



## Press Release

**Del Trade International Private Limited**

**October 12, 2021**

### **Ratings**

<b>Sl. No.</b>	<b>Instrument/Facility</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings</b>	<b>Rating Action</b>
1.	Long Term Bank Facilities	21.00 (Enhanced from Rs 15 crore)	IVR BBB/ Stable Outlook (IVR Triple B with Outlook Outlook)	Reaffirmed
2.	Short Term Bank Facilities	64.50 (Enhanced from Rs 35 crore)	IVR A3 (IVR A Three)	Reaffirmed
	<b>Total</b>	<b>85.50</b>		

**Details of Facilities are in Annexure 1**

### **Detailed Rationale**

The ratings assigned to the bank facilities of Del Trade International Private Limited (DTIPL) continues to draws comfort from its successful track record under experienced promoters, sustained growth in scale of operations with established relationship with business partners. The ratings also positively consider healthy financial risk profile and financial support from promoters. However, these rating strengths are partially offset by intense competition prevalent in industry and exposure to forex risk. The rating also consider the exposure to regulatory risk.

### **Key Rating Sensitivities:**

#### **Upward Factor:**

- Growth in scale of operation with improvement in profit margins leading to improvement in cash accruals and liquidity position on a sustained basis
- Improvement in debt protection metrics

#### **Downward factor:**

- Deterioration in the capital structure and/or withdrawal of unsecured loans amounting to Rs.8.45 crore (outstanding as on March 31, 2021 treated as quasi equity) and/or moderation in the capital structure.



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- Any adverse regulatory changes

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Experienced management

DTIPL is led by a well qualified and experienced management team. Mr. Ramesh Gupta has served in a Nationalized Bank for 17 years. Subsequently, he has worked with several companies in various capacities. Mr. Nitin Aggarwal is a graduate in Business Administration from De Montfort University, United Kingdom. He started his career in his family business of henna manufacturing before diversifying in to the Iron & Steel trade. The Company is likely to benefit from the diverse business experience of its management.

##### Sustained growth in scale of operations

The total operating income of the company has witnessed an increasing trend with a CAGR of ~11% during FY18-FY20 and stood at Rs.288.26 crore in FY20 as compared to Rs.189.75 crore in FY18. The growth in the revenue was mainly driven by steady improvement in active pharmaceutical ingredients. The growth in the API was mainly backed by increase in volumes and partly by increase in realizations. The company gradually diversified its product portfolio in its both segments. The company has achieved a sales of Rs 235.92 crore and EBITDA of Rs 9.38 crore as on March 31, 2021 (Unaudited). Till Sept 26 2021, the company has achieved a revenue of Rs 215.16

##### Established relationship with business partners

DTIPL is the main distributor of Sinopharm Weiqida Pharmaceutical Co. Ltd, China and Korea Aluminium Company Limited, South Korea in India. Further, the company has developed healthy relationship with customers like Saitech Medicare Private Limited, Medicef Pharma, JM Laboratories Limited among others.

##### Healthy financial risk profile

The financial risk profile of the company remained moderate marked by its modest net worth base of Rs. 32.65 crore as on March 31, 2021 (Unaudited) (Rs 27.49 crore in FY20). The total debt comprises of Rs 1.16 term debt with repayment of Rs 0.03, Rs 19.86 crore of working



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capital limit and unsecured loan of Rs 1.33crore as on March 31,2021(Unaudited).The capital structure of the company remained comfortable as on the past three account closing dates. The overall gearing ratio improved from 0.71x in FY20 to 0.69x in FY21(Unaudited) driven by accretion of profit to reserves. Total indebtedness of the company improved yet remained leveraged as reflected in TOL/TNW at 2.74x as on March 31,2021(Unaudited). , Infomerics expects that the capital structure will continue to remain moderate in the near term. Debt protection metrics like interest coverage ratio and Total debt/GCA are comfortable and stood at 4.24x and 4.22x respectively in FY21 (Unaudited). The debt protection metrics are expected to remain above average over the medium term with a rise in cash accruals. The gross cash accruals of the company witnessed a steady improvement from Rs.3.11 crore in FY19 to Rs.4.82 crore in FY20 to Rs 5.30 crore in FY21(Unaudited).

### **Financial support from Promoters**

The promoters and related parties have been supporting the business through infusion of unsecured loans which stood at Rs.8.45crore as on March 31, 2021(Unaudited) (treated as quasi equity as it is subordinated to bank debt).

### **Key Rating Weaknesses**

#### **Exposure to regulatory risk and intense competition**

DTIPL, like other players in the pharmaceutical industry, remains exposed to high degree of regulations prevalent in the industry. Changes in the legal and regulatory environment such as price control on drugs, quality checks, changes in import duty, excise duty exemptions, changes in taxes etc. The company is exposed to intense competition in organized and unorganized pharmaceutical sector due to low product differentiation and large number of players.

#### **Exposure to Forex risk**

DTIPL is exposed to forex currency fluctuations as the company imports 64% of it's API's from China and packaging materials -Alu Alu foil from Korea and hedges by booking forward contracts of minimum 60-65% of the imports amount depending upon the economic conditions. The unhedged foreign currency exposure was U.S.D 2,287,341.00 and U.S.D



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2,582,533.69 as against total exposure of \$ 8,155,091.60 and \$ 6,269,168.67 in FY20 and FY21(Unaudited) .Profitability may get affected by volatility in forex rate.

**Analytical Approach:** Standalone

**Applicable Criteria:**

Rating Methodology for Trading Companies

Financial Ratios & Interpretation (Non-financial Sector)

### **Liquidity –Adequate**

DTIPL liquidity position is expected to remain adequate over the medium term marked by its healthy gross accrual of Rs 8.28 to 10.91 crore during FY22-23 against absence of any long term debt obligations. Further, the average utilisation of its fund based working capital limit remains at ~30.13% during the past 12 months ended May, 2021 indicating an adequate liquidity buffer. Liquidity is further supported by financial support from promoters in the form of unsecured loans

### **About the Company**

Del Trade International Private Limited (DTIPL) was incorporated in 2010 promoted by Mr Ramesh Gupta and commenced its operations from 2011. The company is engaged in import of active pharmaceuticals ingredients (API's) and distribution to domestic companies and cold-formable pharmaceutical packaging materials -Alu Alu foil. DTIPL has headquarters in New Delhi. Currently, the product profile of DTIPL includes around 40 types of API's – both domestic and imported and Alu Alu foil.

### **Financials (Standalone):**

	(Rs. crore)	
For the year ended*/As on	31-03-2020	31-03-2021
	Audited	Unaudited
Total Operating Income	288.86	235.92
EBITDA	8.75	9.38
PAT	4.71	5.15
Total Debt	19.40	22.38
Tangible Net worth	27.49	32.65
EBITDA Margin (%)	3.03	3.98



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PAT Margin (%)	1.62	2.18
Overall Gearing Ratio (x)	0.71	0.69

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA:** Issuer not cooperating by CARE vide press release dated April 26, 2021 due to non-availability of information.

**Any other information:** Nil

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 Dated July 1, 2020)	Date(s) & Rating(s) assigned in 2019-20 (Dated May 13, 2019)	Date(s) & Rating(s) assigned in 2018-19
1.	Long Term Fund Based Limits – Cash Credit	Long Term	21.00	IVR BBB/ Stable Outlook	IVR BBB-/ Positive outlook	IVR BBB-/ Stable outlook	-
2.	Short Term Non Fund Based Limits – Letter of Credit	Short Term	64.50	IVR A3	IVR A3*	IVR A3	-

*\*Includes proposed short term limit*

**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](http://www.infomerics.com).

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### About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually



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gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facility- Cash Credit	-	-	-	21.00	IVR BBB/Outlook
Short Term Bank Facility- Letter of Credit			-	64.50	IVR A3

**Annexure 2: List of companies considered for consolidated analysis:** N.A. Standalone Approach followed

### Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Lender-12-10-21-DTIPL.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable





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### Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Cash Credit	Simple
2.	Letter of Credit	Simple

**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](http://www.infomerics.com).