

July 15, 2025

Ocean Lifespaces India Private Limited: [ICRA]A (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. Crore)	Rating action
Long term - Fund based and Non-fund based - Working capital limits	475.00	[ICRA]A (Stable); assigned
Total	475.00	

*Instrument details are provided in Annexure I

Rationale

The assigned rating for Ocean Lifespaces India Private Limited (OLIPL) factors in its established track record in building construction and interior works with demonstrated repeat orders from reputed clients over the years, along with its comfortable financial profile with low leverage (TOL/TNW of 0.5 times as on March 31, 2025) and healthy coverage metrics (interest cover of over 8 times in FY2025). OLIPL has an outstanding order book of Rs. 2,109 crore as on April 30, 2025 with order book-to-operating income (OB/OI) ratio of about 2.0 times based on FY2025 provisional revenues, providing adequate visibility. ICRA takes note of OLIPL's recent diversification into marine infrastructure and data centre segments, which is expected to aid in improvement in its business risk profile, with successful demonstration of execution is established. Further, the company's operating margins are estimated to improve to 10.4% in FY2025 from 6.3% in FY2024, supported by improved order execution. ICRA expects the operating margins to improve to above ~12% in the medium term, aided by scale up in revenues and rationalisation of fixed costs. With improvement in scale of operations and profitability margins, the leverage and coverage metrics are likely remain healthy over the medium term.

The rating, however, remains constrained by the working capital intensive nature of business owing to sizeable inventory and debtor days. The debtor days are high at 117 days as on March 31, 2025 owing to substantial billing in March and retention monies, while the inventory levels are high at 95 days due to billing at project completion for interior works and milestone billing for other segments. Nevertheless, the working capital requirements are largely met by an extended credit period and sizeable mobilisation advances received from customers, reducing the reliance on external debt. The rating considers the high project and segment concentration of the order book as on April 30, 2025. The concentration risk is mitigated to an extent by the execution of short-term interior orders (typically 3-6 months period) supporting the revenues. Additionally, OLIPL has diversified into marine and data centre segments in the recent past, which should aid segment diversification in the medium term. ICRA notes the dispute with the earlier shareholder, which has been largely settled, except a case pending with the NCLT to recover the additional amount paid and remains a monitorable. The company is exposed to sizeable contingent liabilities in the form of a bank guarantee primarily for contractual performance and advance payments. Nonetheless, ICRA draws comfort from OLIPL's established execution track record and the absence of any invocation of guarantees in the past. ICRA has considered the proposed demerger of the infrastructure (commercial real estate properties) segment and it is unlikely to have any material impact on the company's leverage metrics.

The Stable outlook on long-term rating reflects ICRA's opinion that the company will benefit from the healthy execution of its order book and timely receipt of payments, which in turn, will keep the credit profile commensurate with the rating level.

Key rating drivers and their description

Credit strengths

Established track record in interior and building construction works – OLIPL has a demonstrated track record in civil construction and interior design segments, as evidenced by repeat orders from reputed clients over the years. Further, the business profile has improved with diversification into marine and data centre segments in the recent past.

Reputed client profile and healthy book position providing adequate revenue visibility – OLIPL's clientele primarily comprises leading Information Technology (IT) companies and multinational corporations (MNCs). At present, the company is executing projects for reputed IT MNCs and DP World Group among others. As on April 30, 2025, OLIPL has an order book of Rs. 2,019 crore, comprising interior works, office buildings, warehouses, marine infrastructure, and data centre projects. The order book-to-operating income (OB/OI) ratio stands at ~2.0 times, providing adequate revenue visibility.

Comfortable financial risk profile – OLIPL's financial risk profile is comfortable, characterised by leverage (TOL/TNW) of 0.6 times as on March 31, 2025, owing to low debt levels and healthy net worth levels. Despite the receipt of sizeable mobilisation advances (largely interest free customer advances), the leverage is expected to remain less than 1.0 times in the near term. The debt protection metrics are also healthy, with interest coverage ratio of more than 8.0 times in FY2025 due to low interest expenses. With improvement in scale of operations and profitability margins, the leverage and coverage metrics are expected remain healthy over the medium term.

Credit challenges

Moderate working capital intensity – The working capital intensity is moderate with net working capital to operating income (NWC/OI) at 38% in FY2024 and 42% in FY2025 (estimated) owing to sizeable inventory and debtor days. The debtor days are high at 117 as on March 31, 2025 owing to large billing in March and retention monies, while the inventory levels are high at 95 days due to billing at project completion for interior works and milestone billing for other segments. Nevertheless, the working capital requirements are largely met by the extended credit period and sizeable mobilisation advances received from customers, reducing the reliance on external debt. Additionally, the average utilisation of fund-based working capital limits remained moderate at around 59% over the 12 months ending March 2025. Going forward, timely receipt of payments from its key customers is expected to support the company's liquidity position.

High project and segment concentration – The project and segment concentration are high with top two projects accounting for 80% of the order book and top two segments contributing to 80% as on April 30, 2025. Nevertheless, the risk is mitigated by the execution of short-term interior orders (typically 3- 6 months period) supporting the revenues. Additionally, OLIPL has diversified into marine and data centre segments in the recent past, which should aid segment diversification in the medium term.

Stiff competition in industry – OLIPL operates as a mid-sized player in the interiors and civil construction space, primarily catering to office, industrial, and warehouse buildings in the IT/ITES and logistics segments. The industry is marked by a large number of players, and intense competition, which may constrain OLIPL's scale, pricing power, and profitability margins. Further, the company's operating margins are average, despite likely improvement to 10.4% in FY2025 from 6.3% in FY2024, supported by higher order execution.

Liquidity position: Strong

The company's liquidity position is strong, with free cash and balances (including liquid investments) of Rs. 40.62 crore as on May 25, 2025 and cushion in working capital limits. The average working capital utilisation for the past 12 months ending March 2025 remained moderate at 59%. Further, low debt repayments of Rs. 9.91 crore and minimal capex plans in FY2026 are expected to support the liquidity position in the near term.

Rating sensitivities

Positive factors – The rating could be upgraded in case of material improvement in revenues and earnings, along with reduction in working capital cycle leading to an improvement in liquidity profile, while maintaining comfortable leverage and coverage metrics.

Negative factors – Pressure on the rating could arise if there is a significant decline in revenues or profitability or an increase in the working capital cycle or higher-than-expected debt-funded capex or group investments adversely impacting the leverage and liquidity position. Specific credit metrics for a rating downgrade includes a decline in interest coverage to less than 4.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Ocean Lifespaces India Pvt Ltd, established in 1996 and headquartered in Chennai, is a civil construction and interior contracting company with branch offices in Bengaluru and Hyderabad. The company is promoted by Mr. S.K. Peter (MD and CEO), who has more than three decades of experience in interior design and construction industry. It executes civil construction, MEP contracting, façade engineering, and interior design and build solutions.

Key financial indicators (audited)

Consolidated	FY2023	FY2024	FY2025*
Operating income	992.7	1,030.1	1,029.5
PAT	107.4	138.8	69.7
OPBDIT/OI	14.7%	6.3%	10.4%
PAT/OI	10.8%	13.5%	6.8%
Total outside liabilities/Tangible net worth (times)	0.9	0.6	-
Total debt/OPBDIT (times)	0.5	2.0	0.9
Interest coverage (times)	32.2	6.1	8.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Estimated

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		FY2026	July 15, 2025	FY2025		FY2024		FY2023	
		Amount rated (Rs. crore)		Date	Rating	Date	Rating	Date	Rating
Fund based and non-fund based - Working capital limits	Long term	475.00	[ICRA]A (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based and non-fund based - Working capital limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund based and non-fund based - Working capital limits	NA	NA	NA	475.00	[ICRA]A (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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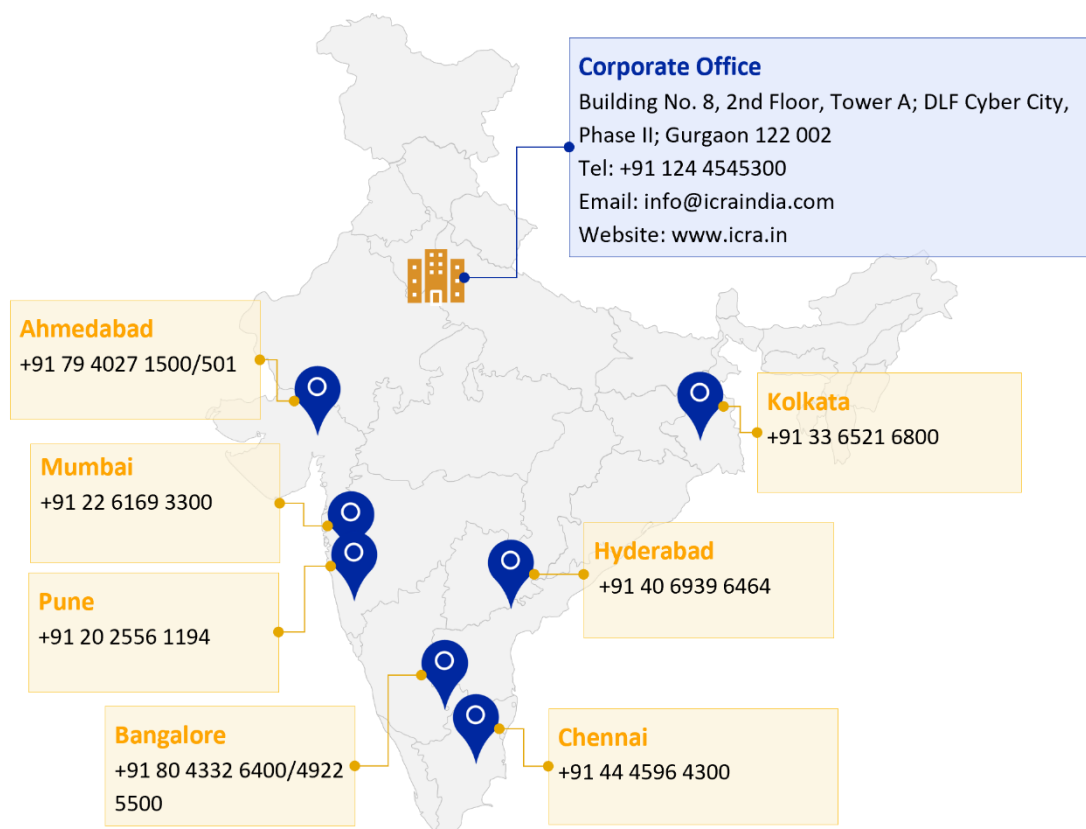
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