



Press Release

Orion Security Solutions Private Limited

March 25, 2021

Rating			
Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating Assigned
1	Bank Facilities- Long Term	15.00*	IVR BBB-/ Credit Watch with Developing Implications (IVR Triple B Minus/ Credit Watch with Developing Implications)
2	Bank Facilities- Short Term	85.00#	IVR A3 (IVR A Three)
	Total	100.00	

*Includes proposed limit of Rs. 10.00 crore

#Includes proposed limit of Rs. 40.00 crore

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Orion Security Solutions Private Limited derives comfort from its experienced promoter and senior management with long track record, established position in the security industry consistent improvement in performance and consistent rise in operating revenues & profitability. However, the rating strengths are partially offset by moderate customer and geographical concentration risk and highly competitive industry.

Key Rating Sensitivities

Upward Factors

- Substantial & sustained improvement in the revenue & EBITDA margin while improving the debt protection metrics
- Payment of statutory dues within the time frame permitted by law.

Downward Factors

- Any further decline in revenue and/or EBITDA margin leading to negative GCA & decline in debt protection metrics
- Any consistence delay in payment of statutory dues



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced promoter and senior management with long track record

OSSPL was promoted by Major Ashutosh Jha in 2005 to provide security services, flagship company of Orion Group. The company has grown to provide a variety of service verticals such as Facilities Management, Integrated High-end Security Solutions.

Established position in the security industry

OSSPL is a well-known brand in the private security industry and has a long history, having been established way back in 2005. The Company has a pan-India presence with a network of over 35,000+ manpower personnel servicing our customers through a branch & site network of over 42 offices across India. OSSPL has built up a client base across industries including Banks, NBFCs, Educare, Hotels and Government Departments.

Consistent rise in operating revenues & profitability

The Company's total income from rendering of services increased to Rs. 684.35 Crore in FY20 from Rs. 634.80 Crore in FY19, recording a growth of 7.90%. The EBITDA margin improved to 4.40% in FY20 from 4.14% in FY19. The PAT margin has also improved slightly to 3.81% in FY20 from 3.63% in FY19 owing to low finance cost & higher non-operating income. The Company's Gross Cash Accruals have declined to Rs. 15.82 Crore in FY20 from Rs. 20.97 Crore in FY19.

B. Key Rating Weaknesses

Moderate customer and geographical concentration risk

Though OSSPL has a diversified portfolio of customers cutting across various industries such as Banks, NBFCs, Educational Institutions, Hotels and Government Departments, the top 5 customers constituted 45% of its revenue for FY20. Moreover, Delhi constitutes for over 43% of the revenue in FY20, indicating geographical concentration. However, the



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company has built strong relationships with its clients with long term engagements running back for 5-10 years.

Highly competitive industry

The security service industry is highly fragmented with low differentiation leading to the company facing stiff competition both from the organised and unorganised sector players. This has a consequential impact on pricing and, in turn, to lower profitability. However, OSSPL has been able to establish a strong presence with its long track record and a wider array of services including facilities management and security consultancy.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Sector Companies

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity: Adequate

The Company has been earning a comfortable level of GCA for the last few years and the same is expected to increase further with an increase in scale of operations. The company maintains moderate cash and bank balance to meet its liquidity requirements. The utilization of working capital limits remained moderately high at 81.27% during the 12 months ended January 31, 2021 and its long term debt obligations are also minimal. The Current & Quick ratios are satisfactory at 1.36x each as on March 31, 2019 and 1.44x each as at March 31, 2020, respectively.

About the Company

Orion Security Solutions Pvt Ltd (Orion Secure), a flagship and holding company of the Orion Group, was founded in the year 2005 & later incorporated in the year 2010. The company is amongst the leading provider of new-age security & facility services with operations across Europe & Middle East. Orion Secure portfolio of services also includes technical security solutions, investigation and verification, training and consulting services.



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Financials (Standalone):

For the year ended* As on	(Rs. crore)	
	31-03-2019	31-03-2020
	Audited	Audited
Total Operating Income	634.80	684.35
EBITDA	26.26	30.13
PAT	23.10	26.13
Total Debt	23.88	12.78
Tangible Net worth	63.11	91.14
EBITDA Margin (%)	4.14	4.40
PAT Margin (%)	3.63	3.81
Overall Gearing Ratio (x)^	0.18	0.05

*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 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Cash Credit	Long Term	15.00*	IVR BBB-/ Credit Watch with Developing Implications	-	-	-
2.	Bank Guarantee	Short Term	60.00#	IVR A3	-	-	
3.	Proposed Bill Discounting facility	Short Term	25.00	IVR A3			

*Includes proposed limit of Rs. 10.00 crore

#Includes proposed limit of Rs. 15.00 crore

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.



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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.

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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 Bank Facilities- Cash Credit	-	-	-	15.00*	IVR BBB-/ Credit Watch with Developing Implications
Short Term Bank Facilities – Bank Guarantee	-	-	-	60.00#	IVR A3
Proposed Short Term Facility- Bill Discounting	-	-	-	25.00	IVR A3

*Includes proposed limit of Rs. 10.00 crore

#Includes proposed limit of Rs. 15.00 crore