

November 11, 2025

## CIEL HR Services Limited: Ratings reaffirmed

### Summary of rating action

| Instrument*   | Previous rated amount<br>(Rs. crore) | Current rated amount<br>(Rs. crore) | Rating action                              |
|---|--------------------------------------|-------------------------------------|--|
| Long-term/Short-term- Fund based - OD/CC              | 40.00                                | 40.00                               | [ICRA]BBB- (Positive)/[ICRA]A3; reaffirmed |
| Short-term – Fund based – Working capital demand loan | 30.00                                | 30.00                               | [ICRA]A3; reaffirmed                       |
| Short-term – Non-Fund based – Bank Guarantee          | 1.00                                 | 1.00                                | [ICRA]A3; reaffirmed                       |
| Long-Term/Short-term - Unallocated Limits             | 4.00                                 | 4.00                                | [ICRA]BBB- (Positive)/[ICRA]A3; reaffirmed |
| <b>Total</b>  | <b>75.00</b>                         | <b>75.00</b>                        |  |

\*Instrument details are provided in Annexure I

### Rationale

The reaffirmed ratings continue to consider the established track record of CIEL HR Services Limited's (CIEL/the company) promoters in the staffing industry, and its established client base that includes reputed players across industries. ICRA also notes the significant scale up in CIEL's operations driven by healthy growth in both HR services and HR Platforms segments of the company. The company has also made several acquisitions in FY2025 including the acquisition of Vibrant Screens Private Limited (VSPL) which operates in the margin-accretive background verifications segment. The acquisitions in the HR Platforms segment have helped complement the HR services business in terms of cross selling and up-selling synergies. ICRA has also factored in the diversified customer base with around 51% of its total revenues being derived from its top 20 customers in FY2025.

During FY2025, the company witnessed YoY revenue growth of 38.6% and operating margins improved to 2.1% from 2.0% in FY2024. Further, the company's per associate per month (PAPM) margin improved to Rs.923 in FY2025 from Rs.832 in FY2024 which remains slightly higher than the industry average. CIEL's gross debt increased to Rs.102.4 crore as on March 31, 2025 from Rs.61.1 crore as on March 31, 2024 on account of the sizeable increase in scale of operations in addition to the acquisitions undertaken in FY2025. Consequently, the company's TD/OPBITDA moderated to 3.2 times as on March 31, 2025 from 2.8 times as on March 31, 2025. That said, the company's interest coverage improved to 3.2 times as on March 31, 2025 from 2.9 times as on March 31, 2024. However, with improvement in margins in H1 FY2026, the company's TD/OPBDITA improved to 2.5 times as on September 30, 2025, and interest coverage also improved to 3.5 times in H1 FY2026.

CIEL's ratings are, however, constrained by the low profit margins associated with the HR services or staffing segment which continues to account for over 95% of the company's total revenues in FY2025. The company operates on both a 'Pay and Collect' and 'Collect and Pay' model wherein the 'Collect and Pay' model accounted for 57% of the company's revenues in H1 FY2026. That said, more than 40% of the company's revenues being derived from the 'Pay and Collect' model in addition to the healthy growth rate for the company results in high working capital requirements with the company's average peak working capital utilisation of around 94% in the 12 months ending September 2025. The ratings also factor in the intense competition in the fragmented manpower outsourcing industry as a major share of business is provided by the unorganised sector, leading to weaker pricing flexibility. The ratings also factor in any adverse impact of the economic conditions on varied sectors. However, ICRA notes that CIEL's HR Platforms vertical is protected from risks associated with staffing services and ramp-up in the vertical will remain a key monitorable going forward. ICRA also notes that the company has to pay around Rs. 20 crore and Rs.37 crore in FY2026 and FY2027 respectively towards acquisition of the balance stake in its subsidiaries. Out of

this Rs. 7 crore has been paid as of June 30, 2025. Funding pattern for the same and consequent impact on the company's debt metrics (if any) will remain a key monitorable for the company going forward.

ICRA notes that the company filed its DRHP with SEBI for its IPO in November 2024. It has received approval from its shareholders and SEBI for the same.

The Positive outlook on the long-term rating considers the advanced stage of fund raising by the company, which will support its growth, and aid in strengthening the liquidity position of the company. While the fund-raising plans have been delayed beyond earlier expectations, the company has been able to manage its funding requirements through internal cash flow generation. ICRA now expects the fund-raising to conclude in the next 2-3 months.

## Key rating drivers and their description

### Credit strengths

**Established track record of promoters in the staffing industry** – CIEL is promoted by Mr. K Pandiarajan and Ms. Hemalatha Rajan. Mr. K Pandiarajan co-founded Ma Foi in 1992 and is also the Founder and Chairman of Indian Staffing Federation, and Ex Chairman of Executive Recruiters Association. Ms. Hemalatha Rajan is the Founder and Director of CIEL HR and Co-founder of Ma Foi. She is a CA with over 34 years of experience in HR, Finance, Auditing and Executive Search. The long experience of CIEL's promoters in the staffing industry has helped the company establish healthy relationships with its stakeholders and grow at a significant pace over the last few years.

**Significant scale-up in business, driven by combination of organic and inorganic growth** – The company witnessed significant scale-up in business, with its revenues rising at a CAGR of 41.6% over FY2019 to FY2025. ICRA notes that the company's strategy of acquiring entities in technology and consulting segment has supported its inorganic growth and diversification in complementary segments, supporting its business prospects. The revenue growth was healthy at around 39% and 36% in FY2025 and FY2024, respectively, supported by increase in staffing and platforms business, a growing customer base and improvement in its services offerings. Further, the growth trajectory is expected to continue, going forward, driven by a favourable outlook for the industry and CIEL's growing market presence.

**Diversified and established client base of large companies across industries** – CIEL's successful track record coupled with its diverse service offerings, and end-to-end management of lifecycle of employees have helped it establish a wide reputed customer base across industries. Also, the company's revenues are diversified across sectors such as manufacturing and engineering, consumer retail and services, information technology (IT), banking & financial services, etc. CIEL's top 20 customers accounted for around 51% of its total revenues in FY2025 (52% in FY2024 & 57% in FY2023). Moreover, the company has developed strong relationships with its key customers, which continues to result in repeat business and a healthy revenue growth. Going forward, the company's diversified sectoral exposure is expected to drive revenue growth and safeguard CIEL against sector-specific shocks.

### Credit challenges

**Inherently thin operating profit margins in staffing business** – CIEL's operating profit margins (OPM) are inherently thin due to high share of revenues (~95% of the total revenues in FY2025) from the staffing business. The company reported an OPM of 2.1% in FY2025 and 2.0% in FY2024. The OPM improved in FY2025 on the back of higher revenue from the HR platforms vertical for the company, which entail relatively higher margins. The OPM improved further to 2.6% in H1 FY2026 supported by healthy performance of Vibrant Screens Private Limited (VSPL) which was acquired by the company in FY2025. Going forward, with improving segment mix and increasing scale of operations, the company's margins are expected to improve steadily.

**Intense competition in the fragmented manpower outsourcing industry and high attrition rates** – The recruitment industry is a fragmented market, comprising mainly the unorganised sector, which offers services at a lower price. Consequently, competitive pressure continues to limit the company’s pricing power and the scope for margin expansion in these segments. Inherent to the industry, CIEL witnesses high employee attrition owing to the low skill/ entry level and temporary nature of the work profile. However, with increasing focus on compliance and the streamlining of labour codes, the organised sector is likely to improve its market share, going forward. This would further support CIEL’s growth.

**Revenues and margins vulnerable to fluctuations in general economic conditions** – While the company witnessed revenue growth over the last few years, certain segments have seen moderation in revenues due to demand pressure in sectors such as IT Services and construction. The company’s revenues and margins also remain vulnerable to fluctuation in the general economic conditions. Going forward, any impact on the economic conditions of varied sectors would remain key monitorable for CIEL’s revenues and margins.

### Liquidity position: Adequate

CIEL’s liquidity remains adequate free cash and bank balances of around Rs.7.2 crore as on March 31, 2025 and Rs.7 crore as on September 30, 2025 and positive cash flow from operations. The company’s average peak utilisation of its sanctioned working capital limits was around 94% between September 2024 to September 2025. The company has debt repayments of Rs. 7.7 crore and Rs. 1.1 crore in FY2026 and FY2027, respectively, in addition to the product development capex plans of Rs. 15-20 crore each in FY2026 and FY2027 respectively. ICRA also notes that the company has to pay around Rs. 20 crore and Rs.37 crore in FY2026 and FY2027 respectively towards acquisition of the balance stake in its subsidiaries. Out of this Rs. 7 crore has been paid as of June 30,2025.

### Rating sensitivities

**Positive factors** – ICRA could upgrade CIEL’s ratings if the company demonstrates a significant growth in revenues and margins, while also improving its debt metrics and liquidity position.

**Negative factors** – Negative pressure on the ratings could arise if there is a significant decline in associate headcount leading to contraction in revenues and margins or any debt-funded acquisition that could have a material impact on the company’s debt metrics or liquidity position. Specific credit metrics that could lead to a rating downgrade are interest cover of below 2.8x on a sustained basis.

### Analytical approach

| Analytical approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a>  |
| Parent/Group support            | Not Applicable   |
| Consolidation/Standalone        | For arriving at the ratings, ICRA has considered the consolidated financials of CIEL HR Services Limited. As on March 31, 2025, the company had 10 subsidiaries, which are enlisted in Annexure-2. |

### About the company

CIEL HR Services Limited, incorporated in 2015, provides HR services to clients from various end-user industries. The company offers services such as permanent and contract staffing, executive search and recruitment process outsourcing services etc. The company has presence across 43 locations in India with more than 90 offices, with significant presence across tier-2 and tier-3 cities. The company also provides technology and consulting services to the customers, which include services that manage end-to-end employee lifecycle in the organisations.

## Key financial indicators (audited)

| Consolidated   | FY2024   | FY2025   | H1 FY2026<br>(Provisional) |
|--|----------|----------|----------------------------|
| Operating income                                     | 1,085.70 | 1,504.50 | 926.20                     |
| PAT  | 10.8     | 14.7     | 11.80                      |
| OPBDIT/OI  | 2.0%     | 2.1%     | 2.6%                       |
| PAT/OI   | 1.0%     | 1.0%     | 1.3%                       |
| Total outside liabilities/Tangible net worth (times) | 2.4      | 3.1      | 3.2                        |
| Total debt/OPBDIT (times)                            | 2.8      | 3.2      | 2.5                        |
| Interest coverage (times)                            | 2.9      | 3.2      | 3.5                        |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

| Instrument                               | Current (FY2026)         |                               |                 |                                       | Chronology of rating history for the past 3 years |                                       |        |        |        |        |
|--|--------------------------|-------------------------------|-----------------|---------------------------------------|---|---------------------------------------|--------|--------|--------|--------|
|  |                          |                               | FY2026          |                                       | FY2025  |                                       | FY2024 |        | FY2023 |        |
|  | Type                     | Amount<br>Rated<br>(Rs Crore) | Date            | Rating                                | Date  | Rating                                | Date   | Rating | Date   | Rating |
| Fund based - OD/CC                       | Long-term/<br>Short-term | 40.00                         | Nov 11,<br>2025 | [ICRA]BBB-<br>(Positive)/<br>[ICRA]A3 | Aug<br>27,<br>2024                                | [ICRA]BBB-<br>(Positive)/<br>[ICRA]A3 | -      | -      | -      | -      |
| Fund based – Working capital demand loan | Short-term               | 30.00                         | Nov 11,<br>2025 | [ICRA]A3                              | Aug<br>27,<br>2024                                | [ICRA]A3                              | -      | -      | -      | -      |
| Non-Fund based – Bank Guarantee          | Short-term               | 1.00                          | Nov 11,<br>2025 | [ICRA]A3                              | Aug<br>27,<br>2024                                | [ICRA]A3                              | -      | -      | -      | -      |
| Unallocated Limits                       | Long-term/<br>Short-term | 4.00                          | Nov 11,<br>2025 | [ICRA]BBB-<br>(Positive)/<br>[ICRA]A3 | Aug<br>27,<br>2024                                | [ICRA]BBB-<br>(Positive)/<br>[ICRA]A3 | -      | -      | -      | -      |

## Complexity level of the rated instruments

| Instrument  | Complexity Indicator |
|---|----------------------|
| Long-term/Short-term- Fund based - OD/CC              | Simple               |
| Short-term – Fund based – Working capital demand loan | Simple               |
| Short-term – Non-Fund based – Bank Guarantee          | Very Simple          |
| Long-Term/Short-term - Unallocated Limits             | Not Applicable       |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's

credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

## Annexure I: Instrument details

| ISIN | Instrument Name                                       | Date of Issuance | Coupon Rate | Maturity | Amount Rated (Rs. crore) | Current Rating and Outlook     |
|------|---|------------------|-------------|----------|--------------------------|--------------------------------|
| NA   | Long-term/Short-term-Fund based - OD/CC               | NA               | NA          | NA       | 40.00                    | [ICRA]BBB- (Positive)/[ICRA]A3 |
| NA   | Short-term – Fund based – Working capital demand loan | NA               | NA          | NA       | 30.00                    | [ICRA]A3                       |
| NA   | Short-term – Non-Fund based – Bank Guarantee          | NA               | NA          | NA       | 1.00                     | [ICRA]A3                       |
| NA   | Long-Term/Short-term - Unallocated Limits             | NA               | NA          | NA       | 4.00                     | [ICRA]BBB- (Positive)/[ICRA]A3 |

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure II: List of entities considered for consolidated analysis

| Company Name                                 | Ownership | Consolidation Approach |
|--|-----------|------------------------|
| CIEL Skills and Careers Private Limited      | 100.0%    | Full Consolidation     |
| Ma Foi Strategic Consultants Private limited | 100.0%    | Full Consolidation     |
| Next Leap Career Solutions Private Limited   | 100.0%    | Full Consolidation     |
| CIEL Technologies Private Limited            | 100.0%    | Full Consolidation     |
| Aargee Staffing Services Private Limited     | 100.0%    | Full Consolidation     |
| CIEL Powertrain Solutions Private Limited    | 100.0%    | Full Consolidation     |
| Integrum Technologies Private Limited        | 76.50%    | Full Consolidation     |
| First Venture Corporation Private Limited    | 51.71%    | Full Consolidation     |
| Thomas Assessments Private Limited           | 51.00%    | Full Consolidation     |
| People Metrics Private Limited               | 51.00%    | Full Consolidation     |
| Vibrant Screen Private Limited               | 51.00%    | Full Consolidation     |

Source: the company

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### Branches



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