



Press Release

Trust Investment Advisors Private Limited (TIAPL)

September 28, 2023

Ratings

Instruments	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Non-Convertible Debentures (NCDs)	175.00	IVR AA/ Stable (IVR Double A with Stable Outlook)	Final Rating	Simple
Non-Convertible Debentures (NCDs)	225.00	IVR AA/ Stable (IVR Double A with Stable Outlook)	Reaffirmed	Simple
Commercial Papers (CP)**	500.00	IVR A1+ (IVR A One Plus)	Reaffirmed	Simple
Total	900.00			

***For above-mentioned CP issuance, Trust Investment Advisors Pvt. Ltd. will keep an equivalent amount of bank lines unutilised.*

Details of instruments are in Annexure 1

Detailed Rationale

The aforesaid rating action on the debt instrument of Trust Investment Advisors Private Limited (TIAPL) continues to derive comfort from established operational track record & experienced promoters and established relationships with strong institutional clients & investors. However, the rating is constrained by interest rate risk and competition.

Key Rating Sensitivities:

Upward Factor:

- Substantial & sustained improvement in the revenue & profitability margin while maintaining the debt protection metrics.

Downward Factor:

- Any significant decline in revenue and/or profitability margin leading to decline in debt protection metrics.

Detailed Description of Key Rating Drivers



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Key Rating Strengths

Established operational track record and experienced promoters

The Trust group has presence in merchant banking, wealth management, advisory business, and portfolio management services. The group offers a wide array of financial services to domestic and overseas clients. Trust group has substantially expanded its portfolio advisory services through Chanakya Capital Partners which is the advisory arm of the group catering to international clients. The group has been able to fortify its presence in both capital markets with its strong sourcing, structuring, underwriting and distribution capabilities for debt issuances. Trust group has been associated with some of the marquee issues like Bank of India, IDBI bank, KKR group, NHAI, Bajaj group and L & T Finance Limited amongst others. The group's clientele includes leading banks, family offices, provident funds and high networth individuals (HNIs). The group has also demonstrated expertise in structuring and syndication of innovative and marquee structured transactions.

Established relationships with strong institutional clients and investors.

Due to the established presence and long track record of operations in the domestic market, TIAPL enjoys a large institutional client base including Banks, Insurance companies, Mutual funds and Large Corporates.

Structured Payment Mechanism with inclusion of Debt Service Reserve Account

Under the structured payment mechanism for the NCD as well as proposed NCD rated by Infomerics, an amount equivalent to 20% of the outstanding principal amount shall be maintained in the DSRA account, the amount deposited in the DSRA account can only be invested in the form of cash, Fixed Deposit with any Scheduled Commercial Banks (having a credit rating of at least A in case of a PSU Bank or AA in case of a private sector Bank), Sovereign Debt Securities or AAA rated listed Debt Securities in any combination. The DSRA assets would be pledged in favour of the Debenture Trustee & would need to be created within 7 days from the deemed date of allotment.

Improved Capital Structure

Tangible networth of The Trust Group has improved significantly to Rs.809.72 crore in FY22 from Rs.473.94 crore in FY21 on account of significant dividend payout by Chanakya Capital



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Partners, a group company leading to healthy profitability during FY22. Overall gearing has improved to 2.42x in FY22 from 2.91x in FY21.

Key Rating Weaknesses

Interest rate risk

All the securities are exposed to an inherent interest rate risk which depends on various factors & market conditions, although low in Government securities.

Competition

The industry is characterized by competition from various players to tap the market share at competitive pricing strategy.

Analytical Approach: Consolidated

Infomerics has taken a consolidated view on the Trust Capital Services (India) Private Limited (Holding Company) and its subsidiaries, namely Trust Investment Advisors Private Limited, Trust Securities Services Private Limited, Sankhya Financial Services Private Limited, Trust Asset Management Private Limited, Chanakya Capital Partners and Trust AMC Trustee Private Limited collectively referred to as 'Trust group'. This because of the common promoters, shared brand name, significant operational and financial synergies between the companies.

Applicable Criteria:

[Rating Methodology for trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)

[Policy on provisional ratings](#)

Liquidity - Adequate

Trust group's (Consolidated) assets as on March 31, 2022, mostly comprises of liquid investments in PSU bonds and corporate bonds. These assets are largely held for trading activities, so there is no scheduled repayment against them. The group also has moderate exposures to certain non-core assets such as advances for property, loans/investments to



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sister concerns. The management expects to unwind some of these exposures over the near term. The borrowings comprise a mix of pledge-based overdraft, commercial paper, non-convertible debentures (NCDs) and loans from sister concerns.

About the Group

TCSPL is holding company and has 2 wholly owned subsidiaries as well as 4 fellow subsidiaries, namely Trust Securities Services Private Limited which is providing broking services, Trust Investment Advisors Private Limited which holds license for portfolio management services (PMS) and is registered with SEBI as category 1 Merchant Banker, Sankhya Financial Services Private Limited which is a Non deposit taking NBFC and is registered with RBI since 2011, Chanakya Capital Partners is a Mauritius based consultancy service providing company, Trust Asset Management Company Private Limited which is a SEBI approved AMC and Trust AMC Trustee Private Limited which is trustee company for Trust Asset Management Company Private Limited.

Financials (Consolidated)

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	327.91	934.07
EBITDA	242.84	747.28
PAT	68.61	485.60
Total Debt	1,379.33	1,957.78
Tangible Net Worth	462.42	809.72
EBITDA Margin (%)	74.06	80.00
PAT Margin (%)	20.92	51.99
Overall Gearing Ratio (x)	2.98	2.42

* Classification as per Infomerics' standards

About the Company

Trust Investment Advisors Private Limited (TIAPL) incorporated in 2006, is registered as category 1 merchant banker and portfolio manager the company is also engaged in the trading



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of debt securities. The company received portfolio manager license in October 2006 and merchant banking license in March 2007. The company is active in origination & distribution of debt instruments across the entire maturity segment—from Commercial Papers to AT1 and Perpetual Bonds.

Financials (Standalone)

For the year ended* As on	INR in Crore	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	142.42	575.17
EBITDA	102.42	467.84
PAT	40.69	327.29
Total Debt	567.02	1,135.27
Tangible Net Worth	209.11	521.92
EBITDA Margin (%)	71.91	81.34
PAT Margin (%)	28.57	56.90
Overall Gearing Ratio (x)	2.71	2.18

* Classification as per Infomerics' standards

Details of Non-Co-operation with any other CRA: Nil

Any other information: N.A.



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Rating History for last three years:

Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22 (April 28, 2021)	Date(s) & Rating(s) assigned in 2020-21
Non-Convertible Debentures	Long Term	175.00	IVR AA	<ul style="list-style-type: none"> Provisional IVR AA (Jun 29, 2023) Provisional IVR AA (Mar 31, 2023) 	-	-
Non-Convertible Debentures	Long Term	35.00	IVR AA	<ul style="list-style-type: none"> IVR AA (Jun 29, 2023) IVR AA (Mar 31, 2023) IVR AA (Mar 09, 2023) IVR AA (Jan 20, 2023) Provisional IVR AA (Nov 15, 2022) Provisional IVR AA (Oct 26, 2022) 	-	-
Non-Convertible Debentures	Long Term	30.00	IVR AA	<ul style="list-style-type: none"> IVR AA (Jun 29, 2023) IVR AA (Mar 31, 2023) IVR AA (Mar 09, 2023) IVR AA (Jan 20, 2023) IVR AA (Nov 15, 2022) Provisional IVR AA (Oct 26, 2022) 	-	-
Non-Convertible Debentures	Long Term	85.00	IVR AA	<ul style="list-style-type: none"> IVR AA (Jun 29, 2023) IVR AA (Mar 31, 2023) 	-	-



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Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22 (April 28, 2021)	Date(s) & Rating(s) assigned in 2020-21
				<ul style="list-style-type: none"> • IVR AA (Mar 09, 2023) • Provisional IVR AA (Jan 20, 2023) • Provisional IVR AA (Nov 15, 2022) • Provisional IVR AA (Oct 26, 2022) 		
Commercial Paper	Short Term	500.00	IVR A1+	<ul style="list-style-type: none"> • IVR A1+ (Jun 29, 2023) • IVR A1+ (Mar 31, 2023) • IVR A1+ (April 21, 2022) • IVR A1+ (April 1, 2022) 	IVR A1+	-
Non-Convertible Debentures	Long Term	25.00	IVR AA	<ul style="list-style-type: none"> • IVR AA (Jun 29, 2023) • IVR AA (Mar 31, 2023) • IVR AA/ Stable (Oct 19, 2022) • IVR AA/ Stable (Aug 03, 2022) • Provisional IVR AA/ Stable (July 20, 2022) • Provisional IVR AA/ Stable (April 21, 2022) 	-	-
Non-Convertible Debentures	Long Term	50.00	IVR AA	<ul style="list-style-type: none"> • IVR AA (Jun 29, 2023) • IVR AA (Mar 31, 2023) • IVR AA/ Stable (Oct 19, 2022) 	-	-



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Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22 (April 28, 2021)	Date(s) & Rating(s) assigned in 2020-21
				<ul style="list-style-type: none">• Provisional IVR AA/ Stable (Aug 03, 2022)• Provisional IVR AA/ Stable (July 20, 2022)• Provisional IVR AA/ Stable (April 21, 2022)		
Proposed Non-Convertible Debentures	Long Term	0.00 (Reduced from 175.00)	-	<ul style="list-style-type: none">• Withdrawn (Oct 19, 2022)• Provisional IVR AA/ Stable (Aug 03, 2022)• Provisional IVR AA/ Stable (July 20, 2022)• Provisional IVR AA/ Stable (April 21, 2022)	-	-

Name and Contact Details of the Rating Analysts:

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches



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in major cities and representatives in several locations. For more information visit www.infomerics.com.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Non-Convertible Debenture	INE723X07141	December 06, 2022	9.10% p.a.	December 05, 2030	35.00	IVR AA/ Stable
Non-Convertible Debenture	INE723X07133	October 27, 2022	9.10% p.a.	October 25, 2030	30.00	IVR AA/ Stable
Non-Convertible Debenture	INE723X07166	January 30, 2023	8.90% p.a.	January 31, 2030	85.00	IVR AA/ Stable
Non-Convertible Debenture	INE723X07109	July 28, 2022	8.70% p.a.	July 28, 2026	25.00	IVR AA/ Stable
Non-Convertible Debenture	INE723X07125	September 29, 2022	8.70% p.a.	October 05, 2026	50.00	IVR AA/ Stable
Non-Convertible Debenture	INE723X07174	March 29, 2023	8.90% p.a.	April 07, 2028	175.00	IVR AA/ Stable
Commercial Paper	-	-	-	-	500.00	IVR A1+

Annexure 2: List of companies considered for consolidated analysis: Not Applicable



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Annexure 3: Facility wise lender details: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:

1. Debt Service Reserve Account (DSRA)

The company undertakes to maintain DSRA equivalent to 20% of the outstanding principal amount at all times during the tenure of the debentures.

DSRA as stipulated shall be maintained either in the form of cash, Fixed Deposit with any Scheduled Commercial Banks (having a credit rating of at least A in case of a PSU Bank or AA in case of a Private Sector Bank), Sovereign Debt Securities, or listed InvIT units issued by National Highway Infra Trust (NHAI InvIT)/ any other listed InvIT units (having a credit rating of AAA for its Senior Debt) or AAA rated Debt Securities in any combination. The DSRA assets would be pledged in favour of the Debenture Trustee. The Issuer further undertakes that if the DSRA is in any form other than cash or bank FD, the same shall be liquidated atleast 15 days prior to the Date of Redemption and deployed in bank FDs having maturity atleast 3 days prior to the date of such redemption.

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.