January 21, 2026

Firstmeridian Global Services Private Limited: [ICRA]A+ (Stable)/ [ICRA]A1; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term/ Short -term – Fund Based Working Capital	30.00	[ICRA]A+ (Stable)/ [ICRA]A1; assigned
Long-term/ Short -term – Unallocated Limits	10.00	[ICRA]A+ (Stable)/ [ICRA]A1; assigned
Total	**40.00**	

**Instrument details are provided in Annexure I*

Rationale

While arriving at the ratings of Firstmeridian Global Services Private Limited (FMGS), ICRA has taken a consolidated view of FirstMeridian Business Services Limited (FirstMeridian or the Group; the holding company of FMGS), which includes its subsidiaries and step-down subsidiaries, given their common management, and significant operational and financial linkages.

The ratings factor in the Group's established business position as one of the largest domestic player in the fragmented manpower staffing industry, and its reputed and diversified client base of large companies across end-user industries like telecom, Banking, Financial Services and Insurance(BFSI), information technology (IT), global capability centres (GCC), information technology-enabled services(ITeS), retail, e-commerce, manufacturing & industrial etc. In FY2025 the Group, witnessed healthy YoY growth of 20.9%, driven by healthy performance in the general staffing segment and inorganic expansion through acquisitions. During FY2025, the Group acquired 51% stake in CPM India and Sales Marketing Private Limited (CPM)–a company engaged in providing sales and marketing solutions primarily to fast-moving consumer goods (FMCG) sector, with the balance stake proposed to be acquired in a phased manner over the next five years. This acquisition will enable the Group to enhance its presence in the FMCG segment wherein the Group has relatively modest presence. However, growth in the Global Technology Solutions (GTS) segment remained moderate amid softness in the overall IT industry. The operating margin remained largely stable at 1.7% in FY2025, supported by the significant contribution from the general staffing segment. However, the Group has witnessed some margin moderation over the past two years owing to a subdued performance in the margin-accretive GTS segment. Nonetheless, it continues to maintain a strong financial profile, characterised by a negative net debt position, comfortable debt protection indicators, and robust liquidity. ICRA expects the Group to sustain its revenue growth and margins over the medium term, while maintaining comfortable credit metrics, supported by the overall growth in the Indian economy, leading to an increase in employment levels, especially in the organised markets. Further, it is also expected to benefit from the Central Government's newly introduced-Pradhan Mantri Viksit Bharat Rozgar Yojana (PM-VBRY), effective August 2025.

ICRA also anticipates that the Group will continue to look for acquisitions to drive the overall inorganic business growth. The impact of such acquisitions on its cash flows and debt metrics will be evaluated on a case-to-case basis and remains a key monitorable. Further, following receipt of the National Company Law Tribunal (NCLT)approval, the Group completed the merger of certain subsidiaries in FY2025, which is expected to result in operational efficiencies and cost synergies over the near-to-medium term.

However, the ratings are constrained by the inherently low profit margins and high attrition in the general staffing segment (contributes to around 91% of the Group's total revenues), and intense competition in the fragmented manpower outsourcing industry as a major portion is provided by the unorganised sector, limiting pricing flexibility to an extent. However, increasing compliances with regulatory requirements led companies to move towards the organised sector, which provides better revenue visibility. ICRA has also noted the risks arising out of inorganic expansions as the company continues to look for acquisitions.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company and the Group will maintain their strong credit profile and liquidity position, supported by healthy cash flow generation and continued net debt-free status.

Key rating drivers and their description

Credit strengths

Established presence and strong market share in staffing business – The FirstMeridian Group is one of the largest players in the fragmented domestic staffing industry, supported by a strong brand equity and increasing formalisation of the industry. Through various acquisitions, the Group has built a strong presence in general staffing and IT staffing, with a total associate strength of 1,46,710 as on March 31, 2025. Going forward, steady growth in the employee base and increased focus towards margin-accretive semi-managed and managed, engineering services and IT professional/industrial staffing services are expected to support the Group's revenue increase and margin expansion.

Diversified and established client base – The Group has a diversified geographical footprint with its client base consisting of top firms from varied industries such as telecom, BFSI, retail and e-commerce, etc. The Group has further expanded into the FMCG segment with the acquisition of CPM in FY2025. The Group predominantly operates on a 'collect-and-pay' model for most customers, wherein salaries of associate employees deployed at client locations are collected in advance and subsequently disbursed. This structure mitigates the risk of bad debts and supports a modest working capital intensity. For reputed clients in IT staffing and FMCG segments, a longer credit period is extended; however, it remains within the agreed terms of a month.

Healthy financial profile – The Group reported strong YoY growth of 20.9% led by healthy performance in the general staffing segment along with inorganic expansion through acquisition. Its operating margins remained largely stable at 1.7% in FY2025, supported by the significant contribution from the general staffing segment. However, the Group has witnessed some margin moderation over the past two years owing to subdued performance in the margin-accretive GTS segment. Notwithstanding, the Group's financial risk profile continued to be healthy, supported by its significant net worth of Rs. 576.2 crore as on March 31, 2025, net debt negative status and strong liquidity position, as marked by sizeable cash/bank balances and cushion in the form of undrawn bank lines. Going forward, ICRA expects the overall financial profile to remain healthy, supported by stable revenue growth and cash flow generation, modest leverage levels despite consideration payouts against past acquisitions and strong liquidity position.

Credit challenges

Inherently thin operating margin in general staffing business – The Group's operating margins are inherently thin (1.7% in FY2025) due to the high share of revenues from the general staffing segment (91% of revenue), wherein the Group mainly adopts the cost-plus mark-up model for customer pricing. The mark-up is usually 4-5% on the employee cost or on a per-employee basis. Due to the low mark-up in the general staffing industry, players generally have a low gross margin of about 4-5% and an operating margin of 1.5-2%. Further, intense competition limits pricing flexibility in the general staffing business. However, the margins are considerably higher in the specialised staffing segments like IT staffing, which generates 7-8% of the Group's revenue.

Intense competition in the fragmented manpower outsourcing industry and high attrition risks – The staffing industry is a fragmented market and it includes both organised and considerable number of unorganised players, which offer services at low prices. Consequently, competition continues to limit the Group's pricing power and scope for margin expansion in these segments. However, with increasing focus on compliance and the expected streamlining of labour codes, the organised sector is likely to improve its market share, going forward. This should further support the growth of the Group, which is one of the largest organised player in the staffing industry. The Group witnesses high employee attrition owing to low skill/entry level and the temporary nature of the jobs, as is inherent in the business.

Liquidity position: Strong

The Group's liquidity is Strong with healthy cash flow from operations, no long-term debt repayment obligations and healthy cash and cash equivalent of around Rs. 170 crore as on September 30, 2025 along with bank limits of Rs. 195 crore with utilisation at 30-50% over the past 12 months ending September 2025. However, the utilisation increases to 80-90% during mid-month for paying associate salaries under the collect-and-pay model, which moderates the liquidity buffer to an extent during that period. Notwithstanding, ICRA expects the Group's liquidity position to remain strong, despite an expected cash outflow of Rs. 70-80 crore in FY2027 towards deferred consideration payable for acquisitions.

Rating sensitivities

Positive factors – The ratings could be upgraded, if the company demonstrates considerable increase in scale and earnings, led by diversification in its business profile with improvement in margins on a sustained basis, while maintaining healthy credit metrics and liquidity position.

Negative factors – Pressure on the ratings could arise, if there is any significant contraction in revenues and margins or any debt-funded acquisition that could lead to a deterioration in its liquidity and debt protection metrics, on a sustained basis. Specific credit metrics that could lead to ratings downgrade include interest coverage below 5.5 times, on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	To arrive at the ratings, ICRA has considered the consolidated financials of FirstMeridian Business Services Limited. As on March 31, 2025, the Group has four subsidiaries and two step down subsidiaries.

About the company

First Meridian was formed on February 20, 2018, backed by three private equity (PE) investors, Samara Capital, Janchor Partners Pan-Asian Master Fund (Hong Kong), and Emerald Strategic Holdings PTE. The Group is the holding company of four subsidiaries and two step-down subsidiaries.

The Group provides a wide range of services comprising:

- **General staffing and allied services**: Contract staffing solutions, workforce automation solutions and trade marketing solutions
- **Global technology solutions (IT staffing):** Short-term and long-term technology contract staffing solutions
- **Other human resource (HR) services:** Permanent recruitment, recruitment process outsourcing, pharmaceutical and healthcare staffing and facility management

FMGS, incorporated in 2005, is engaged in the business as advisors, consultants and contractors for providing, recruiting and training of personnel and manpower. The company was acquired by the FirstMerdian Group in FY2018. FMGS derives 80-85% revenue from the general staffing segment and the remaining from the IT staffing segment.

Key financial indicators (audited)

First Meridian Business – Consolidated	FY2024	FY2025
Operating income	3690.0	4461.3
PAT	31.7	48.5
OPBDIT/OI	1.8%	1.7%
PAT/OI	0.9%	1.1%
Total outside liabilities/Tangible net worth (times)	1.0	1.6
Total debt/OPBDIT (times)	0.9	1.3
Interest coverage (times)	9.3	4.7

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

Current ratings				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Jan 21, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based Working capital	Long-term/ Short - term	30.00	**[ICRA]A+ (Stable)/ [ICRA]A1**	-	-	-	-	-	-
Unallocated Limits	Long-term/ Short - term	10.00	**[ICRA]A+ (Stable)/ [ICRA]A1**	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund-based working capital	Simple
Long-term/ Short -term – Unallocated Limits	NA

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	**Working Capital**	NA	NA	NA	30.00	[ICRA]A+ (Stable)/[ICRA]A1
NA	**Unallocated Limits**	NA	NA	NA	10.00	[ICRA]A+ (Stable)/[ICRA]A1

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	FirstMeridian Ownership	Consolidation Approach
Innovsource Services Private Limited	100.0%	Full Consolidation
Innovsource Facilities Private Limited	100.0%	Full Consolidation
FirstMeridian Global Services Private Limited* (formerly known as V5 Global Services Private Limited)	100.0% (rated entity)	Full Consolidation
SurgeForth Technologies Private Limited	51.0%	Full Consolidation
Chironperformics Management and Sales Private Limited (w.e.f September 25, 2024)	100.0%	Full Consolidation
CPM India Sales and Marketing Private Limited (w.e.f September 25, 2024)	51.0%	Full Consolidation

*Source: Company data *Affluent Global Services Private Limited, CBSI India Private Limited and Rlabs Enterprise Services Limited were merged with FirstMeridian Global Services Private Limited in FY2025*

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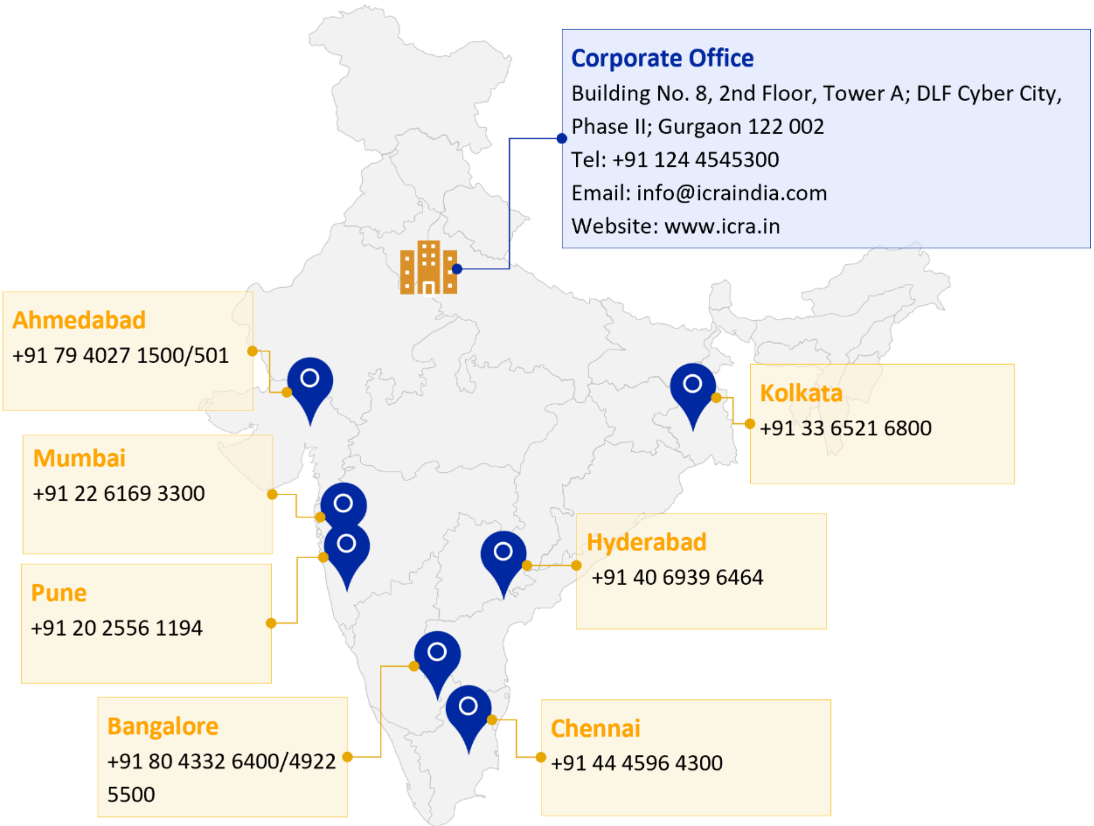

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