

Rating Rationale

Trinity Shipping & Allied Services Pvt Ltd

26 March 2018

Brickwork Ratings revises/reaffirms the ratings for the Bank Loan Facilities of ₹. 6.50 Crores of Trinity Shipping & Allied Services Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Sep, 2016)	Present
Fund based	6.50	6.50	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook Stable	BWR B+ (Pronounced as BWR Single B Plus) (Reaffirmation) Outlook Stable
OD Facility under” Area Specific Scheme for Financing Cargo Handling(Clearing, Forwarding & Stevedoring) Units in Kutch Region	6.50	6.50			
Total	6.50	6.50			

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings:Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results of FY17, projected financial results FY 18, publicly available information and information provided by the bank/management.

The rating has inter alia factored in long existence of the Company since 1988, presence in multi-location which helps in widening customer reach, long and established relationship with clients, moderately comfortable coverage ratios. The rating is, however, constrained sectoral concentration risk, high gearing levels ,stretched liquidity scenario, and moderate levels of operation despite long existence in the business. Further, any significant withdrawals from reserves and surplus would lead to a decline in overall tangible net-worth as reserves and surplus forms major portion of the same.

The ability of the firm to achieve the growth in operations and to improve its overall financial risk profile shall be the key rating sensitivity.

Description of Key Rating Drivers

The company is into long existence since 1988 and the promoters Mrs. Perumal, along with her



two sons Mr. Solly Perumal & Mr. Saju Perumal have wide experience in the said field. Mr. Solly Perumal, aged about 45 years, a commerce Graduate has a vast knowledge and experience in the field of foreign Trade. Mr. Saju Perumal, aged about 36 years, a commerce Graduate and has immense knowledge and experience in the field of shipping and Import / Export Business.

The company has a low scale of operation with turnover of Rs 19.77 in FY 17. Despite of its long presence and widened customer reach the scale of operation still remains low. TOI has declined to Rs.19.77 in FY17 VS Rs 23.22 Crs in FY16, showing ~14.85% decrease in FY17. However the top line has improved to Rs 34.35crs in 10MFY 18.

EBITDA and PAT stood at Rs.1.43 Crs and Rs. 0.32 Crs respectively in FY17 against Rs. 1.42 Crs and Rs. 0.34 Crs respectively in FY16. Despite of the reduction in sales the margins have improved. The coverage ratios are moderate with ISCR and DSCR at 2.68 and 1.65 times respectively.

Gearing levels moderately high with Total Debt/TNW at 1.63 times and TOL/TNW at 2.62 times in FY17 are moderately high restricting financial flexibility. The firm is also associated with inherent risk of partnership constitution wherein any significant withdrawals from reserves will lead to a decline in overall tangible net-worth as it forms major portion of the same

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Trinity Shipping & Allied Services Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Trinity Shipping & Allied Services Pvt. Ltd. (TSAS) is located in Gandhidham, Gujarat with its offices located in Delhi and Kakinada. TSAS was incorporated in 1988. TSAS is engaged in the field of freight forwarding, custom clearance, transportation, stevedoring and warehousing activities. TSAS is present in Kandla and Mundra port Company employs around 40 employees, under its pay roll, temporary labourers are hired as and when required.

Company Financial Performance

TSAS reported an operating income of Rs. 19.77 Crs and a net profit of Rs. 0.32 Crs in FY17 against an operating income of Rs. 23.22 Crs and a net profit of Rs. 0.34 Crs in FY16.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	Sep, 2016	2015	2014
	Fund Based	Long Term	6.50	BWR B+ (Reaffirmed)	BWR B+	N.A	N.A
	Total		6.50	₹ Six Crores and Fifty Lakhs Only			

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Rs. Crores	19.22	23.22
EBITDA	Rs. Crores	1.43	1.42
PAT	Rs. Crores	0.32	0.34
Tangible Net worth	Rs. Crores	4.40	4.07
Total Debt/Tangible Net worth	Times	1.63	1.59

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)

For any other criteria obtain hyperlinks from website

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER

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