



Press Release

Orion Security Solutions Private Limited

September 28, 2022

Ratings

Instrument Facility /	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	50.00 (enhanced from Rs.15.00 crore including proposed limit of Rs. 40 crore)	IVR BBB-/ Stable (IVR triple B minus with Stable outlook)	Revised and removed from the 'Issuer Not Cooperating' category	Simple
Short Term Bank Facilities	100.00 (enhanced from Rs.85.00 crore including proposed limit of Rs. 57 crore)	IVR A3 (IVR A three)	Revised and removed from the 'Issuer Not Cooperating' category	Simple
Total	150.00 (INR One hundred and fifty crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

Earlier Infomerics had moved the ratings of Orion Security Solutions Private Limited (OSSPL) into Issuer Not Cooperating category vide its press release dated May 27, 2022 due to non-submission of information required for detailed review of the company. However, the company has started cooperating and submitted required information. Consequently, Infomerics has removed the rating from 'ISSUER NOT COOPERATING' category and revised the ratings.

The ratings assigned to the bank facilities of OSSPL continues to derive comfort from its experienced promoter and senior management with long track record, established position in the security industry. The ratings also consider improvement in topline along with profitability in FY22. However, these rating strengths continue to be partially offset by moderate customer and geographical concentration risk, highly competitive nature of security service industry, elongated receivables cycle leading to high working capital intensity.

Earlier the ratings of OSSPL were placed under credit watch with developing implications owing to GST litigation on the company for Rs. 59.24 crore. However, it has been removed



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from credit watch since the company has cleared all the dues of Rs. 59.24 crore during FY22.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in the revenue & EBITDA margin while improving the debt protection metrics
- Improvement in its liquidity with improvement in receivables period

Downward Factors

- Any further decline in revenue and/or EBITDA margin leading to negative GCA & decline in debt protection metrics
- Any delay in payment of statutory dues
- Elongation of the average collection period leading to deterioration in liquidity

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 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.

Improvement in operating revenue along with improvement in profitability in FY22



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Total Operating Income (TOI) of the company increased to Rs. 682.18 in FY22 crore from Rs.610.85 crore in FY21 with y-o-y growth of 11.47% due to increase in demand post relaxation of restrictions laid down by Covid 19. With the rise in TOI, EBIDTA increased to Rs.30.87 crore in FY22 from Rs.27.14 crore in FY21. PAT increased to Rs.26.75 crore in FY22 in from Rs.24.96 crore in FY21. EBIDTA margin increased to 4.52% in FY22 from 4.44% in FY21 due to decrease in the administrative expenses. However, PAT margin declined due to increase in the interest expenses with the rise in the total borrowings.

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 60% of its sales for FY22. However, the 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.

Elongated receivables cycle leading to high working capital intensity

The receivable cycle of OSSPL remain high, largely on account of elongated payment cycle from its clients. Total credit given is of 45-60 days, while the cash conversion cycle is 90 days. The stretch is mainly due to the delay in payment laid by Covid 19. However, the payment is also stretched further (mainly by government entities) where the payment is released after audit of the bills submitted. Also, post Covid 19 the payment terms has changed to 120 days from the previous 45-60 days.

Analytical Approach: Standalone



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Applicable Criteria

[Rating Methodology for Service Sector Companies](#)

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

[Criteria for assigning rating outlook](#)

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 99% during the 12 months ended July 2022 and its long term debt obligations are also minimal. The Current & Quick ratios are satisfactory at 1.56x each in FY22.

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 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 & 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):

For the year ended* / As on	(Rs. crore)	
	31.03.2021	31.03.2022
	Audited	Provisional



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Total Income	610.85	682.18
EBIDTA	27.14	30.87
PAT	24.96	26.75
Total Debt	9.93	22.29
Tangible Net Worth	113.52	140.34
Adjusted Tangible Net Worth	110.88	137.69
EBDITA Margin (%)	4.44	4.52
PAT Margin (%)	4.06	3.91
Overall Gearing Ratio (x)	0.09	0.16

**Classification as per Infomerics' standards*

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 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (May 27, 2022)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21 (March 25, 2021)
1.	Cash Credit	Long Term	10.00^	IVR BBB-/Stable	IVR BB+ ISSUER NOT COOPERATING*	-	IVR BBB- Credit watch with Developing Implications
2.	Proposed Cash Credit	Long Term	40.00	IVR BBB-/Stable	-	-	-
3.	Bill Discounting	Short Term	5.00	IVR A3	IVR A4+ ISSUER NOT COOPERATING*	-	IVR A3 Credit watch with Developing Implications
4.	Proposed Bill Discounting	Short Term	15.00	IVR A3	IVR A4+ ISSUER NOT COOPERATING*	-	IVR A3 Credit watch with Developing Implications
5.	Bank Guarantee	Short Term	38.00^	IVR A3	IVR A4+ ISSUER NOT	-	IVR A3 Credit watch with



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					COOPERATING*		Developing Implications
6.	Proposed Bank Guarantee	Short Term	42.00	IVR A3	-	-	-

*Issuer did not cooperate; based on best available information

^inter-changeability of Rs. 5 crore from fund based to non fund based and vice versa

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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

For more information visit 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, 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



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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
Cash Credit	-	-	-	10.00*	IVR BBB-/ Stable
Proposed Cash Credit	-	-	-	40.00	IVR BBB-/ Stable
Bill Discounting	-	-	-	5.00	IVR A3
Proposed Bill Discounting	-	-	-	15.00	IVR A3
Bank Guarantee	-	-	-	38.00*	IVR A3
Proposed Bank Guarantee	-	-	-	42.00	IVR A3

*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-Security-sep22.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.