

Gladiator Stocks

New recommendations Time Frame: 6 Months

Date	Scrip	I-Direct Code	Buying Range	Target	Stoploss	Upside (%)
3-Dec-20	Teamlease Services	TEASER	2600-2670	3,148.00	2,388.00	20.00

Open recommendations Time Frame: 6 Months

Date	Scrip	Avg Rec Price	Target	Stoploss	CMP	Return till date (%)
1-Dec-20	Crompton Greaves Consumer Electricals	316.00	362.00	286.00	326.00	3%
11-Nov-20	VST Tillers Tractors	1,892.00	2,190.00	1,720.00	1,930.00	2%
3-Nov-20	Cadila Healthcare	443.00	520.00	385.00	454.00	2%
22-Oct-20	Hindustan Unilever	2,160.00	2,490.00	1,990.00	2,130.00	-1%

All the recommendations are in Cash segment

December 3, 2020

Open Recommendations

Momentum Picks

Scrip	Action
MOIL	Buy
HAL	Buy
Reppo Home Finance	Buy

Duration: 14 Days

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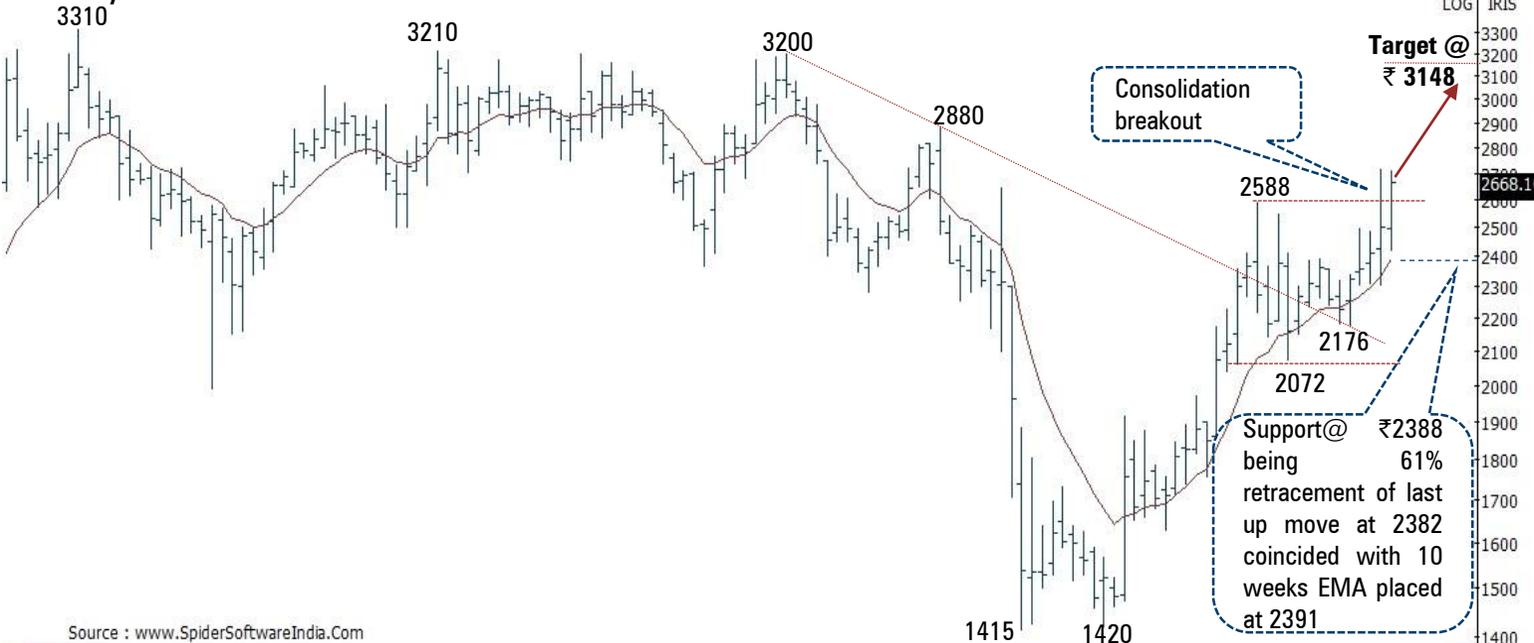
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Teamlease Services (TEASER): Breakout from higher base formation signifies resumption of primary up trend....

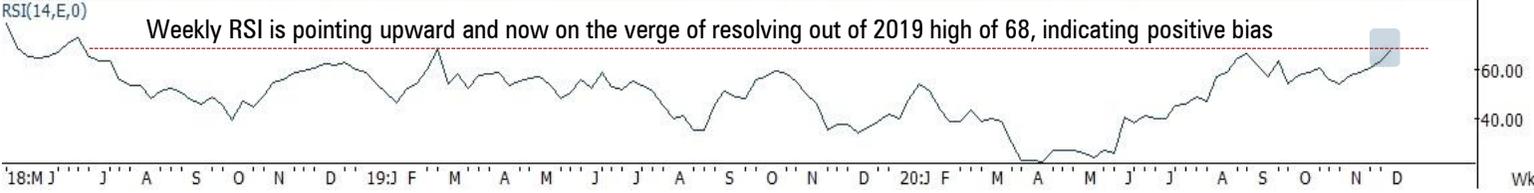
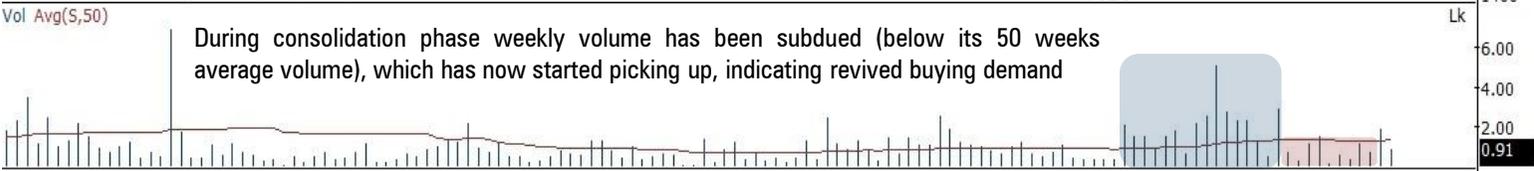
Rec. Price	2600.00-2670.00	Target	3148.00	Stop loss	2388.00	Upside	20%
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Weekly Chart

Consolidation breakout above 10 weeks EMA offers fresh entry opportunity to ride next leg of up move



Source : www.SpiderSoftwareIndia.Com



Source: Spider Software, ICICI Direct Research

December 3, 2020

ICICI Securities Ltd. | Retail Equity Research

- IT sector is on the cusp of breaking out of past two month's consolidation that has been seen after March-October's sharp up move. Within midcap IT space Teamlease stays our top pick
- The share price underwent healthy consolidation (₹ 2588-2072) after seeing a sharp up move (82%) in May-August 2020. Currently, the stock has resolved out of ongoing consolidation, indicating resumption of primary up trend. This augurs well for acceleration of upward momentum. Hence, it offers a fresh entry opportunity
- Key observation to highlight during up move since June 2020 is that the stock has been finding elevated buying demand at its 10 weeks EMA, indicating inherent strength
- Structurally, it formed a higher base after resolving out of downward sloping trend line (drawn adjoining October 2019-February 2020 highs of ₹ 3200-2880). In this phase weekly volume was subdued as it was below its 50 weeks average volume. This has now started picking up, indicating revived buying demand
- We expect the stock to maintain its upward momentum and head towards ₹ 3148 in coming months as it is price parity of July-September rally (₹ 1630-2588) projected from November low of 2176, at ₹ 3134

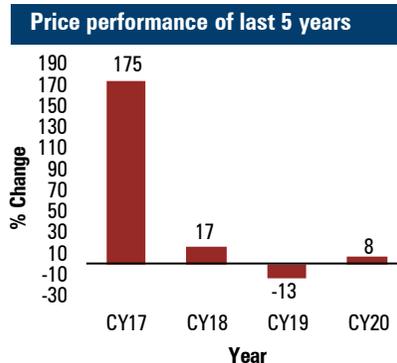
Fundamental View: Teamlease Services (TEASER)

- TeamLease Services (TLS), established in 2002, is one of India's leading providers of human resource services in the organised segment with ~6% share in the flexi staffing industry. TLS' services span the entire human resources supply chain covering employment, employability and education. Employment services include temporary staffing solutions, IT staffing and regulatory consultancy for labour law compliance while employability offerings include learning and training solutions
- TeamLease Services (TLS) with its core expertise in general staffing and focus on India, the company is ready to grab the opportunity in the least penetrated temporary staffing market in India (0.5% in 2015 vs. global average of 1.7%). We believe penetration in the temporary staffing market should rise through favourable industry dynamics like formalisation of economy and GST. Further, considering reopening of the economy, push for local manufacturing, the aim of India to be a global supply chain along with labour reforms will give a huge fillip to TeamLease's business in the long run. We believe that with scalability and expertise in staffing, the company is set to reap the benefits of an under-penetrated flexi staffing industry in India
- The company added ~7000 employees in NETAP in Q2FY21, which means there are green shoots in manufacturing and auto. TLS expects improved demand from these two sectors, going forward. In addition, the company is seeing improved traction in consumer goods, e-commerce, telecom and some financials. This, coupled with addition of 24 new logos in the quarter, addition of large ticket customer and TLS' commentary of exiting FY21E headcount at higher levels than FY20, reversal of discounts keeps us positive on general staffing revenue growth (11% CAGR in FY20-23E). In specialised staffing, we expect revenues to improve (9.6% CAGR in FY20-23E) led by a revival in IT services and reducing competition intensity in the specialised staffing (as smaller players are constrained by working capital issues). As a result, we expect overall revenues to increase at 10.4% CAGR in FY20-23E
- TeamLease's general staffing business continues to be on a strong footing and is attractively placed to grab the opportunity in the least penetrated temporary staffing market in India. Further, we expect labour reforms, push for local manufacturing and aim of India to be a global supply chain will further benefit TLS in the long run. The company has significantly reduced its core associates and could manage higher growth with lower associates, going forward, due to digitisation of business. This, coupled with TLS' increased revenue contribution from specialised staffing is expected to boost margins of the company in long run. In addition, cashflows are expected to improve led by lower tax outgo and efficient working capital management. Hence, we remain positive on the company from a long term perspective

Particulars	
Particular	Amount
Market Cap (₹ Crore)	4,831.6
Total Debt (₹ Crore)	76.2
Cash and Invest (₹ Crore)	97.0
EV (₹ Crore)	4,810.8
52 week H/L	2908 / 1421
Equity capital	17.1
Face value	10.0

Financials				
(₹ Crore)	FY20	FY21E	FY22E	FY23E
Net Sales	5,200.7	4,905.4	5,859.0	7,000.0
EBITDA	95.1	106.1	131.7	154.0
Margins (%)	1.8	2.2	2.2	2.2
Net Profit*	35.0	80.7	110.9	141.1
EPS (₹)	20.5	47.2	64.9	82.6

Valuation				
P/E (x)	130.4	56.5	41.1	32.3
RoCE (%)	15.0	13.8	15.9	17.2
RoE (%)	6.5	12.7	14.7	15.9



Summary Performance - Recommendations till date

Total Recommendations	592	Open	4
Closed Recommendations	588	Yield on Positive recommendations	17.0%
Positive Recommendations	436	Yield on Negative recommendations	-8.0%
Closed at cost	17		
Strike Rate	76%		

Momentum Picks open recommendations

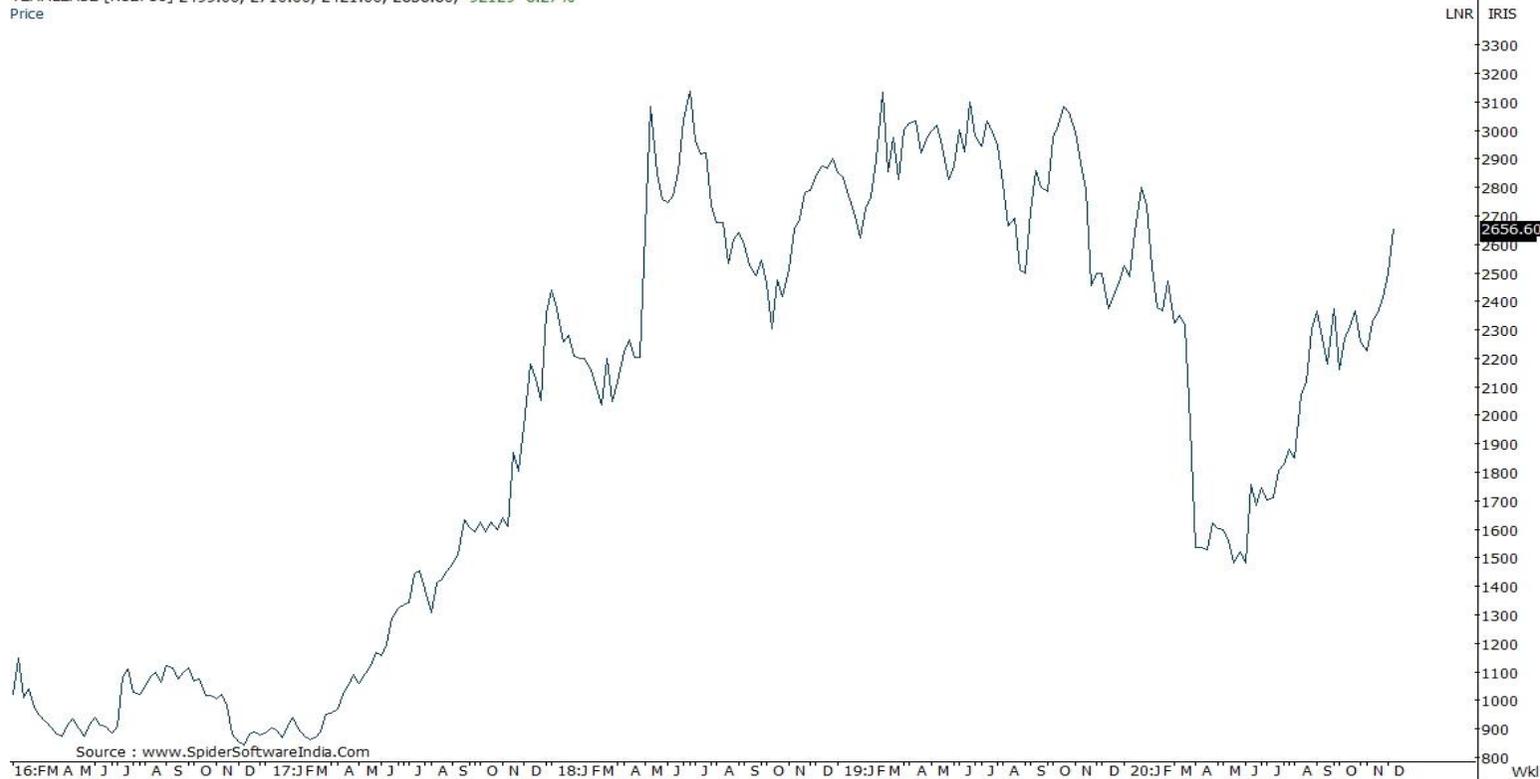
Date	Scrip Name	Strategy	Recommendations Price	Target	Stoploss	Time Frame
13-Nov-20	Hikal	Buy	176-181	198.00	168.00	14 Days
1-Dec-20	Kajaria Ceramic	Buy	650-662	720.00	618.00	14 Days
1-Dec-20	Repc Home Finance	Buy	249-254	278.00	237.00	14 Days
3-Dec-20	MOIL	Buy	133-136	148.00	126.00	14 Days
3-Dec-20	Hindustan Aeronautics	Buy	820-839	918.00	772.00	14 Days

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Price history of past three years

Teamlease Services

TEAMLEASE [N12716] 2499.00, 2710.00, 2421.00, 2656.60, 92129 6.27%
Price



- It is recommended to enter in a staggered manner within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- The recommendations are valid for six months and in case we intend to carry forward the position, it will be communicated through separate mail

Trading portfolio allocation

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Momentum Picks' product carries 2 intraday recommendations. It is advisable to allocate equal amount to each recommendation

Recommended product wise trading portfolio allocation

Product	Allocations		Number of Calls	Return Objective	Duration
	Product wise allocation	Max allocation In 1 Stock			
Momentum Picks-Intraday	10%	30-50%	2 Stocks	1-2%	Intraday
Momentum Picks-Positional	25%	8-10%	8-10 Per Month	5-8%	14 Days
Gladiator Stocks	35%	10-13%	Opportunity Based	15-20%	6 Months
Yearly Technical	25%	12-15%	7-9 Per Year	20-30%	1 Year
Cash	5%				
	100%				



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