



## Press Release

### Urmila International Services Private Limited

**September 23, 2024**

#### **Ratings**

<b>Instrument/ Facilities</b>	<b>Amount (INR crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><u>Complexity Indicator</u></b>
Long Term Bank Facilities	25.00	IVR BBB/ Stable; Withdrawn (IVR Triple B with stable outlook and simultaneously Withdrawn)	IVR BBB/ Stable (IVR Triple B with stable outlook)	Reaffirmed and simultaneously Withdrawn	Simple
Short Term Bank Facilities	75.00	IVR A3+; Withdrawn (IVR A Three Plus and simultaneously Withdrawn)	IVR A3+; (IVR A Three Plus)	Reaffirmed and simultaneously Withdrawn	Simple
<b>Total</b>	<b>100.00 (INR One Hundred Crore only)</b>				

**Details of Facilities/ instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### **Detailed Rationale**

The reaffirmation of ratings assigned to the bank facilities of Urmila International Services Private Limited (UISPL) considers long track record of operation of the company under experienced management with reputed clientele across diverse segments and healthy order book position indicating near to medium term revenue visibility. Moreover, the ratings also continue to factor in improvement in its scale of operation albeit moderation in profit margins and satisfactory financial risk profile. However, these rating strengths are partially offset by UISPL's exposure to intense competition, limited geographical diversification and high attrition level inherent in the industry. The stable outlook reflects expected stable business performance underpinned by satisfactory orderbook showing revenue visibility for the near to medium term.

Infomerics Ratings has simultaneously withdrawn the rating assigned to the bank facilities of UISPL with immediate effect. The above action has been taken at the request of the company and No Objection Certificate (NOC) issued by the lender, State Bank of India. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.



## Press Release

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Significant growth in scale of business with improvement in profitability metrics thereby leading to improvement in cash accruals.
- Sustenance of the capital structure with improvement in debt protection metrics

#### **Downward Factors**

- Moderation in operating income and/ or moderation in profitability impacting the debt coverage indicators.
- Moderation in overall gearing to more than 1.5x and/or moderation in debt protection metrics.

### **List of key rating driver with detailed description**

#### **Key rating strengths:**

##### **Long track record of the management**

The promoters have vast experience in providing staffing services catering diversified industries. Mr. Kumar Avinash is the founder director of the company, having experience of over two decades in providing staffing service. The other directors are also having a decade of experience in providing staffing service and business operation.

##### **Long track record of operation with reputed clientele base across diverse segments**

UISPL's business profile is characterized by its presence across multiple service offerings for various business segments. The company has a long operational track record in providing staffing service. The company has 34,000 associates, who are deputed in over 2000 pin codes across the country. The company has also hired and payrolled more than 1,00,000 associates PAN India helped the company to build and retain many reputed clients across diverse segments including e-Governance, financial inclusion, digital inclusion, telecom, power, renewable energy, security, information technology, education, health, human resource management, finance etc.

##### **Improvement in scale of operation albeit moderation in profit margins**

The company's scale of operation witnessed a healthy growth over the past three fiscal years. The total operating income has improved from Rs.202.76 crore in FY22(A) [FY refers to the period from April 1 to March 31] to Rs. 780.32 crore in FY24(A). The growth is primarily driven by increase in revenue from manpower supply services along with addition



## Press Release

of new service contract. Notwithstanding the increase in revenue from operation, the company has witnessed a dip in its profit levels due to rise in employee cost and finance cost. Consequently, the EBITDA margin and PAT margin has also been moderated from 4.46% and 2.60% respectively in FY 23(A) to 2.72% and 2.03% respectively in FY 24(A). During Q1FY24, the company has achieved a revenue of ~Rs.229 crore.

### **Healthy order book position indicating revenue visibility**

The company has a confirmed work order of Rs. 2618.44 crore in FY 24-25, out of which unexecuted order value is Rs.1356.50 crore as of August 2024. These orders are expected to be completed within next 2-3 years.

### **Satisfactory financial risk profile albeit moderation in debt protection metrics**

The capital structure of the company continued to remain comfortable marked by the overall gearing ratio and total indebtedness marked by TOL/TNW at 0.25x and 1.01x respectively as on March 31, 2024 (0.23x and 1.33 x respectively as on March 31, 2023). However, the debt protection parameters of the company though continued to remain satisfactory witnessed some moderation. The interest coverage ratio has moderated from 20.89x in FY 23 to 4.46x in FY24 due to a decrease in absolute EBITDA and increase in finance cost. Total debt / EBITDA also moderated to 0.67x as on March 31, 2024 (0.32x as on March 31, 2023) and Total Debt/GCA to 0.80 years as on March 31, 2024 (0.43 years as on March 31, 2023). Although, with minimal long-term debt in the capital structure, the debt equity ratio remains comfortable at 0.00x as on March 31, 2024 (0.09x as on March 31, 2023). Moreover, the overall gearing ratio and total indebtedness marked by TOL/TNW also remained comfortable at 0.25x and 1.01x respectively as on March 31, 2024 (0.23x and 1.33 x respectively as on March 31, 2023).

### **Key rating weaknesses**

#### **Exposure to intense competition**

In line with the industry practice, the company follows a wage-plus-service-charge model for pricing of Human Resource Management Services, Integrated Facility Management, Information Technology Services and other manpower supply-based services rendered to the customers. The service contracts generally remain valid for one year. The manpower outsourcing services industry are fragmented and intensely competitive in nature with the presence of many organised and unorganised players. This leads to significant price-based competition, giving rise to contract renewal risk and exerting pressure on the margins.

#### **Limited geographical diversification**



## Press Release

USIPL has five offices for providing services across India including its corporate office in Delhi and head office in Patna. However, the company derives majority of its total revenue from the state of Bihar.

### **High attrition levels inherent in industry**

The company, like the rest of the industry players, witnesses high employee attrition owing to skilled/unskilled/ low skill and temporary nature of the job. However, the risk is partially mitigated by continuous spend on training and development of employees with industry standard remuneration.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Policy on withdrawal of ratings](#)

### **Liquidity position: Adequate**

The liquidity position of the company is expected to remain adequate marked by its expected adequate gross cash accruals against its minimal debt repayment obligations during FY25-FY27. The company has earned a gross cash accrual of Rs.17.69 crore in FY24 (Audited). Further, the working capital utilisation of the company in the past 8 months ended in August 2024 remained moderate at ~78% indicating an adequate liquidity buffer. Moreover, driven by its comfortable gearing ratio the company has adequate gearing headroom

### **About the Company**

Bihar Based Urmila International Services Private Limited (UISPL), was incorporated in 2015 by Mr Avinash Kumar along with Ms Jyoti Kumari for providing various services such as Human Resource Management Services, Integrated Facility Management and Information Technology Services. Initially, the business runs in the name of Urmila Info Solutions. However, after incorporation of UISPL, the business was taken over by Urmila International Services Private Limited. At Present, USIPL has five offices across India including its corporate office in Delhi and head office in Patna.

The company has deputed 34,000 associates, who are deputed in over 2000 pin codes across the country. The company has also hired and payrolled more than 1,00,000



## Press Release

associates PAN India. The extensive reach helps to cater diverse staffing needs and provide exceptional talent to the clients.

### Financials (Standalone):

(Rs. crore)

For the year ended*/ as on	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	535.04	780.32
EBITDA	23.86	21.21
PAT	13.91	15.89
Total Debt	7.68	14.15
Tangible Net Worth	32.92	57.38
EBITDA Margin (%)	4.46	2.72
PAT Margin (%)	2.60	2.03
Overall Gearing Ratio (x)	0.23	0.25
Interest Coverage Ratio (x)	20.89	4.46

\*Classification as per Infomerics' Standard

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Sept 22, 2023	-	-
1.	Cash Credit	Long Term	25.00	IVR BBB/ Stable; Withdrawn	IVR BBB; Stable	-	-
2.	Bank Guarantee	Short Term	75.00	IVR A3+; Withdrawn	IVR A3+	-	-

### Name and Contact Details of the Rating Analyst:

Name: Avik Podder

Tel: (033) 46022266

Email: [apodder@infomerics.com](mailto:apodder@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics





## Press Release

commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate	Tenor/ Maturity	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	-	25.00	IVR BBB/ Stable; Withdrawn
Bank Guarantee	-	-	-	-	75.00	IVR A3+; Withdrawn
<b>Total</b>					<b>100.00</b>	



## Press Release

**Annexure 2: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-urmila-sep24.pdf>

**Annexure 3: Detailed explanation of covenants of the rated instrument/ facilities:** Not Applicable

**Annexure 4: List of companies considered for consolidated/ combined analysis:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

