

April 27, 2026

CIEL HR Services Limited: Ratings reaffirmed; outlook on long-term rating changed to Stable from Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term- Fund based - OD/CC	40.00	40.00	[ICRA]BBB- (Stable)/[ICRA]A3; reaffirmed; outlook revised to Stable from Positive
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- (Stable)/[ICRA]A3; reaffirmed; outlook revised to Stable from Positive
Total	75.00	75.00	

*Instrument details are provided in Annexure II

Rationale

The revision of the outlook from 'Positive' to 'Stable' considers the delay in fund raising by CIEL HR Services Limited's (CIEL/the company) through its IPO, which was expected to strengthen the company's liquidity position. However, the company is expected to manage its short-term funding requirements through a portion of the funds raised through its pre-IPO fund raise and its internal accruals. The ratings continue to factor the established track record of CIEL's promoters in the staffing industry, and its established client base, which includes reputed players across industries. ICRA also notes the significant scale-up in CIEL's operations, driven by healthy growth in both the HR services and HR Platforms segments. The company made several acquisitions in FY2025 in the HR platforms space, which have complemented 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% and 49% of total revenues derived from the top 20 customers in FY2025 and H1 FY2026, respectively. ICRA notes that the company raised equity of Rs. 30 crore through its pre-IPO round in January 2026. Of the same, Rs. 15 crore was utilised to acquire additional stakes in certain subsidiaries. Going forward, the company intends to raise further equity to support its growth plans, and the timing and quantum of the same will remain key monitorables.

In FY2025, the company had a revenue growth of 38.6% YoY, and operating margins improved to 2.1% from 2.0% in FY2024. Further, the per associate per month (PAPM) margin improved to Rs. 923 in FY2025 from Rs. 832 in FY2024. The operating profit margin (OPM) improved further to 2.6% in H1 FY2026, with PAPM increasing to Rs. 1,167.8 in H1 FY2026 and Rs. 1,261.8 in 9M FY2026, supported by the acquisition of Vibrant Screens Private Limited (VSPL). The PAT margin also improved to 1.3% in H1 FY2026 from 1.0% in FY2025. 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 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, 2024. That said, interest coverage improved to 3.2 times as on March 31, 2025, from 2.9 times as on March 31, 2024. However, with enhancement in margins in H1 FY2026, TD/OPBDITA improved to 2.5 times as on September 30, 2025, and interest coverage increased to 3.5 times in H1 FY2026. While gross debt is expected to have increased in H2 FY2026, net debt for the company is likely to have declined as on March 31, 2026, compared to September 30, 2025 levels, following retention of a portion of the pre-IPO funds as cash and liquid investments.

CIEL's ratings are, however, constrained by the low profit margins associated with the HR services (staffing) segment, which continues to account for over 95% of 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 around 60% of the company's revenues in FY2026. That said, roughly 40% of the company's revenues being derived from the 'Pay and Collect' model; combined with the company's healthy growth rate. This, results in high working capital requirements, as reflected in the average peak working capital utilisation of around 97% in the 12 months ending March 2026.

The ratings also factor in intense competition in the fragmented manpower outsourcing industry, where a significant share of business is serviced by the unorganised sector, leading to weaker pricing flexibility. The ratings further consider any adverse impact of economic conditions across sectors. However, ICRA notes that CIEL's HR Platforms vertical is relatively insulated from risks associated with staffing services, and ramp-up in this segment will remain a key monitorable going forward.

ICRA also notes that the company has to pay around Rs. 35 crore in FY2027 and Rs. 15-20 crore in FY2028 towards acquisition of the balance stake in its subsidiaries. The funding pattern for these payments in FY2027 and FY2028, and the resultant impact on debt metrics (if any), will remain key monitorables. Further, CIEL has a track record of acquiring smaller entities and diversifying through strategic acquisitions. Going forward, any significant debt-funded expansion or acquisitions impacting credit metrics will remain an event risk and will be evaluated on a case-to-case basis.

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 the Indian Staffing Federation, and former Chairman of the Executive Recruiters Association. Ms. Hemalatha Rajan is the Founder and Director of CIEL HR and Co-founder of Ma Foi. She is a Chartered Accountant with over 34 years of experience in HR, finance, auditing, and executive search. The extensive experience of the promoters in the staffing industry has helped the company establish strong stakeholder relationships and achieve significant growth over the past 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. In H1 FY2026, the company reported a topline of Rs. 926.2 crore with OPM improving from 2.1% in FY2025 to 2.6% in H1 FY2026. The company's acquisitions in margin-accretive businesses such as HR platforms have helped lead the margin expansion. Further, the growth trajectory is expected to continue, going forward, driven by CIEL's growing market presence.

Diversified and established client base of large companies across industries – CIEL's successful track record, diverse service offerings, and end-to-end management of the employee lifecycle have helped it establish a wide and reputed customer base across industries. Revenues are diversified across sectors such as manufacturing and engineering, consumer retail and services, information technology (IT), and banking & financial services. The top 20 customers accounted for around 49% of total revenues in H1 FY2026 (51% in FY2025 and 52% in FY2024). Moreover, strong relationships with key clients continue to result in repeat business and healthy revenue growth. Going forward, diversified sectoral exposure is expected to drive revenue growth and safeguard the company against sector-specific shocks.

Credit challenges

Thin operating profit margins, inherent to the staffing business – CIEL's operating profit margins remain inherently thin due to the high share of revenues (~95% in FY2025) from the staffing business. The company reported an OPM of 2.1% in FY2025 and 2.0% in FY2024. Margins improved in FY2025 on the back of higher revenue contribution from the HR platforms vertical,

which entails relatively higher profitability. OPM improved further to 2.6% in H1 FY2026, supported by the strong performance of Vibrant Screens Private Limited (VSPL), acquired in FY2025. Going forward, with an improving segment mix and increasing scale, margins are expected to improve steadily. ICRA also notes exposure to risks and opportunities associated with the advent of AI and its impact on various end-user sectors. The operating model (including service delivery, pricing, and talent management) is expected to evolve, introducing execution and adaptation risks. While CIEL has invested in developing its own AI-integrated HR platforms, the impact on existing platforms and margins will remain a key monitorable.

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, CIEL’s revenues are vulnerable to sectoral shocks such as the advent of AI in the IT services sector. 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, supported by free cash and liquid investments of Rs. 31.95 crore as on March 31, 2026. The average peak utilisation of sanctioned working capital limits was around 97% during April 2025 to March 2026. ICRA notes that the company has to pay around Rs. 35 crore in FY2027 and Rs. 15-20 crore in FY2028 towards acquisition of balance stakes in subsidiaries. The company has debt repayments of around Rs. 1.1 crore in FY2027. Going forward, the company is expected to incur a maintenance and product development capex in the range of Rs. 15-20 crore in FY2027. The acquisition payouts and capital expenditure is expected to be funded through the company’s accruals and existing cash balances.

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	Corporate Credit Rating Methodology
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-II.

About the company

CIEL HR Services Limited, incorporated in 2015, provides HR services to clients across various end-user industries. The company offers services such as permanent and contract staffing, executive search, and recruitment process outsourcing. It has a presence across 43 locations in India, with more than 90 offices, including a significant footprint in tier-2 and tier-3 cities. The company also provides technology and consulting services, including solutions for end-to-end management of the employee lifecycle within organisations.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	H1 FY2026*
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, *provisional financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2027)			Chronology of rating history for the past 3 years					
		Amount Rated (Rs Crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - OD/CC	Long-term/ Short-term	40.00	Apr 27, 2026	[ICRA]BBB-(Stable)/[ICRA]A3	Nov 11, 2025	[ICRA]BBB-(Positive)/[ICRA]A3	Aug 27, 2024	[ICRA]BBB-(Positive)/[ICRA]A3	-	-
Fund based – Working capital demand loan	Short-term	30.00	Apr 27, 2026	[ICRA]A3	Nov 11, 2025	[ICRA]A3	Aug 27, 2024	[ICRA]A3	-	-
Non-Fund based – Bank Guarantee	Short-term	1.00	Apr 27, 2026	[ICRA]A3	Nov 11, 2025	[ICRA]A3	Aug 27, 2024	[ICRA]A3	-	-
Unallocated Limits	Long-term/ Short-term	4.00	Apr 27, 2026	[ICRA]BBB-(Stable)/[ICRA]A3	Nov 11, 2025	[ICRA]BBB-(Positive)/[ICRA]A3	Aug 27, 2024	[ICRA]BBB-(Positive)/[ICRA]A3	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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	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 II: 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- (Stable)/ [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- (Stable)/ [ICRA]A3

Source: Company

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

Annexure III: 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, As on March 31, 2025

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