

May 16, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA BBB-/Stable (Upgraded from SMERA BB+/Stable)
Term Loan	0.16	SMERA BB+/Stable (Withdrawn)
Bank Guarantee	3.00	SMERA A3 (Upgraded from SMERA A4+)
Fund Based (Proposed)	0.16	SMERA BBB-/Stable (Upgraded from SMERA BB+/Stable)

SMERA has upgraded the rating of the abovementioned long term bank and short term facilities of Trident Enterprises to '**SMERA BBB-**' (read as **SMERA triple B minus**) and '**SMERA A3**' (read as **SMERA A three**) from 'SMERA BB+' (read as SMERA double B plus) and SMERA A4+ (read as SMERA A four plus) respectively. SMERA has also withdrawn the long term rating of '**SMERA BB+**' (read as **SMERA double B plus**) on the Rs.0.16 crore bank facility since the same has been fully repaid. The outlook is '**Stable**'. The rating upgrade reflects improvement in the firm's scale of operations and financial risk profile.

The above mentioned ratings continue to draw comfort from the firm's experienced management, 'Class I' contractor status and healthy financial risk profile. However, the ratings are constrained by the moderate scale of operations and high dependency of the firm on government contracts. The ratings also factor in the susceptibility of the financial profile to withdrawal of capital.

Update

Trident Enterprises has registered improvement in its scale of operations with CAGR of 13 per cent from FY2011-12 to FY2015-16. The order book position is modest with pending orders of Rs.63.36 crore that provide revenue visibility over the medium term.

The firm has registered improvement in its financial risk profile marked by improvement in gearing (debt to equity) from 0.12 times in FY2014-15 to 0.08 times in FY2015-16 (Provisional) due to increase in net worth backed by regular accretion to reserves. The interest coverage ratio (ICR) remains healthy at 21.01 times in FY2015-16. The bank limit utilisation remains comfortable at ~79 per cent in the last six months ended March 2016.

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Outlook: Stable

SMERA believes Trident Enterprises 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 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 deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up operations
- Maintaining healthy profit margins and comfortable liquidity

About the Firm

Trident Enterprises, established in 1996, is a Kohima-based proprietorship firm promoted by Mr. P. Imty Ao. The firm is engaged in the civil construction and excavation business. It caters to the Nagaland Public Works Department and other government bodies.

For FY2014–15, Trident Enterprises reported profit before tax of Rs.4.53 crore on operating income of Rs.63.07 crore, as compared with profit before tax of Rs.4.27 crore on operating income of Rs.60.78 crore in FY2013–14. The firm's capital stood at Rs.19.18 crore as on March 31, 2015, as compared with Rs.16.04 crore a year earlier. Trident Enterprises registered revenue of Rs.66.50 crore in FY2015-16 (provisional).

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