



Press Release

T & M Services Consulting Private limited

May 02, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator (Simple / High / Complex)
Long Term Bank Facilities	32.84	IVR BB+ (Stable) [IVR Double B Plus with Stable Outlook]	Assignment	Simple
Short Term Bank Facilities	17.16	IVR A4+ [IVR A Four Plus]	Assignment	Simple
Total	50.00	Fifty Crores		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of T & M Services Consulting Private limited factors experience of the promoters in the manpower industry, the demonstrated track record of the company, reputed client base with a long term revenue visibility and a moderate financial risk profile.

The strengths are however, offset by thin profitability margins and intense competition faced from organized and unorganized players.

The Stable outlook indicates a low likelihood of a rating change over the medium term.

Key Rating Sensitivities:

Upward Factors

- Significant growth in revenues and profitability margins backed by a favourable industry scenario.
- Significant improvement in the financial risk profile of the company along with improvement in the working capital cycle and liquidity profile of the company.

Downward Factors



Press Release

- Significant reduction in the operating income leading to a deterioration in the profitability
- Weakening of the liquidity position, deterioration in the gearing and debt coverage metrics

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced Promoters** – T & M Services Consulting Private limited incorporated on April 10, 2003 by the three promoters Mr. Kishore A. Manelkar, Mr. Sunil Kumar Trivedi, Mr. Suhas G. Hombal having an experience of around 3 decades in the industry. They are supported by a team of highly qualified individuals. The extensive promoter experience, healthy customer base, and increasing contracts will support the business risk profile over the medium term. Established track record helps the company to gain repeat orders from existing client base.
- **Moderate Financial Risk Profile** -The Company's financial risk profile is moderate marked by healthy net worth; comfortable gearing coupled with healthy coverage indicators. The company's net worth stood at Rs.17.83Cr as on March 31, 2021, as against Rs.13.82Cr as on March 31, 2020. The net worth levels have seen improvement over the last three years mainly on account of profit accretion and promoter's equity infusion. The gearing of the company remains low in FY21 on account of low working capital requirements during the month end as some of the client's make prepayment during the end of the month. The coverage metrics of the company as reflected by the ISCR & DSCR stands healthy at 11.52X & 17.09X in FY21.
- **Moderate Orderbook Position** – The company has an unexecuted order book position in tune of Rs 261cr providing a short-term revenue visibility.

Key Rating Weaknesses

- **Decline in Revenue:** TMSPL's revenue was affected by the lockdown faced on account of pandemic wherein certain bills could not be cleared on a timely basis. As



Press Release

a result, the revenue of the company reduced in FY21 to Rs 379.25cr from Rs 417.97 in FY20. The same has been recovered as per the FY22 figures provided by the management wherein the company has achieved revenues in tune of Rs 540.00cr. Revenue may increase over the medium term driven by the ongoing contracts and new tenders received in fiscal 2022. The extent of growth will be a key monitorable.

- **Thin Profit Margins:** The profit margins remain thin due to intense competition. The operating profit margins and net profit margins stand low at 0.85% & 1.05% in FY21 vis-à-vis 1.12% & 1.13% in FY20. However due to intense competitive nature of the industry, profit margins are expected to remain thin going ahead. The company's ability to improve the profit margins remains key monitorable.
- **Intense Competition:** The company mainly operates in staffing and recruitment industry which is intensely competitive due to presence of large number of organized and unorganized players. Presence of large number of players increase the competition against clients limits the price flexibility of the company thereby reducing the profit margins.

Analytical Approach: Standalone

Applicable Criteria (Please add Hyperlink to the respective criteria):

[Rating Methodology for Service Sector Companies](#)

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

Liquidity – Adequate

The company has a current ratio of 1.12x in FY21 and an average cash credit utilization of 30% reflecting a healthy liquidity position. The company has no long-term debt obligation. Owing to the healthy profitability and cash accruals, the coverage ratios are expected to be comfortable.

About the Company

T&M Services Consulting Private Limited was initially established as a partnership firm in 1997 which was later converted to a private limited company in 2003. The company is



Press Release

involved in the business of of HR Outsourcing, permanent and temporary staffing, recruitment across India. The company is promoted by three directors Mr. Kishore A. Manelkar, Mr. Sunil Kumar Trivedi, Mr. Suhas G. Hombal. The company provides services to Private Companies as well as Central Government, State Government and Semi Government. The company has a pan-India presence and is currently supporting projects and professionals in more than 400 locations all over India.

Financials (Standalone):

For the year ended* / As On	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income*	417.97	379.25
EBITDA	4.70	3.23
PAT	4.74	4.01
Total Debt	0.66	0.02
Tangible Networth	13.82	17.83
Ratios		
EBITDA Margin (%)	1.12	0.85
PAT Margin (%)	1.13	1.05
Overall Gearing Ratio (x)	0.05	0.00

*The company has earned revenues in tune of ~Rs 540.00cr for FY22

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 Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	2020-21	2019-20	2018-19
1.	Fund Based	Long Term	32.84	IVR BB+ (Stable)	NA	NA	NA
2.		Short Term	3.16	IVR A4+	NA	NA	NA
3.	Non Fund Based		14.00				
	Total*		50.00				

**Details in Annexure I*

Name and Contact Details of the Rating Analyst:



Press Release

Name: Siddhi Kadakia	Name: Noman Agashiwala
Tel: (022) 6239 6023	Tel: (022) 6239 6023
Email: siddhi.kadakia@infomerics.com	Email: noman.agashiwala@infomerics.com

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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, suspend 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	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities - Cash Credit	-	-	-	12.00	IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)
Long Term Fund Based Bank Facilities - Proposed Cash Credit	-	-	-	20.84	
Short Term Fund Based Bank Facilities – Overdraft	-	-	-	3.16	IVR A4+ (IVR A Four Plus)



Press Release

Short Term Non-Fund Based Bank Facilities – Bank Guarantee	-	-	-	14.00	
--	---	---	---	-------	--

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

[Lenders-TMCPL-May22.pdf \(infomerics.com\)](#)

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: The Terms of sanction include standard covenants normally stipulated for such facilities.

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Cash Credit	Simple
2.	Overdraft	Simple
3.	Bank Guarantee	Simple

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.