



Press Release

Orion Security Solutions Private Limited

November 30, 2023

Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	40.00 (reduced from Rs.50.00 crore including proposed limit of Rs. 15.00 crore)	IVR BB+/ Stable (IVR Double B plus with Stable outlook)	Reaffirmed with revision in outlook and removed from Issuer Not Cooperating category	Simple
Short term Bank Facilities	80.00 (reduced from Rs.100.00 crore including proposed limit of Rs. 50 crore)	IVR A4+ (IVR A four plus)	Reaffirmed and removed from Issuer Not Cooperating category	Simple
Total	120.00 (INR one hundred twenty crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Earlier Infomerics had moved the rating of Orion Security Solutions Private Limited (OSSPL) into Issuer Not Cooperating category vide its press release dated September 05, 2023, due to non-receipt of no default statement of the company for past three months. However, the Company has started cooperating and submitted required information. Consequently, Infomerics has removed the rating from 'ISSUER NOT COOPERATING' category and revised the outlook.

The reaffirmation in the ratings assigned to the bank facilities of Orion Security Solutions Private Limited considers experienced promoter with long track record, established position in the security industry. Further, the ratings continue to derive comfort from the comfortable capital structure and adequate debt protection metrics. However, these rating strengths continue to remain partially offset by deterioration in company's financial performance in FY23, highly competitive industry, stretched receivables leading to high operating cycle.

Key Rating Sensitivities:



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Upward Factors

- Growth in scale of operations with improvement in profitability on a sustained basis
- Sustenance of the capital structure and improvement in debt protection metrics
- Effective working capital management with improvement in operating cycle and liquidity

Downward Factors

- Moderation in the capital structure with deterioration in the debt protection metrics
- Further elongation of operating cycle with deterioration in liquidity

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoter 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 30,000+ manpower personnel servicing our customers through a branch & site network of over 52 offices across India. OSSPL has built up a client base across industries including Banks, NBFCs, Educare, Hotels and Government Departments

- **Comfortable capital structure and adequate debt protection metrics**

The capital structure of the company had remained comfortable with its satisfactory net worth base of Rs.158.34 crore supported by accretion of profits as on March 31, 2023. The capital structure of the company comprises of Bank borrowings and minimal amount of Term Loan. The overall gearing stood comfortable and moderate to 0.14x as on March 31, 2023 from 0.12x as on March 31, 2022. long term debt to equity has also moderate and stood at 0.04x as on March 31, 2023 from 0.02x as on March 31, 2022. Overall indebtedness of the



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company marked by TOL/TNW has comfortable and stood at 1.45x as on March 31, 2023, against 1.47x as on March 31, 2022. Debt protection metrics remained comfortable, though interest coverage moderated to 6.09x in FY23 from 10.50x in FY22 with the increase in interest expenses and decline in absolute EBITDA.

Key Rating Weaknesses

- **Stretched receivables leading to high operating cycle**

The debtor of the company increased to Rs. 285.31 crore as on 31st March, 2023 from Rs. 243.39 crore as on 31st March 2022, primarily due to delayed payment from the parties. The company's more than 6 months debtors increased significantly to Rs 172.95 crore as on March 31, 2023 from Rs. 48.65 as on March 31, 2022. Again, the receivable cycle of OSSPL remain high, largely on account of elongated payment cycle from its clients, which is predominantly government entities, where the payment is released only after the audit of the bills to be paid. The average collection period of the company increased to 168 days as on 31st March, 2023 from 128 days as on 31st March 2022, which in turn resulted in high operating cycle of the company to 160 days as on 31st March, 2023 from 122 days as on 31st March 2022.

- **Deterioration in company's financial performance in FY23**

The total operating income of the company has declined by ~12.55% from Rs.663.81 crore in FY22 to Rs. 578.92 Crore in FY23 due to decline in contracts and tenders. Further, the EBITDA margin declined to 3.97% in FY23 from 4.75% in FY22 due to increase in overhead expenses as well as increase in employee cost. The PAT margin also declined to 3.15% in FY23 from 3.99% in FY22 due to increase in interest expenses with the rise in the total borrowings and depreciation.

- **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 72% of its sales for FY23. However, the company has built strong relationships with its clients with long term engagements running back for 5-10 years.

- **Highly competitive industry**



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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 \(Financial Sector/Non- Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

Liquidity –Adequate

The liquidity position of the company is expected to remain adequate in the near to medium as the company is expected adequate gross cash accruals as against its debt service obligations during the projected period FY24-26. The company will repayment of Rs.0.20 crores in FY24 respectively against gross cash accruals of Rs.20.91 crore, Rs.22.79 crore and Rs.31.84 crore respectively in FY24, FY25 and FY26. Further, the company has above unity current ratio which stood at 1.74x as on March 31, 2023. Although the fund based limit utilisation remains 95% during the last 12 months ended Oct 2023, indicating marginal liquidity buffer. Further the absence of capex imparts comfort.

About the Company

Orion Security Solutions Private Limited (Orion Secure), a flagship and holding company of the Orion Group, was incorporated in the year 2010. The company is amongst the leading provider 3 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.

“ORION” has spread the network all over the country for 24x7 Total Security Services with headquarters at all metro and non-metro cities for sectors like hospitality and healthcare, education, BFSI, IT/ITES, telecommunications, industrials/engineering, power and energy, O



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& M, infrastructure, retails, malls, airport and transportation. The clientele of the company includes names like Directorate of Education, IIT, Axis Bank, SBI, Facebook, and discoms etc.

Financials (Standalone):

		(Rs. crore)	
For the year ended* / As on	31.03.2022	31.03.2023	
	Audited	Audited	
Total operating Income	663.81	578.92	
EBIDTA	31.56	22.99	
PAT	26.57	18.31	
Total Debt	16.83	21.56	
Tangible Net Worth	140.13	158.34	
EBDITA Margin (%)	4.75	3.97	
PAT Margin (%)	3.99	3.15	
Overall Gearing Ratio (x)	0.12	0.14	

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA:

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)				Rating History for the past 3 years			
		Type	Amount outstanding (Rs. Crore)	Rating	(September 5, 2023)	Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
						(September 28, 2022)	(May 27, 2022)		(March 25, 2021)
1.	Cash Credit	Long Term	25.00^	IVR BB+/Stable	IVR BB+/Negative ISSUER NOT COOPERATING*	IVR BBB-/Stable	IVR BB+ ISSUER NOT COOPERATING*	-	IVR BBB- Rating watch with Developing Implications
2.	Proposed Cash Credit	Long Term	15.00	IVR BB+/Stable	IVR BB+/Negative ISSUER NOT COOPERATING*	IVR BBB-/Stable	-	-	-



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						(September 28, 2022)	(May 27, 2022)		(March 25, 2021)
3.	Bill Discounting	Short Term	-	-	IVR A4+ ISSUER NOT COOPERATING*	IVR A3	IVR A4+ ISSUER NOT COOPERATING*	-	IVR A3 Rating watch with Developing Implications
4.	Proposed Bill Discounting	Short Term	10.00	IVR A4+	IVR A4+ ISSUER NOT COOPERATING*	IVR A3	IVR A4+ ISSUER NOT COOPERATING*	-	IVR A3 Rating watch with Developing Implications
5.	Bank Guarantee	Short Term	30.00^	IVR A4+	IVR A4+ ISSUER NOT COOPERATING*	IVR A3	IVR A4+ ISSUER NOT COOPERATING*	-	IVR A3 Rating watch with Developing Implications
6.	Proposed Bank Guarantee	Short Term	40.00	IVR A4+	IVR A4+ ISSUER NOT COOPERATING*	IVR A3	IVR A4+ ISSUER NOT COOPERATING*	-	IVR A3 Rating watch with Developing Implications

*Issuer did not cooperate; based on best available information

^ Interchange-ability of Rs.5 crore from fund based to non-fund based and vice versa.

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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



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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 visit www.infomerics.com

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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
Cash Credit 1	-	-	-	10.00^	IVR BB+/ Stable
Cash Credit 2	-	-	-	15.00	IVR BB+/ Stable
Proposed Cash Credit	-	-	-	15.00	IVR BB+/ Stable



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Proposed Bill Discounting	-	-	-	10.00	IVR A4+
Bank Guarantee	-	-	-	30.00^	IVR A4+
Proposed Bank Guarantee	-	-	-	40.00	IVR A4+

^ Interchange-ability of Rs.5 crore from fund based to non-fund based and vice versa.

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-Orion-nov23.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.