.
- Specialized staffing steady; meaningful recovery some time away.
- HR services remain volatile on a quarterly basis.
- We model a recovery in the core segment headcount in H2FY27, as the BFSI segment impact normalizes.
- FV, as a result, declines to Rs1,600 (from Rs1,800).
- We see value in the stock, although the stock price performance is contingent on a more sustained volume recovery in the general staffing segment.

### Positives:

- TEAM posted revenue growth of 5.8% yoy, 2.0% higher than our estimates.
- Revenue growth was driven by an 11.4% yoy increase in specialized staffing headcount.

### Negatives:

- EBITDA of Rs31.5 cr was lower than estimates on account of lower margins across general staffing and specialized staffing segments.
- 1.6% yoy decline in general staffing headcount (ex-NETAP).
- TEAM’s EBITDA margin of 1.0% was lower than our estimate of 1.2%.
- Segmentally, both general staffing and specialized staffing margins were lower than estimates.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization, BFSI: Banking, Financial Services and Insurance, NETAP: National Employability through Apprenticeship Program)



Holding Period: 12 months

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## RATING SCALE (PRIVATE CLIENT GROUP)

### Definitions of ratings

**BUY** – We expect the stock to deliver more than 15% returns over the next 12 months

**ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months

**REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months

**SELL** – We expect the stock to deliver < -5% returns over the next 12 months

**NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

**SUBSCRIBE** – We advise investor to subscribe to the IPO.

**RS** – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

**NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable

**NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.

**NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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