Press Release

Primeone Work Force Private Limited

April 10, 2025

Ratings

Security/ Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	42.60	IVR BBB-/Stable (IVR Triple B minus with Stable Outlook).	-	Rating Assigned	Simple
Short Term Bank Facilities	57.40	IVR A3 (IVR A Three)	-	Rating Assigned	Simple
Total	**100.00 (Rupees One hundred crores only)**				

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 ratings assigned to the bank facilities of Primeone Work Force Private Limited (PWFPL) are supported by the company's long track record of operation under experienced and qualified promoters with a reputed clientele base which results in low counterparty risk. Additionally, the company demonstrates stable business performance with average financial risk profile characterized by a satisfactory capital structure and moderate debt protection metrics. Furthermore, PWFPL benefits from relatively lower working capital intensity in its operations. However, these strengths are offset by the fragmented and competitive nature of the security services industry which introduces contract renewal risk and puts pressure on profit margins. Other challenges include thin profit margins, dependence on the availability of necessary manpower with high attrition levels typical of the industry and limited geographical diversification.

The outlook of the company is expected to remain stable as it is supposed to benefit from the extensive experience of the promoters coupled with comfortable capital structure adequate debt protection metrics and favourable industry outlook.

Key Rating Sensitivities:

Upward Factors:

- Growth in scale of operations with improvement in profitability on a sustained basis
- Improvement in the capital structure with improvement in debt protection metrics

Downward Factors:

- Moderation in scale of operation and/or profitability leading to moderation in net cash accruals on a sustained basis
- Moderation in the capital structure with deterioration in overall gearing ratio to over 2x and/or deterioration in the debt protection metrics marked by moderation in interest coverage ratio to below 1.2x
- Further elongation of operating cycle with deterioration in liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record under experienced and qualified promoters**

PWFPL started its business operation from 2005 in Bhopal thus, enjoying a track record of about 20 years in the manpower services industry. The company gradually diversified its service portfolio in energy sector and expanded to other states. The promoters have vast experience in HR and IT domain. Mr. Sanjeev Jain and Mr. Rajeev Dwivedi are the founder director of the company having experience of over three decades in the industry. The other directors are also highly qualified and have vast experience in the business operation. Apart from this, there is a group of experienced and adequately qualified personnel in various position of the company.

- **Reputed clientele resulting in low counter party risk**

The company is engaged in providing manpower services to various State Government, Central Government agencies and private organisations throughout the country. The company also provides services to various big domestic private players engaged in infrastructure, manufacturing and trading segments. The company maintains long term relationship with the clients and gets repeated orders regularly. Further, all the company’s clients being government entities and reputed private players imparts comfort in the form of low counter party credit risk.

- **Stable business performance**

The business performance of the company remained stable over the years. The company’s scale of operations continued to remain at a moderate level. However, the same witnessed a steady growth over the past few years, primarily driven by an increasing customer base and foray into new services segments. The operating income of the company stood at around Rs. 373 crore in FY2024 [FY refers to the period from April 1 to March 31], registering a growth of around 9% over the previous fiscal. The company's business is mainly service in nature and entail a low capital requirement. This coupled with satisfactory profits led to a satisfactory return on capital employed of around 11.5% in FY2024. In 10MFY25 the company has achieved a total operating income of ~Rs.325 crore.

- **Average financial risk profile marked by satisfactory capital structure with moderate debt protection metrics**

The capital structure of the company remained satisfactory over the years on account of a sizeable net worth and low reliance on external debt. The leverage ratios stood satisfactory marked by long term debt equity ratio at 0.17x and overall gearing at 0.81x as on March 31, 2024, improved from 0.26x and 1.01x respectively as on March 31, 2023. The improvement in overall gearing is attributable to reduction in term loan coupled with accretion of profit to net worth. Furthermore, total indebtedness as reflected by TOL/ATNW also stood comfortable at 1.81x as on March 31, 2024. (1.95x as on March 31st, 2023). The debt protection parameters of the company stood moderate marked by moderate interest coverage ratio at 1.97x in FY24 (1.99x in FY23). Furthermore, Total debt/EBITDA and Total debt/GCA also though improved from 5.77x and 12.05x respectively as on March 31, 2023 stood moderate at 4.21x and 6.90x respectively as on March 31, 2024.

- **Relatively lower working capital intensity of operations**

The company's working capital intensity of operations remained at a relatively lower level due to its service nature of operations. The working capital limit relative to the operating income of the company stood low at ~11% in FY2024. As a result, the company's working capital limit utilisation remained low at ~63% over the past 12 months ended January 2025 supporting its liquidity position.

Key Rating Weaknesses

- **Fragmented and competitive nature of the security services industry gives rise to contract renewal risk and exerts pressure on margins**

In line with the industry practice, the company follows a wage-plus-service-charge model for pricing of security services, facility management and other manpower supply-based services rendered to the customers. The manpower outsourcing and security services industry are fragmented and intensely competitive in nature amid presence of many organised and unorganised players. This leads to a significant price-based competition, giving rise to contract renewal risk and exerting pressure on the margins, primarily in the security services segment. Moreover, the company deals with government entities. The company's operations are tender based and the company bids for contracts to procure contracts. The tender based business model may restrict pricing power and profitability. However, PWFPL has been able to establish a strong presence with its long track record of operation and experienced senior management with a wider array of services including HR outsourcing, On roll recruitment and off roll staffing.

- **Thin profit margins**

The company's operating margins remained thin in both FY24 and FY23. In FY24, the EBITDA and the PAT margin stood at 2.02% and 1.15% respectively, showing an improvement from 1.79% and 0.76% respectively in FY23. The margins remained thin mainly because of intense competition in the sector with low bargaining power. Additionally, the company's client base is predominantly composed of government entities, where profit margins tend to be lower. Continued improvement in profit margins will be a key factor to monitor.

- **Dependence on availability of requisite manpower and high attrition levels inherent in industry**

The company serves a diverse customer base with a workforce of approximately 20,000 employees. However, the company, like the rest of the industry players, witnesses high employee attrition owing to unskilled/ low skill and temporary nature of the job. The absence of required manpower with the right skill set could affect the quality of the services delivered as less experienced staff might not be able to perform tasks to the required standard.

- **Limited geographical diversification**

The major portion of revenue o the company is derived from Uttar Pradesh and Madhya Pradesh. The company operates in more than 5 states/ union territories in the country. However, Infomerics notes that Uttar Pradesh and Madhya Pradesh continue to be the major contributor to PWFPL's revenues. This exposes the company to high geographical concentration risk.

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]

Liquidity – Adequate

The liquidity of the company is expected to remain adequate marked by its expected healthy gross cash accruals vis-à-vis its debt repayment obligations in the projected tenure. The company has earned a gross cash accrual of Rs.4.59 crore in FY24. Further, the company has projected to earn sufficient cash accruals in the range of ~Rs.5.05 crore to Rs.8.89 crore in comparison to its debt repayment obligation of Rs 2.27 crore to Rs 0.80 crore during FY25 to FY27. Moreover, the average fund-based limit utilization of the company remained adequate at ~78%, indicating a satisfactory liquidity buffer. Moreover, the company is also having a satisfactory gearing headroom marked by its comfortable capital structure.

About the company

Primeone Work Force Private Limited (PWFPL), established on July 21, 2005, is a private company located in Bhopal, Madhya Pradesh, India. PWFPL offers human resources (HR) services, including manpower recruitment, facilities management, and HR process outsourcing. The company has introduced concepts in the HR sector to address the needs of employers and job candidates. The management team consists of three directors—Mr. Sanjeev Jain, Mr. Rajeev Dwivedi, and Mr. Manish Jain. In addition to the promoters, PWFPL has employed professionals with relevant experience to manage various verticals.

Financials: Standalone

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	341.69	373.03
EBITDA	6.12	7.53
PAT	2.59	4.30
Total Debt	35.28	31.70
Tangible Net Worth	34.99	39.28
EBITDA Margin (%)	1.79	2.02
PAT Margin (%)	0.76	1.15
Overall Gearing Ratio (x)	1.01	0.81
Interest Coverage (x)	1.99	1.97

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 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23
1	Cash Credit	Long Term	31.60	IVR BBB-; Stable	-	-	-
2.	Bank Overdraft	Long Term	2.00	IVR BBB-; Stable	-	-	-
3.	WCDL	Long Term	9.00	IVR BBB-; Stable	-	-	-
4.	Bank Guarantee	Short Term	57.40	IVR A3	-	-	-

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About Infomerics:

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

Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	31.60	IVR BBB-; Stable
Bank Overdraft	-	-	-	2.00	IVR BBB-; Stable
WCDL	-	-	-	9.00	IVR BBB-; Stable
Bank Guarantee				57.40	IVR A3

Annexure 2: Facility wise lender details:

https://www.infomerics.com/admin/prfiles/len-primeone-apr25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/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.