

April 09, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA BB+/Stable (Assigned)
Term Loan	0.16	SMERA BB+/Stable (Assigned)
Bank Guarantee	3.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB+**' (read as SMERA double B plus) to the Rs.2.16 crore fund-based bank facilities and '**SMERA A4+**' (read as SMERA A four plus) to the Rs.3.00 crore non-fund based bank facility of Trident Enterprises (TE). The outlook is '**Stable**'. The ratings are supported by the firm's experienced management and 'Class I' contractor status. The ratings also draw comfort from the firm's healthy financial risk profile. However, the ratings are constrained by the firm's moderate-scale operations. The ratings note that the firm is highly dependent on government contracts. Moreover, the firm's financial profile is susceptible to withdrawal of capital.

TE, established in 1996, is a Kohima-based proprietorship firm engaged in providing civil construction services. TE benefits from its experienced management. Mr. P. Imty Ao, proprietor of TE, has around 18 years of experience in the firm's line of business. TE is eligible to bid for tenders of any amount on account of its registration as a 'Class I' contractor with Nagaland Public Works Department. TE's healthy financial risk profile is reflected in negligible debt level (as on March 31, 2014) and strong operating cash flow of Rs.4.64 crore in FY2013-14 (refers to financial year, April 01 to March 31). The firm has registered healthy operating profit margin of ~7.50 per cent during the period under study. TE's comfortable liquidity position is evidenced by moderate utilisation (~37.50 per cent) of working capital limit during the past six months.

TE has moderate-scale operations marked by revenue of Rs.60.78 crore in FY2013-14. The firm has a modest order book with pending orders of Rs.25.28 crore as on March 16, 2015. TE is highly dependent on tender-based contracts awarded by government entities. The firm's financial profile is susceptible to withdrawal of capital by proprietor.

Outlook:Stable

SMERA believes TE will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the firm registers strong revenue growth and healthy cash accruals while maintaining a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the firm's revenue and cash accruals, or in case of deterioration in the firm's financial risk profile.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the firm

TE, established in 1996, is a Kohima-based proprietorship firm promoted by Mr. P. Imty Ao. TE provides civil construction services. The firm undertakes construction and excavation work. TE caters to Nagaland Public Works Department and other government bodies.

For FY2013-14, TE reported profit before tax of Rs.4.27 crore on operating income of Rs.60.78 crore, as compared with profit before tax of Rs.3.18 crore on operating income of Rs.46.29 crore in FY2012-13. The firm's capital stood at Rs.16.04 crore as on March 31, 2014, as compared with Rs.8.41 crore a year earlier. TE registered revenue of ~Rs.33.00 crore (provisional) during April 2014 to February 2015

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