

Press Release

Trident Techlabs Private Limited

21 February, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 39.00 Cr.
Long Term Rating	SMERA BB-/ Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs. 39.00 crore bank facilities of Trident Techlabs Private Limited (TTPL). The outlook is '**Stable**'.

Incorporated in 2000, Trident Techlabs Private Limited (TTPL) is a Delhi based software company that caters to various industries including education and power sector. The softwares are used for simulation design, prototype and for identifying distribution losses in the power sector. TTPL was promoted by Mr. Sukesh Naithani and Mr. Praveen Kapoor.

Key Rating Drivers

Strengths

Experienced management and long track record of operations

TTPL has track record of nearly two decades in the business. The promoters, Mr. Sukesh Naithani and Mr. Praveen Kapoor possess more than two decades of experience in the business.

Reputed clientele

TTPL caters to reputed clients including IIT, Defence Electronics Research Laboratory (DERL), Defence Research & Development Laboratory (DRDL) NIT, Bharat Electronics, Bharat Heavy Electricals Limited among others.

Weaknesses

Stagnant revenue

The scale of operations is modest with operating income of Rs.48.21 crore in FY2016-17, compared to Rs.47.37 crore in FY2015-16. The company registered revenue of Rs.21 crore till December' 2017. Currently TTPL has orders in hand of Rs 15 crore to be executed by March'18.

Moderate financial risk profile

TTPL has moderate financial risk profile marked by net worth of Rs.11.80 crore as on 31 March, 2017 compared to Rs.11.30 crore in the previous year. The gearing stood at 1.83 times as on 31 March, 2017 compared to 1.76 times as on 31 March, 2016. The total debt of Rs.21.58 crore includes Rs.4.73 crore of long term debt and short term working capital funds of Rs.16.85 crore as on 31 March, 2017. The Interest Coverage Ratio stood at 1.82 times in FY2016-17 compared to 1.89 times in FY2015-16. Further, the DSCR stood at 1.22 times in FY2016-17 compared to 1.40 times in FY2015-16.

Working capital intensive operations

The operations of TTPL are working capital intensive marked by Gross Current Assets (GCA) days of 333 in FY2016-17 compared to 275 days in FY2015-16. The high GCA days are on account of elongated debtors of 263 days in FY2016-17 compared to 163 days in the previous year. On an average the company fully utilises its cash credit limit of Rs 16.00 crore.

Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profiles of TTPL.

Outlook: Stable

SMERA believes that the company will maintain a Stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues while achieving sustained improvement in profitability margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected revenue and profitability or deterioration in the financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	48.21	47.37	41.41
EBITDA	Rs. Cr.	6.00	4.75	4.67
PAT	Rs. Cr.	0.63	0.61	0.53
EBITDA Margin	(%)	12.44	10.02	11.29
PAT Margin	(%)	1.30	1.28	1.27
ROCE	(%)	13.41	11.69	12.11
Total Debt/Tangible Net Worth	Times	1.83	1.76	1.80
PBDIT/Interest	Times	1.82	1.89	1.86
Total Debt/PBDIT	Times	3.58	4.04	3.95
Gross Current Assets (Days)	Days	333	275	311

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	16.00	SMERA BB-/ Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA BB-/ Stable
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4+
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA A4+

Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 vinayak.nayak@smera.in	Varsha Bist Sr. Executive Tel: 022-67141160 varsha.bist@smera.in
Aniruddha Dhar Rating Analyst Tel: 033-66201209 aniruddha.dhar@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

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.

