Trident Techlabs Limited

October 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	17.79 (Reduced from 19.18)	CARE BB+; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	8.92	CARE BB+; Stable / CARE A4+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of Trident Techlabs Limited (TTL) factors in working capital intensive nature of operations with continued high trade receivables, small scale of operations, business risk associated with tender – based orders, client concentration and intense competition in the IT industry along with its susceptibility to risks associated with exposure to government projects. These rating weaknesses are partially offset by experienced promoters of the company, continued high profitability margins, diversified product profile with reputed clientele base, moderate order book position, and comfortable financial risk profile marked by low overall gearing.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations as marked by total operating income above ₹100 crores on a sustained basis.
- Major recovery in the trade receivable, thereby improving the liquidity position.

Negative factors

- Increase in overall gearing above 2.50 times on a sustained basis.
- Any further delay in the recovery of receivables including Dhaka project beyond average collections days of 300 days leading to stretch in operating cycle and liquidity on sustained basis

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects the ability of the company to be able to benefit from diversified product profile with reputed clientele base, experienced promoters and long-established relationships with customers and suppliers.

Detailed description of key rating drivers:

Key weaknesses

Working capital intensive nature of operations with continued high trade receivables

The net working capital cycle of TTL further elongated to 202 days (PY: 172 days) in FY25, particularly on account of elongated collection period which stretched from 241 days in FY24 to 289 days in FY25, while the inventory days remained relatively stable at 15 days (PY:13 days), partly offset by creditor days also getting stretched to 102 days (PY:82 days). The high debtor days was majorly on account of long pending receivables, outstanding for more than three years and further increased to ₹30.69 crore (PY: ₹27 crore). The long pending receivables majorly pertains to pending payments for orders executed for Dhaka Electric Supply Company Limited (DESCO) and Dhaka Power Distribution Company Ltd. The projects commenced in 2019, the receivable pertaining to deliverables were recovered however payment related to services are running delayed as the company is unable to get the amount due to ongoing political unrest in Bangladesh leading to fund clearance issue from the respective departments. This extended collection period places considerable strain on liquidity and poses challenges for financing upcoming projects.

Small scale of operations

The scale remained small as marked by TOI of ₹76.57 crore during FY25 (PY: ₹72.70 crores with marginal improvement of ~5%, owing to increase in annual maintenance charges and contribution of technical services. In 5MFY26, TTL has booked TOI of ~₹62 crores. The scale is expected to grow further in medium term based on unexecuted orderbook in hand and the anticipated addition

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

of new projects driven by increasing demand in the segments. The company has added additional 2 business segments in Semiconductor designing and cybersecurity services and created subsidiaries company Trident Semiconductors Private Limited (TSPL) and Techlabs LLC FZ (UAE)during FY25, the impact of which is expected to come FY26 onwards.

Business risk associated with tender -based-orders

The company is exposed to the risk associated with the tender based business, which is characterized by intense competition. The growth of the business depends on its ability to successfully bid for the tenders and emerge as the lowest bidder. Furthermore, inability to collect previous pending trade receivables are likely to affect the liquidity and capital structure of the company.

Intense competition in the IT industry along with its susceptibility to risks associated with exposure to Government projects

The presence of large industry players and increasing number of smaller firms has resulted in increased competition within the IT services and solutions industry wherein margins could come under pressure because of high competition. Furthermore, government projects are largely awarded through competitive bidding process, and these projects run the risk of changes in political and economic landscape in the country and changes in the regulatory frameworks as well. Hence, its business operations are exposed to the said risk.

Key strengths

Experienced management

The company is collectively managed by Mr. Praveen Kumar (MD), who has more than three decades of experience in electronics and electrical engineering, Mr. Sharad Naithani (Chairman) having around four decades of experience in marketing and business development in the banking and technical education sector and Mr. Sukesh Chandra Naithani, (CEO and CFO) having more than three decades of experience in Information Technology and electronics. They are further supported by the team of independent directors and other technical experts bringing in their expertise and diversified experience. The extensive experiences of promoters in the industry which has helped TTL in executing orders and establishing relationships with suppliers and customers.

Continued high Profitability margins

TTL has shown further improvement in profitability as reflected through PBILDT margin and PAT margin of 24.44% and 15.04% respectively during FY25 against 22.88% and 12.88% in FY24. The improvement was majorly on account of increase in AMC charges share in total revenue where the margins are higher, decrease in expenses related to E- software services, along with reduced maintenance and upgradation charges. The margins are expected to be at similar levels in the near term based on similar nature of operations.

Diversified product profile with reputed clientele base, though concentrated

The company has diversified product profile which finds application in various sectors including electric power utilities, large facilities, engineering consultancy firms, the electronics industry, research institutions, defence establishments, and engineering colleges. The product profile is distributed in two segments, namely, Engineering Solution Group and Power Solution Group. The company deals with reputed clients PAN India, however around 81% of the total revenue is concentrated within top three customers in FY25. The company serves customers across Southeast Asia, the Middle East, China, Bangladesh, and Sri Lanka, which together forms around 5% of total revenue. It intends to deepen its presence in the Middle East and other developing economies in the upcoming years.

Moderate order book position

As on August 31, 2025, TTL has a moderate order book position of ~₹32.41 crores. The company's order book to sales ratio stood at 0.42x based on FY25 revenue. The company generally takes around 90 days to complete one order for its product supply division. The order from Defence Research and Development Organisation contributed 82% of the total unexecuted order book.

Comfortable financial risk profile

The company's financial risk profile remained comfortable and witnessed further improvement as reflected by gearing of 0.22x as on March 31, 2025, (PY: 0.41 times). The improvement is on account of decline in debt level in FY25 due to scheduled repayment of term debt as well as improvement in net worth on accretion of profits. The outstanding debt majorly consists of working capital term loans and vehicle loans as on March 31, 2025. Moreover, the debt coverage indicators improved as marked by total debt/GCA which stood at 1.00x in FY25 vis-à-vis 1.99x in FY25. Further, on account of improved operating profit, interest coverage improved from 5.04x in FY24 to 7.06x in FY25. The credit metrics are expected to improve further in the near-to-medium term, supported by a likely increase in its overall EBITDA, scheduled debt repayments and the absence of any plans to avail debt or undertake any major capex.

Liquidity: Stretched

The liquidity profile of the company is stretched on account of negative cash flow from operations of ₹4.56 crore (PY: ₹11.57 crore) owing to an adverse impact on the working capital cycle, driven by an increase in trade receivables from ₹59.62 crore to ₹63.35 crore, coupled with payments made to creditors during the year. The company generated gross cash accruals (GCA) of ₹12.73 crores in FY25 and is expected to generate GCA of ~ ₹14.50 crores in FY26 against which repayment obligation stands at ₹5.06 crores during same year. Further, the company had unencumbered cash and bank balance of ₹6.48 crores as on March 31, 2025. The average maximum utilization of working capital limits remained moderate at 85% against the sanctioned fund based working capital limit of ₹8.5 crore for the trailing period of 12 months ended July 2025

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Information Technology	Information Technology	IT - Services	IT Enabled Services

Trident Techlabs Private Limited (TTL), also known as Techlabs, is an Indian technology company established in 2000. It started from being a supplier of pre-packaged computer software and now providing technology solutions. Techlabs specializes in various areas like technical education, custom electronics, and power engineering. In recent years, the company's business activities have expanded significantly in electronic design automation (EDA), and engineering consultancy and also started venturing into Semiconductors and Cybersecurity business segments. The company serves a growing customer base across India, with branch offices in Bengaluru, Dehradun, Delhi, Hyderabad, Kolkata, and Pune. These solutions are applied in various sectors, including electric power utilities, large facilities, engineering consultancy firms, the electronics industry, research institutions, defence establishments, and engineering colleges. They have reputed clients like Government of India (DRDO), Infinite Computer Solutions (India) Limited, Larsen & Turbo, etc.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	72.71	76.57
PBILDT	16.63	18.72
PAT	9.37	11.52
Overall gearing (times)	0.41	0.22
Interest coverage (times)	5.04	7.06

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Acuite has downgraded the bank facilities of TTL under Issuer not cooperating (INC) category vide its press release dated July 17, 2025 at Acuite B/A4, on account of its inability to carry out review in the absence of requisite information from the company. Further, Brickworks has retained the ratings assigned to the bank facilities of TTL under Issuer not cooperating (INC) category at BWR B/Stable vide its press release dated June 16, 2025, on account of its inability ratings to carry out review in the absence of requisite information from the company.

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	8.50	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	23-09-2028	9.29	CARE BB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	8.92	CARE BB+; Stable / CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	9.29	CARE BB+; Stable	-	1)CARE BB+; Stable (04-Oct-24)	1)CARE BB+; Stable (01-Dec-23)	-
2	Fund-based - LT-Cash Credit	LT	8.50	CARE BB+; Stable	-	1)CARE BB+; Stable (04-Oct-24)	1)CARE BB+; Stable (01-Dec-23)	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	8.92	CARE BB+; Stable / CARE A4+	-	1)CARE BB+; Stable / CARE A4+ (04-Oct-24)	1)CARE BB+; Stable / CARE A4+ (01-Dec-23)	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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