



Press Release
ORIENT CONSTRUCTIONS PRIVATE LIMITED
April 04, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	0.25	ACUITE BBB- Stable Assigned	-
Bank Loan Ratings	19.25	ACUITE BBB- Stable Reaffirmed	-
Bank Loan Ratings	2.00	-	ACUITE A3 Assigned
Bank Loan Ratings	56.00	-	ACUITE A3 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	77.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and short term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) on the Rs. 75.25 Cr. bank facilities of Orient Constructions Private Limited (OCPL). The outlook is ‘**Stable**’.

Further, Acuite has assigned its long term rating of ‘**ACUITE BBB-**’ (read as **ACUITE triple B minus**) and short term rating of ‘**ACUITE A3**’ (read as **ACUITE A three**) on the Rs. 2.25 Cr. bank facilities of Orient Constructions Private Limited (OCPL). The outlook is ‘**Stable**’.

Rationale for reaffirmation

The rating reaffirmation takes into consideration OCPL’s established track record of operations, along with the extensive experience of its management in the civil construction industry and long-standing relationships with government authorities. The rating also reflects OCPL’s moderate order book position, which stood at Rs. 103.48 Cr. as of February 2025. Further, the company’s operating income increased to Rs. 147.55 Cr. in FY2024 from Rs. 97.67 Cr. in FY2023. Furthermore, the rating considers OCPL’s moderate financial risk profile marked by moderate net worth, low gearing and moderate debt protection metrics. The rating, however, is constrained on account of its exposure to competitive and fragmented nature of industry coupled with tender based business, and working capital intensive nature of operation.

Going forward, OCPL’s ability to sustain the improvement in its scale of operations while maintaining profitability will remain a key rating sensitivity.

About the Company

Incorporated in 1993, Odisha based Orient Constructions Private Limited (OCPL) is engaged in construction of roads and bridges mainly for the state government of Orissa. Currently, the company is headed by Mr. Ashok Jalan, Mr. Saurav Singh, Mr. Yogesh Jalan, Mr. Manish Chaudhary and Mr. Haresh Chandra Mishra.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone financial and business risk profile of Orient Constructions Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

Long operational track record and experienced management

Established in 1993, Orient Constructions Private Limited (OCPL) has a long operational track record of around four decades in the civil construction industry, through their erstwhile partnership concern, Orient Constructions. Moreover, the key promoter of OCPL, Mr. Ashok Kumar Jalan has more than four decades of experience in the construction industry.

Acuité believes that the long-standing experience of the promoter and the long track record of operations will aid the company to strengthen its business risk profile over the medium term.

Steady growth in revenue and moderate order book position

Orient Constructions Private Limited has achieved revenues of Rs. 147.55 Cr. as compared to Rs. 97.67 Cr. in FY2023. In 9MFY25, the company reported revenues of approximately Rs. 88.09 Cr. However, the operating margin for FY2024 declined to 4.72%, from 5.64% in FY2023. Further, the company has an unexecuted order book position of Rs. 103.48 Cr. as of February 2025, which is expected to be executed in the 12-18 months thus providing moderate revenue visibility in the near-term. The company also has L1 projects worth Rs. 198.12 Cr. in hand as of December 2024.

Acuité believes that the company's ability to sustain growth in its order book position leading to steady growth in revenue will remain a key monitorable over the medium term.

Moderate financial risk profile

The company's financial risk profile is moderate marked by moderate net worth, low gearing and moderate debt protection metrics. The tangible net worth increased to Rs. 40.66 Cr. as on March 31, 2024, from Rs. 38.26 Cr. as on March 31, 2023, due to accretion of profits to reserves. The total debt of the company stood at Rs.18.02 Cr. as on March 31, 2024, as against Rs. 16.65 Cr. as on March 31, 2023. The gearing of the company stood low at 0.44 times as on March 31, 2024, as compared to 0.44 times as on March 31, 2023. The Total outside Liabilities/Tangible Net Worth (TOL/TNW) of the company stood at 0.66 times as on March 31, 2024, as against 0.67 times as on March 31, 2023. Further, the debt protection metrics of the company stood moderate reflected by debt service coverage ratio of 1.53 times for FY24 as against 1.08 times for FY23. The interest coverage ratio stood at 3.31 times for FY24 as against 3.40 times for FY23. Net Cash Accruals/Total Debt (NCA/TD) stood at 0.24 times as on March 31, 2024, as compared to 0.24 times in the previous year.

Acuité believes the financial risk profile of the company will continue to remain moderate.

Weaknesses

Improved albeit intensive nature of working capital operations.

The working capital management of the company improved yet remain intensive in nature marked by improving Gross Current Assets (GCA) of 99 days as on March 31, 2024 as compared to 158 days as on March 31, 2023. The inventory holding period stood at 48 days in FY2024 as compared to 79 days in FY2023. The debtor days stood at 19 days in FY2024 as against 44 days in FY2023. Further, the creditor days stood at 50 days in FY2024 as compared to 85 days in FY2023.

Acuité believes that the working capital operations of the company will remain at similar levels given the nature of the industry over the medium term.

Competitive and fragmented nature of industry coupled with tender based business

The company is engaged as a civil contractor and the sector is marked by the presence of several mid to big size players. The company faces intense competition from the other players in the sectors. Risk becomes more pronounced as tendering is based on a minimum amount of bidding of contracts and hence the company must make bid for such tenders on competitive prices, which may affect the profitability of the company. However, this risk is mitigated to an extent as the company is operating in this environment for around a decade.

Rating Sensitivities

- Sustainable growth in scale of operations while maintaining profitability margin
- Deterioration in working capital cycle and any unplanned significant capex leading to deterioration of financial risk profile and liquidity.

Liquidity Position

Adequate

The company's liquidity position is adequate marked by generation of sufficient net cash accruals of Rs. 4.36 Cr. in FY2024 as against its maturing debt obligations of Rs. 2.08 Cr. in the same tenure. In addition, it is expected to generate sufficient cash accrual against its maturing repayment obligations over the medium term. The cash and bank balances of the company stood at Rs. 1.80 Cr. as on March 31, 2024. The current ratio stood comfortable at 1.88 times as on March 31, 2024, as compared to 1.82 times as on March 31, 2023. Further, the working capital management of the group is intensive in nature marked by Gross Current Assets (GCA) of 99 days as on 31st March 2024, however, the reliance on working capital limits remained moderate with average utilisation of fund based limits at ~48 % over the past fourteen months ending January 2025, and non-fund based limit utilisation at

~78 % during the same period.

Acuité believes that going forward the company will maintain adequate liquidity position owing to steady accruals and buffer available from unutilised working capital limits.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	147.55	97.67
PAT	Rs. Cr.	2.40	1.68
PAT Margin	(%)	1.63	1.72
Total Debt/Tangible Net Worth	Times	0.44	0.44
PBDIT/Interest	Times	3.31	3.40

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Feb 2024	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	31.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	3.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A3 (Assigned)
	Working Capital Demand Loan	Long Term	0.25	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	12.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	2.00	ACUITE BBB- Stable (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	1.67	ACUITE BBB- (Reaffirmed & Withdrawn)
13 Feb 2023	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	9.00	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	27.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.00	ACUITE A3 (Assigned)
	Working Capital Demand Loan (WCDL)	Long Term	1.92	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	1.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	6.00	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	6.00	ACUITE BBB- Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.00	Simple	ACUITE A3 Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	34.00	Simple	ACUITE A3 Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE A3 Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A3 Assigned
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE BBB- Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.25	Simple	ACUITE BBB- Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB- Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.25	Simple	ACUITE BBB- Stable Assigned

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About Acuité Ratings & Research

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