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'Good Returns to Quess IPO Gives a Lift to TeamLease'

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POSITIVE SENTIMENT

Good Returns to Quess IPO Gives a Lift to TeamLease

Our Bureau

Mumbai: Staffing company TeamLease Services closed the day up 2.6% at ₹1,104 on the BSE on Monday amid positive sentiment after the stellar response to peer Quess Corp's initial public offering that concluded last week. The company's acquisition of IT staffing solutions provider ASAP Info Systems for an enterprise value of ₹67 crore also aided sentiment for the stock.

The stock had gained as much as 5% intraday, but valuation concerns pulled it off its highs, said analysts.

DEAL STREET



The company's acquisition of IT staffing solutions provider ASAP Info Systems for an enterprise value of ₹67 cr also aided sentiment for the stock

"Quess Corp's IPO is certainly a trigger for TeamLease. Investors are recognising that there's value in such new generation businesses," said Dipan Mehta, member, BSE.

Staffing solutions player Quess Corp's IPO was subscribed a record 144.5 times — the highest in almost eight years. Usually, valuations of existing players see an uptick when a new player gets listed.

Independent advisor SP Tulsian views the acquisition of ASAP Info Systems as a neutral event for TeamLease Services. ASAP Info Systems is engaged in the business of hiring, recruitment, manpower, outsourcing and providing managed services of IT and non-IT staff. ASAP Info Systems reported a net profit of ₹4.9 crore in the financial year ended March on a revenue of ₹63.5 crore.

"The acquired company is very small. I don't think this is a material acquisition for TeamLease, whose valuation itself is looking expensive," said Tulsian. TeamLease Services is trading at 69.06 times on a 12-month trailing basis and has gained 30% from its issue price of ₹650 after listing in February this year.