



## Press Release

### Del Trade International Private Limited

January 02, 2023

#### Ratings

Instrument/Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	3.00	IVR BBB/ Stable Outlook (IVR Triple B with Stable Outlook)	Reaffirmed	Simple
Short Term Bank Facilities	9.00	IVR A3 (IVR A Three)	Reaffirmed	Simple
Long term / Short term facilities	88.50	IVR BBB / Stable outlook / IVR A3 (IVR Triple B with Stable Outlook and IVR A Three)	Reaffirmed (Reclassified from ST to LT/ST)	Simple
<b>Total</b>	<b>100.50</b>	<b>(Rupees Hundred crore and fifty lakh only)</b>		

Details of Facilities are in Annexure 1

#### Detailed Rationale

The ratings assigned to the bank facilities of Del Trade International Private Limited (DTIPL) continue to draw 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, exposure to forex risk and 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
- Sustained improvement in capital structure and debt protection metrics

##### Downward factor:

- Dip in operating income and/or profitability further impacting the debt coverage indicators and/or further deterioration in the financial risk profile



## Press Release

- Deterioration in the capital structure and/or withdrawal of unsecured loans amounting to Rs.10.45 crore (outstanding as on March 31, 2022, treated as quasi equity)
- 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 into 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 registered a y-o-y growth of ~91.26% to Rs.450.93 crore in FY22 over FY21. The growth in the revenue was mainly driven by steady improvement in sale of 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 reported net sales of Rs 209.73 crore in H1FY23 as against Rs.220.60 crore in H1FY22. The company's EBIDTA margin was 3.40% in FY22 as against 3.41% in FY21. However, PAT margin declined by 31 bps from 2.20% in FY21 to 1.89% in FY22 due to higher depreciation and interest expenses. Gross Cash accruals increased from Rs.5.33 crore in FY21 to Rs.9.11 crore in FY22 with an increase in scale of operations and operating profitability.

##### 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.



## Press Release

### **Moderate financial risk profile**

The capital structure of the company remained moderate as on the past three account closing dates. The overall gearing ratio deteriorated from 1.30x as on March 31, 2021, to 1.74x as on March 31, 2022, on account of increase in total debt. Due to the same reason, total indebtedness of the company also deteriorated as reflected in TOL/TNW at 4.01x as on March 31, 2022 as against 2.73 times as on March 31, 2021. Debt protection metrics like interest coverage ratio and Total debt/GCA were moderate and stood at 4.23x and 8.26x respectively in FY22.

### **Financial support from Promoters**

The promoters and related parties have been supporting the business through infusion of unsecured loans which stood at Rs.10.45 crore as on March 31, 2022 (Audited) (treated as quasi equity as it is subordinated to bank debt with HSBC). Apart from this, the unsubordinated unsecured loans from promoters and related parties stood at Rs.12.36 crore as on March 31, 2022.

### **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 60% of its APIs from China and packaging materials -Alu Alu foil from Korea and hedges foreign currency exposure by booking forward contracts of minimum 50-60% of the imports amount depending upon the economic conditions. The unhedged foreign currency exposure was Rs. 35.25 Crores and Rs.



## Press Release

31.92 Crs. against total exposure of Rs. 69.77 Crores as on 31st March'22 and Rs. 49.05 Crores as on 30th Sept'22. Profitability may get affected by volatility in forex rate.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Trading Companies](#)

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

[Criteria for assigning rating outlook](#)

### **Liquidity – Adequate**

DTIPL's liquidity position is expected to remain adequate on the expectation of sufficient cushion in cash accruals vis-à-vis debt repayments over the next 3 years. Further, the average utilisation of its fund based working capital limit remained at ~81.11% and Non-fund-based limit remained ~82.17% during the past 12 months ended Oct, 2022 indicating an adequate liquidity buffer. Current ratio is 1.11X as on March 31, 2022. The operating cycle of the company declined to 58 days in FY22 from 73 days in FY21 due to decline in collection period with an increase in scale of operations. 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 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. DTIPL is promoted by Mr Ramesh Gupta . 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	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	234.26	450.93
EBITDA	7.99	15.31



## Press Release

PAT	5.20	8.56
Total Debt	42.57	75.25
Tangible Net worth	32.75	43.17
EBITDA Margin (%)	3.41	3.40
PAT Margin (%)	2.20	1.89
Overall Gearing Ratio (x)	1.30	1.74

*\*Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA:** CARE Ratings vide its press release dated June 17, 2022 has classified the ratings of the company under Issuer Not Cooperating category on account of non-submission of relevant information.

ACUTE Ratings vide its press release dated February 02, 2022 has classified the ratings of the company under Issuer Not Cooperating category on account of non-submission of relevant information.

**Any other information:** Not applicable

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (October 12, 2021)	Date(s) & Rating(s) assigned in 2020-21 (July 1, 2020)	Date(s) & Rating(s) assigned in 2019-20 (May 13, 2019)
1.	Long Term Fund Based Limits – Cash Credit	Long Term	3.00	IVR BBB/ Stable Outlook	IVR BBB/ Stable outlook	IVR BBB-/ Positive outlook	IVR BBB-/ Stable outlook
2.	Short Term Non Fund Based Limits – Letter of Credit	Short Term	9.00	IVR A3	IVR A3	IVR A3	IVR A3
3.	Proposed Limit	Short Term	-		-	IVR A3	-
4.	Working capital limits	Long Term / Short Term	88.50	IVR BBB/ Stable Outlook / IVR A3	IVR A3	IVR A3	IVR A3

**Name and Contact Details of the Rating Analyst:**

Name: Ms. Yashika Goyal

Name: Mr. Harsh Raj Sankhla





## Press Release

Tel: (011) 45579024

Email: [yashika.goyal@infomerics.com](mailto:yashika.goyal@infomerics.com)

Tel: (011) 45579024

Email: [harshraj.sankhla@infomerics.com](mailto:harshraj.sankhla@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Private Limited (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 in major cities and representatives in several locations.

For more information visit [www.infomerics.com](http://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	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
------------------	------------------	------------------	---------------	------------------------------	--------------------------



## Press Release

Long Term Bank Facility- Cash Credit	-	-	-	3.00	IVR BBB/Stable Outlook
Short Term Bank Facility- Letter of Credit	-	-	-	9.00	IVR A3
Long term facility/ short term facility	-	-	-	88.50	IVR BBB / Stable Outlook / IVR A3

**Annexure-II: List of companies considered for consolidated analysis: Not Applicable.**

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-Deltrade-jan23.pdf>

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

**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).