

TEAMLEASE SERVICES LTD.

RECOMMENDATION : BUY

MARKET PRICE : Rs.2564.65 (As on 13th Sep 2023)

TARGET PRICE : Rs.3206.00

FACE VALUE : Rs.10

BSE CODE : 539658

NSE CODE : TEAMLEASE





Teamlease Services Ltd. is one of India's leading human resource company offering a range of solutions to 3500+ employers for their hiring, productivity and scale challenges. A Fortune India 500 company listed on the NSE & BSE, TeamLease has hired 20 lakhs+ people over the last 22 years.

ABOUT THE COMPANY

One of India's fastest growing employers, TeamLease also operates India's first Vocational University and India's fastest growing PPP Degree Apprenticeship Program. The Company offers solutions to large, medium and small clients across the 3Es of employment (over 2.4 lakhs employees), employability (over 5.5 lakhs students) and Ease-of-doing Business (over 1000 employers). In FY2015, TeamLease rolled out DA (Degree Apprenticeship) to provide on-the-job training to apprentices.

TeamLease Group Structure

TeamLease Services Limited

Subsidiary Companies

TeamLease HRTech Private Limited
(formerly Known as TeamLease E-Hire Private Limited)

TeamLease Digital Private Limited (TDPL)
(Evolve Technologies & Services Private Limited merged with TDPL)

Keystone Business Solutions Private Limited

TeamLease Education Foundation
(Section 8 Company)

TeamLease Skills University
(Not Consolidated)

IMSI Staffing Private Limited
(100% stake)

TeamLease Edtech Limited ("TLEL")
(formerly Known as SchoolGuru Eduserve Private Limited)
(77.67% Stake as on date.)

TeamLease RegTech Private Limited (TL RegTech)
(formerly Known as Avantis RegTech Private Limited)
(61.50% Stake as on date, on fully Diluted Basis)

TeamLease Overview



India's Leading Human
Capital Management
company

3,600+

Clients across the
spectrum of business
with 1000+ digital
engagements

2.9 Lakhs +

Associates/ trainees,
making us one of the
largest private sector
employer

7,500+

Locations
across 28 states

5.5 Lakhs+

Students across
TL Skill University &
TL EdTech

7%

Revenue growth QoQ basis

20+ Lakhs

People hired till date

355

FTE productivity

22 years

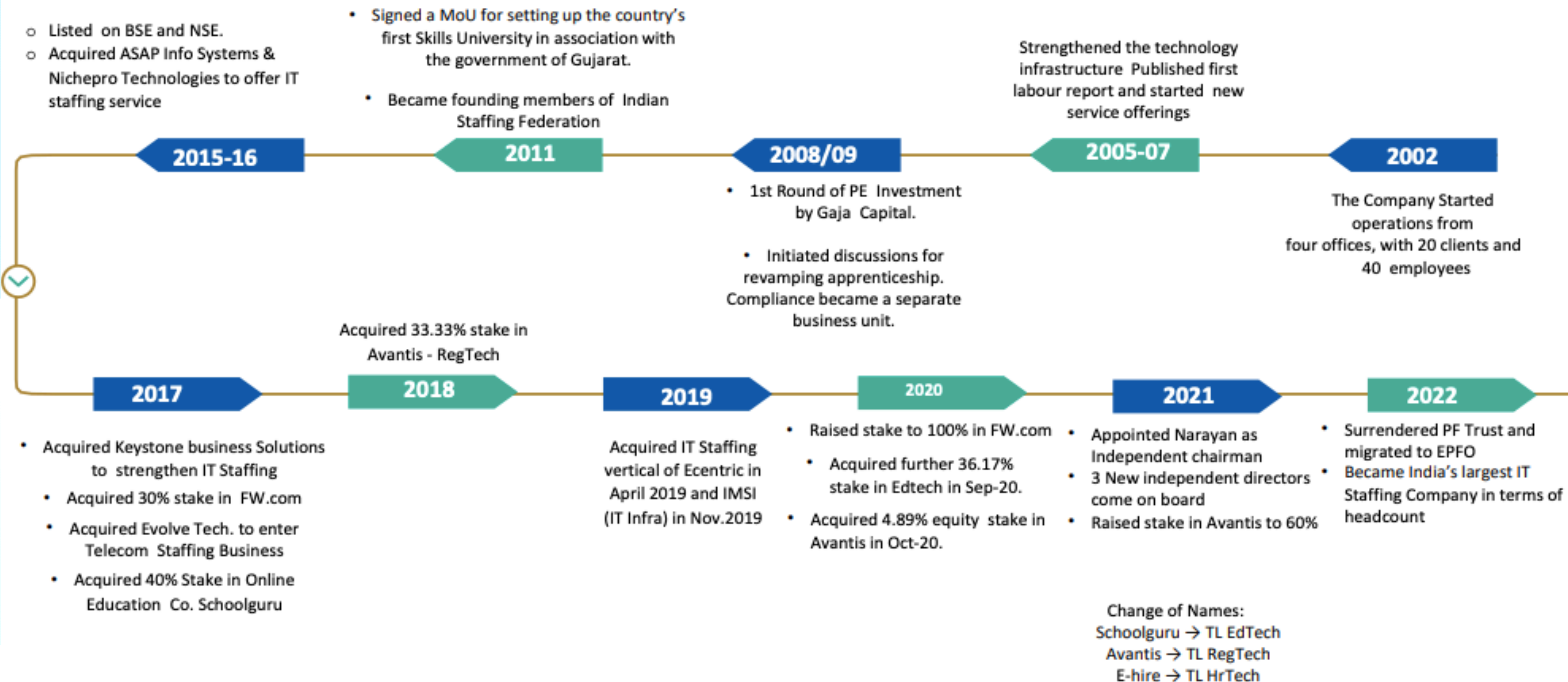
Founded 2001
IPO 2016

29k net addition

Staffing YoY



Our Journey



Our Services



General Staffing



IT Staffing



Telecom Staffing



Hiring



Compliance and
Payroll Services



Degree
Apprenticeship
(DA)



Learning Services



Skill
University

Our Vision



Vision

Our Long term philosophy and goals are best reflected by our purpose of **“Putting India to Work”**



Our contribution

Our vision has been at the forefront of our existence, helping us employ, **“One Indian”** every 5 minutes over the past many years.



The Future that we see

Our goal is to become the largest Private sector employer of India, largest staffing company in the world by headcount.

Key Value Drivers



We are one of India's largest staffing companies, have a 6% market share & 3500+ employers.

Scale

Productivity



Technology

The right know-how and data insights to help enhance operational efficiencies



Governance

Strict adherence to labour and corporate laws, backed by strong internal compliance

Compliance

Reach



Presence

Pan India presence to scale our business with increasing trust and reliability



Our Business Focus Areas



Employment

General Staffing
Specialized Staffing
Temp Hiring



Employability

On-the-Job – DA
Online– TL Edtech
Onsite – Enterprise Learning
On Campus – TL Skills University



Ease of doing business

Compliance SaaS & Services
Payroll Outsourcing
Digital Workforce Solutions

Our Presence



Key Performance Highlights

Q1FY24

01

At the group level, revenue grew 7% QoQ and 16% YoY. Drop in sequential EBITDA is on account of NEEM headcount loss, seasonality in Edtech and core employee annual hikes.

02

General Staffing: We have added net ~13k headcount in Q1FY24 taking the total billable headcount to ~2.37 lakhs. Staffing revenue grew 8% QoQ and 18% YoY.

03

Degree Apprenticeship (DA): Trainee headcount dropped by ~8k in Q1FY24 on account of discontinuance of the NEEM program. We expect balance ~10k trainees to attrite by Q3FY24.

04

Specialised Staffing: Despite headwinds in IT industry, we have sustained revenues and profits with a diversified portfolio of captives and services companies.

05

HR Services: Seasonality in the EdTech business has impacted the revenues and profits of the segment for Q1FY24.

06

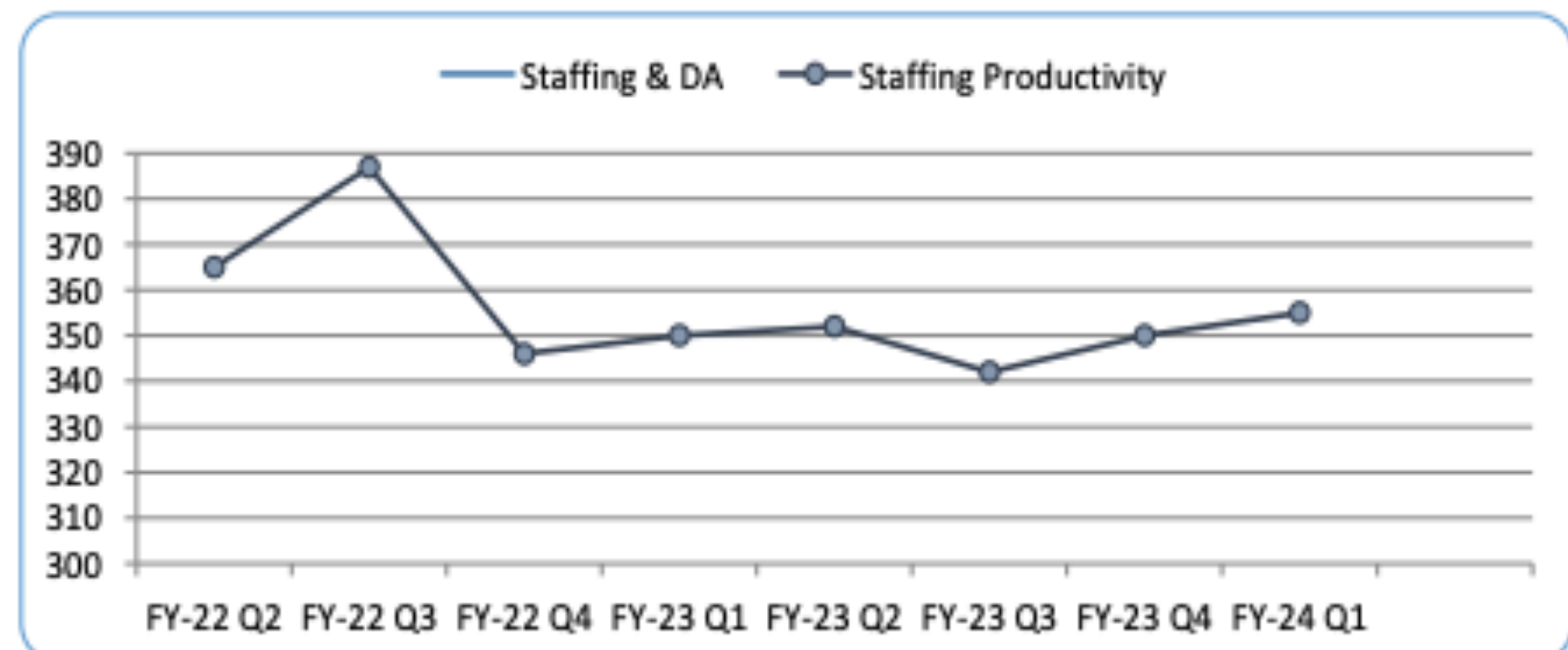
120 new logos got added during the quarter

Headcount & Productivity

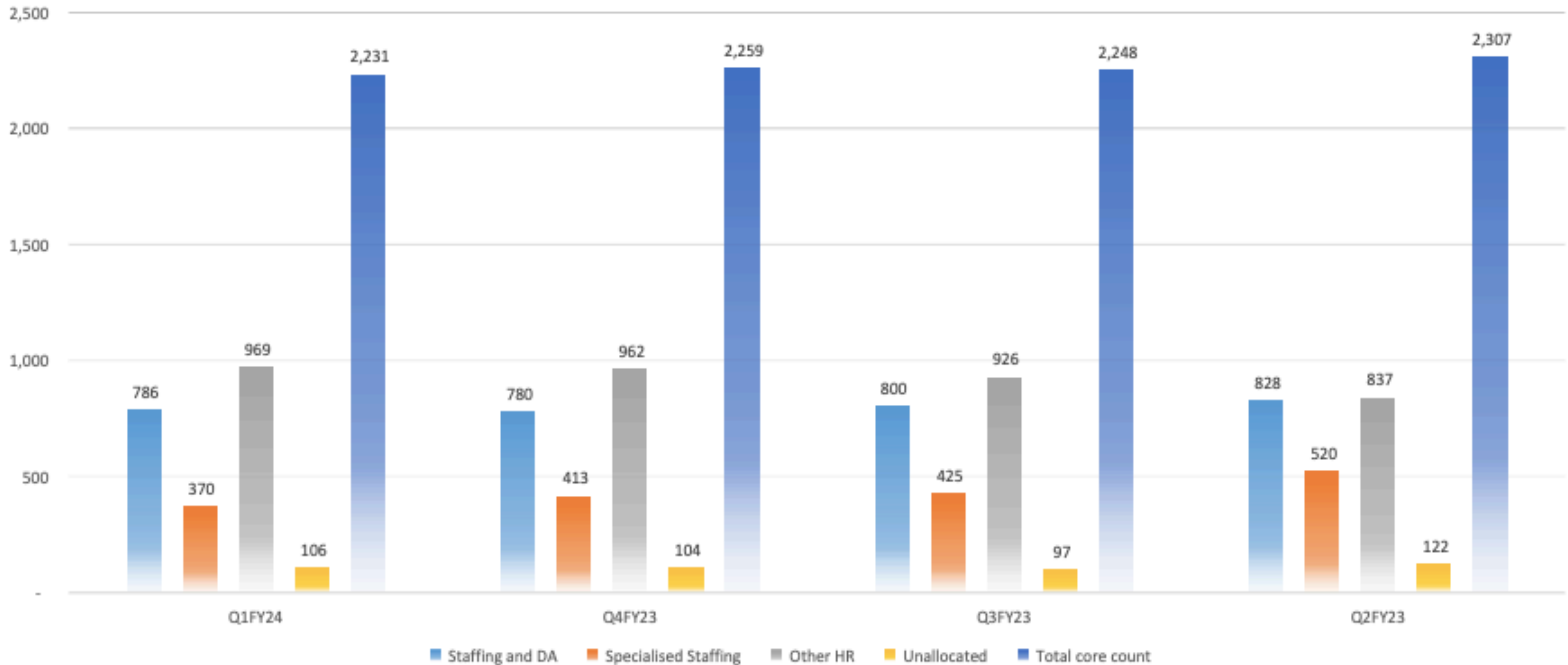
Quarter	General Staffing Associates	DA	Specialized Staffing	Total Headcount
FY-22 Q2	1,74,075	68,448	8,713	2,51,236
FY-22 Q3	1,89,560	74,800	9,140	2,73,500
FY-22 Q4	1,94,650	81,110	9,470	2,85,230
FY-23 Q1	2,08,260	76,847	9,800	2,94,907
FY-23 Q2	2,12,969	79,592	8,883	3,01,444
FY-23 Q3	2,15,000	59,000	9,100	2,83,100
FY-23 Q4	2,23,500	50,350	8,600	2,82,450
FY-24 Q1	2,36,900	42,600	8,320	2,87,820

FTE Productivity – Staffing and DA

Quarter	Headcount	Core Employees	Productivity
FY-22 Q2	242523	662	365
FY-22 Q3	264360	682	387
FY-22 Q4	275760	794	346
FY-23 Q1	285107	813	350
FY-23 Q2	292561	828	352
FY-23 Q3	274000	800	342
FY-23 Q4	273850	780	350
FY-24Q1	279500	786	355



Break-up of core headcount



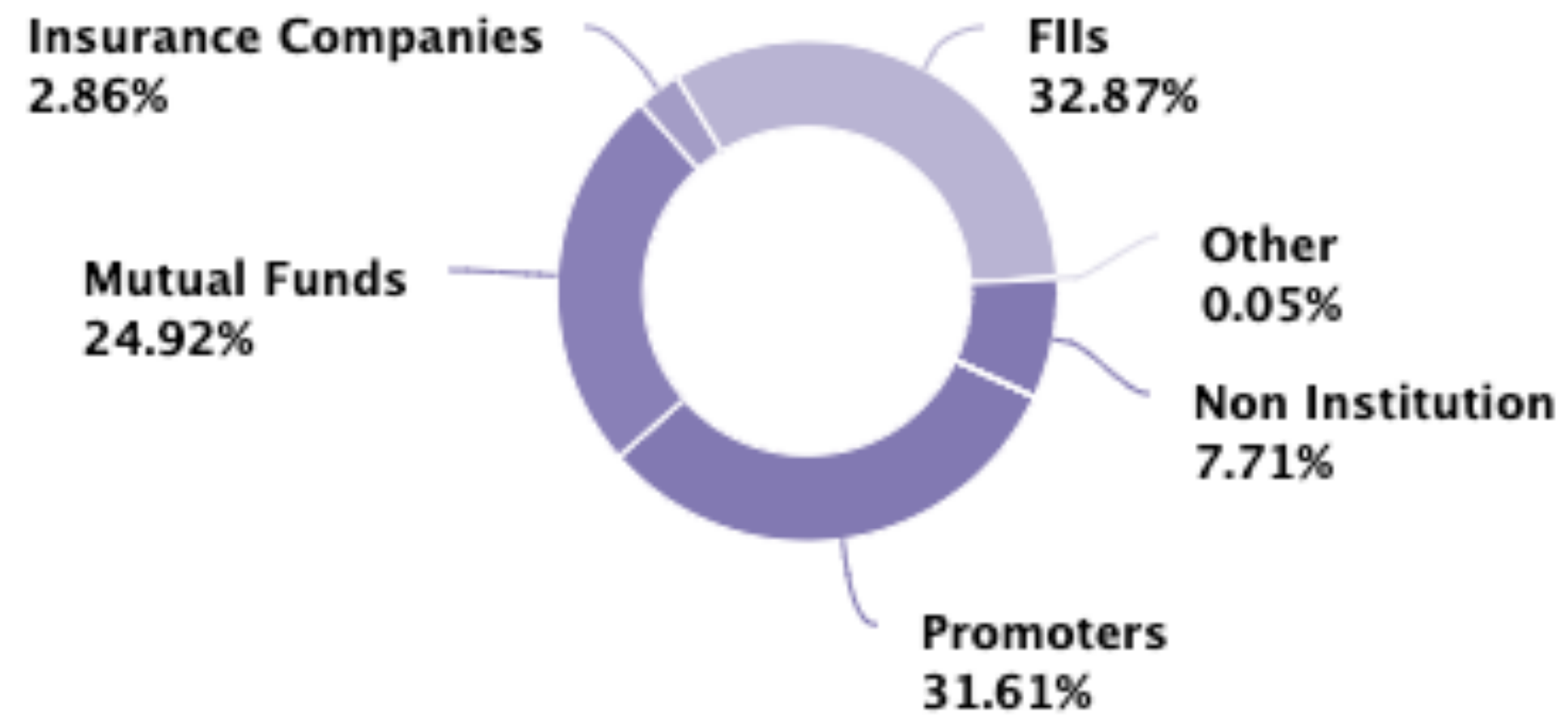
Yearly Results

YEARLY RESULTS OF TEAMLEASE SERVICES (in Rs. Cr.)	MAR '23	MAR '22	MAR '21	MAR '20	MAR '19
Net Sales/Income from operations	7,870.00	6,479.82	4,881.46	5,200.72	4,447.60
Total Income From Operations	7,870.00	6,479.82	4,881.46	5,200.72	4,447.60
EXPENDITURE					
Employees Cost	7,569.81	6,180.73	4,686.98	4,936.48	4,197.15
Depreciation	43.16	40.79	33.71	28.59	10.51
Other Expenses	177.92	156.72	95.97	169.15	156.00
P/L Before Other Inc., Int., Excpt. Items & Tax	79.11	101.58	64.80	66.51	83.94
Other Income	43.95	19.73	34.72	30.84	18.06
P/L Before Int., Excpt. Items & Tax	123.05	121.31	99.52	97.35	102.00
Interest	5.69	3.97	6.90	12.29	5.22
P/L Before Exceptional Items & Tax	117.36	117.34	92.62	85.06	96.78
Exceptional Items	-2.33	-71.78	-3.00	--	--
P/L Before Tax	115.03	45.56	89.62	85.06	96.78
Tax	3.48	6.11	10.06	48.00	-1.62
P/L After Tax from Ordinary Activities	111.55	39.45	79.56	37.06	98.39
Net Profit/(Loss) For the Period	111.55	39.45	79.56	37.06	98.39
Minority Interest	-0.21	-1.03	-0.97	--	--
Share Of P/L Of Associates	--	--	-1.09	-2.09	-0.36
Net P/L After M.I & Associates	111.34	38.43	77.50	34.98	98.03
Equity Share Capital	17.10	17.10	17.10	17.10	17.10
Reserves Excluding Revaluation Reserves	790.53	676.11	634.93	554.99	522.02
EPS BEFORE EXTRA ORDINARY					
Basic EPS	65.12	22.48	45.33	20.46	57.34
Diluted EPS	65.12	22.48	45.33	20.46	57.34
EPS AFTER EXTRA ORDINARY					
Basic EPS.	65.12	22.48	45.33	20.46	57.34
Diluted EPS.	65.12	22.48	45.33	20.46	57.34

Key Financial Ratios

KEY FINANCIAL RATIOS OF TEAMLEASE SERVICES (in Rs. Cr.)	MAR 23	MAR 22	MAR 21	MAR 20	MAR 19
PER SHARE RATIOS					
Basic EPS (Rs.)	65.12	22.48	45.33	20.46	57.34
Diluted EPS (Rs.)	65.12	22.48	45.33	20.46	57.34
Cash EPS (Rs.)	90.49	46.93	66.25	38.40	63.70
Book Value [ExclRevalReserve]/Share (Rs.)	479.90	412.83	383.71	334.62	315.33
Book Value [InclRevalReserve]/Share (Rs.)	479.90	412.83	383.71	334.62	315.33
Revenue from Operations/Share (Rs.)	4,603.20	3,790.08	2,855.19	3,041.93	2,601.42
PBDIT/Share (Rs.)	97.22	94.81	77.92	73.66	65.81
PBIT/Share (Rs.)	71.97	70.95	58.21	56.94	59.66
PBT/Share (Rs.)	67.28	26.65	52.42	49.75	56.60
Net Profit/Share (Rs.)	65.25	23.08	46.54	21.68	57.55
NP After MI And SOA / Share (Rs.)	65.12	22.48	45.33	20.46	57.34
PROFITABILITY RATIOS					
PBDIT Margin (%)	2.11	2.50	2.72	2.42	2.52
PBIT Margin (%)	1.56	1.87	2.03	1.87	2.29
PBT Margin (%)	1.46	0.70	1.83	1.63	2.17
Net Profit Margin (%)	1.41	0.60	1.62	0.71	2.21
NP After MI And SOA Margin (%)	1.41	0.59	1.58	0.67	2.20
Return on Networth/Equity (%)	13.78	5.54	11.88	6.11	18.18
Return on Capital Employed (%)	12.16	14.29	13.04	14.28	16.85
Return on Assets (%)	6.29	2.49	5.91	2.78	8.99
Total Debt/Equity (X)	0.02	0.04	0.00	0.13	0.02
Asset Turnover Ratio (%)	4.39	4.20	372.40	414.31	408.20
LIQUIDITY RATIOS					
Current Ratio (X)	1.45	1.43	1.52	0.99	1.15
Quick Ratio (X)	1.45	1.43	1.52	0.99	1.15
Inventory Turnover Ratio (X)	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio (NP) (%)	0.00	0.00	0.00	0.00	0.00
Dividend Payout Ratio (CP) (%)	0.00	0.00	0.00	0.00	0.00
Earnings Retention Ratio (%)	0.00	0.00	0.00	0.00	0.00
Cash Earnings Retention Ratio (%)	0.00	0.00	0.00	0.00	0.00
COVERAGE RATIOS					
Interest Coverage Ratios (%)	29.20	40.87	14.43	7.92	19.52
Interest Coverage Ratios (Post Tax) (%)	29.20	40.87	14.43	7.92	19.52
VALUATION RATIOS					
Enterprise Value (Cr.)	3,606.16	7,156.32	6,149.45	2,589.06	5,020.13
EV/Net Operating Revenue (X)	0.46	1.10	1.26	0.50	1.13
EV/EBITDA (X)	21.70	44.15	46.16	20.56	44.62
MarketCap/Net Operating Revenue (X)	0.49	1.14	1.32	0.50	1.15
Retention Ratios (%)	0.00	0.00	0.00	0.00	0.00
Price/BV (X)	4.73	10.69	9.87	4.56	9.52
Price/Net Operating Revenue	0.49	1.14	1.32	0.50	1.15
Earnings Yield	0.03	0.01	0.01	0.01	0.02

Shareholding Pattern an on Jun'23



Summary

- ❖ With deliverance of steady performance in Q1 of FY'24, the Company's Net Sales increased by 15.54% i.e. Rs.2171.60 crs in Jun'23 as compared to Rs.1879.39 crs in Jun'22. However, the Net Profits were as Rs.26.40 crs in Jun'23 versus Rs.26.53 crs in Jun'22. In addition to this, the Statement of Changes in Equity witnessed a decrease in the Equity Capital i.e. Rs.16.77 crs in Jun'23 juxtapose to Rs.17.10 crs in Jun'22.
- ❖ As per fine financials and fair fundamentals, the Company is available at a good price of Rs.2564.65 with its 52 week low of Rs.2007.25 and 52 week high of Rs.3350.00.
- ❖ The Shareholding Pattern as on Jun'23, the Promoters stood with 31.61% stake, the FIIs and the Other DIIs collectively stood with 32.92% holdings. Whilst, the Mutual Fund Houses own 24.92% stake in the Company.
- ❖ Teamlease Services Ltd. is held by FRANKLIN TEMPLETON MF, ICICI PRU MF, HDFC MF, INVESCO MF, ABSL MF, UTI MF, NIPPON INDIA MF, CANARA ROBECO MF and a few more.
- ❖ On consolidated basis, Return on Equity (ROE) and Return on Capital Employed (ROCE) were registered around 13.78% & 12.16% respectively as on Mar'23.

Disclosure

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I, Amiteshwar Singh, am the proprietor of M/S Amiteshwar.in. I am a Research Analyst registered with SEBI having registration no. INH100010013. I provide services through my website www.researchlyne.com which is primarily focused on research of Multi-Cap stocks of India.

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2. My daughter, Ms. Palvit Kaur

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Mr. Amiteshwar Singh Proprietor of M/s Amiteshwar.in
SEBI Registered "Research Analyst" Reg. No. INH100010013

Contact: +917973835409

Email: info@Researchlyne.com

Address: Ground Floor, 236 E Block, Bhai Randhir Singh Nagar,
Ludhiana - 141012 (Pb.)