

## TeamLease Services: Average Issue

**IPO NOTE :Thin Operating Profit Margin at 1.77%, Good 21% CAGR from last 4 years but expensive with PE of 47 :Ranking\*\***



### Issue details

Price band (Rs)	Rs. 785 - Rs. 850
IPO Opening Date	02-201-2016
IPO Closing Date	04-02-2016
Issue Size	Rs. 252.75 - 273.68 Crore

### Recommendations

On performance front, company's top line grew from Rs.934.09 crore (FY 2012) to Rs. 2018.46 crore (FY 2015) and its bottom line that was in red till FY 2013 turned positive for last two fiscals with a net profit of Rs. 17.77 crore (FY 2014) to Rs. 30.75 cr. (FY 15). For six months ended 30.09.15 it has posted net profit of Rs. 10.97 crore on a turnover of Rs. 1215.79 crore. Its current equity capital of Rs. 15.33 crore will stand enhanced to around Rs. 17.00 crore. On fully diluted equity post IPO, the EPS will be Rs.18.10 and the asking price is at a P/E of 46 plus. This IPO is from the first mover in the staffing segment with no peers to compare with. **High competition from local players and low OPM make the issue average. It operates at very low OPM of 1.77% and net profit margin is also low at 1.53% for FY 2015. Before investing in the issue one should wait for next few quarterly results.**

### Highlights

- India's leading providers of human resource services in the organised segment delivering a broad range of human resource services to various industries with a vision of putting India to work.
- It had 1252 customers and 104,946 Associate Employees as of November 30, 2015, making the company one of India's leading people supply chain companies.
- According to CRISIL, it is one of India's leading organized staffing companies with a market share of approximately 5% in terms of Associate Employees in 2014.
- It is a zero debt company (FY15)
- NPM low at 1.53% for FY 15
- Total income grew in last four fiscal at a CAGR of 21.24% from FY12 to FY15
- The offer has been graded by CRISIL Research and has been assigned a IPO grade of '4/5'

### Company Introduction Company Profile

Incorporated in 2002, TeamLease Services is Mumbai India based human resource services and people supply-chain Company offering services to various small and large business clients. TeamLease offers employment and employability services. TeamLease employment services include temporary



[www.teamlease.com](http://www.teamlease.com)

### Financial Summary (Rs. In Crore)

Particulars	FY2012	FY2013	FY2014	FY2015
Total Income	934.09	1,261.69	1,537.53	2,018.46
Net Profit	-16.55	-4.27	17.77	30.78
EPS (Rs)	-	-	11.59	20.08

Source: ACE Equity

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

staffing, permanent recruitment and regulatory consultancy for labor law compliance. TeamLease employability offerings include different types of learning and training solutions, including retail learning solutions, institutional learning solutions and enterprise learning solutions. TeamLease has over 1 lakh associate employees as of Nov 2015. Company has 8 regional offices and over 1000 full time employees.

### Promoters

The promoters of the company are Manish Mahendra Sabharwal, Ashok Kumar Nedurumalli, Mohitkaran Virendra Gupta, HR Offshoring Ventures Pte. Ltd, MKS Management Consultancy Services LLP, NED Consultants LLP and Dhana Management Consultancy LLP.

### Issue Details and Proceed

To part finance the up gradation of existing IT infra, working capital needs and acquisition and other strategic initiatives, the company is offering around 19.11 to 17.65 lac fresh equity shares of Rs. 10 each (based on lower and upper price band) along with offer for sale of 3219723 equity shares via book building route in a price band of Rs. 785-850. Minimum application is to be made for 15 shares and in multiples thereon, thereafter. Issue opens for subscription on 02.02.16 and will close on 04.02.16. The aggregate size of the offer is Rs. 402.75 cr. To Rs. 423.68 cr. based on lower and upper price band. Its current equity capital of Rs. 15.33 crore will stand enhanced to around Rs. 17.00 crore.

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