



## Infomerics Valuation And Rating Pvt. Ltd.

### Del Trade International Private Limited

May 13, 2019

#### Rating

Sl. No.	Instrument/Facility	Amount (Rs. Crores)	Rating Assigned
1	Bank Facilities- Long Term	15.00	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)
2.	Bank Facilities- Short Term	35.00	IVR A3 (IVR A Three)

**Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

The rating draws comfort from the sustained growth in the company's scale of operations, its experienced management, established relations with business partners, comfortable debt protection metrics and financial support from promoters. These strengths are partially offset by its average capital structure. Profitability, working capital management and capital structure are the key rating sensitivities.

#### **List of Key Rating Drivers with Detailed Description**

##### **Key Rating Strengths**

##### ***Experienced management***

Del Trade 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.



## **Infomerics Valuation And Rating Pvt. Ltd.**

### ***Sustained growth in scale of operations***

The net sale of Del Trade has grown at a CAGR of 13.65 per cent in the four years through FY18 to Rs.189.70crore. This is driven partly by increase in volumes and partly by increase in realizations. The Company achieved sales of Rs.233.67crore in FY19 on provisional basis.

### ***Established relationship with business partners***

Del Trade 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, Micro Labs Limited among others.

### ***Comfortable debt protection metrics***

Del Trade has comfortable debt protection metrics as reflected in interest coverage and Total Debt/GCA of 2.89x and 4.80x respectively in FY18.

### ***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, 2018. The promoters have also been infusing unsecured loans on short term basis to meet working capital requirements.

## **Key Rating Weaknesses**

### ***Average capital structure***

Del Trade has an average capital structure as reflected in TOL/ TNW of 3.11x as on March 31, 2018 (unsecured loans from related parties treated as quasi equity). Though the TOL/TNW ratio is likely to improve over the medium term on the back of improvement in net worth driven by higher accretion of profits, it will continue to remain average.



## Infomerics Valuation And Rating Pvt. Ltd.

### Analytical Approach & Applicable Criteria:

Standalone

Rating Methodology for Trading Companies

Financial Ratios & Interpretation (Non-financial Sector)

### **Liquidity**

Del Trade is expected to generate healthy cash accruals over the medium term as against negligible repayment obligations. ICR and DSCR are likely to be comfortable. Further, the company's working capital limits remained moderately utilized over the twelve months through Feb, 2019. Liquidity is further supported by financial support from promoters in the form of unsecured loans.

### **About the Company**

Incorporated in 2010, Del Trade International Private Limited (Del Trade) is engaged in distribution of domestic and imported active pharmaceuticals ingredients (API's) and cold-formable pharmaceutical packaging materials. The Company is headquartered in New Delhi. Currently, the product profile of Del Trade includes around 40 types of API's – both domestic and imported and Alu Alu Foil.

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

	<b>(Rs. crore)</b>	
<b>For the year ended*</b>	<b>31-03-2017</b>	<b>31-03-2018</b>
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	172.28	190.79
EBITDA	5.82	6.93
PAT	2.34	2.91
Total Debt	12.91	14.74
Tangible Net worth	16.80	19.76



## Infomerics Valuation And Rating Pvt. Ltd.

For the year ended*	31-03-2017	31-03-2018
EBITDA Margin (%)	3.38	3.63
PAT Margin (%)	1.35	1.52
Overall Gearing Ratio (x)	0.77	0.75

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

**Rating History for last three years:**

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term Fund Based Limits – Cash Credit	Long Term	15.00	IVR BBB-/Stable	-	-	-
2.	Short Term Non-Fund Based Limits – Letter of Credit	Short Term	35.00	IVR A3	-	-	-

**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).



## **Infomerics Valuation And Rating Pvt. Ltd.**

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

Name: Ms.Aakriti Sachdeva

Tel: (011) 2465 5636

Email: [asachdeva@infomerics.com](mailto:asachdeva@infomerics.com)

### **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 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.

**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.

## Infomerics Valuation And Rating Pvt. Ltd.

### 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 Facilities- Cash Credit	-	1Y MCLR+2.35%	On demand	6.00*	IVR BBB-/Stable
Long Term Bank Facilities- Cash Credit	-	-	On demand	6.00 <sup>#</sup>	IVR BBB-/Stable
Long Term Bank Facilities- Cash Credit	-	12M MCLR+1%	On demand	3.00 <sup>\$</sup>	IVR BBB-/Stable
Short Term Bank Facilities – Letter of Credit	-	-	Usance of 120 days	20.00 <sup>**</sup>	IVR A3
Short Term Bank Facilities – Letter of Credit	-	-	Usance of 180 days	6.00 <sup>##</sup>	IVR A3
Short Term Bank Facilities – Letter of Credit	-	-	Usance of 180 days	9.00 <sup>\$\$</sup>	IVR A3

\* Sub-limit of BELC-Rs.5crore

# Facility includes sublimit of WCDL- Rs.6crore. Cumulative utilization across CC/WCDL to be restricted to Rs.6crore.Further CC facility is interchangeable with LC

\$ Includes sublimit of WCL-Rs.3crore; EPC/PCFC-Rs.2crore; PSFC-Rs.2crore; Bill discounting-Rs.2crore. Further CC facility is interchangeable with LC

\*\* Sublimit of BG- Rs.0.10crore; Buyer's credit – Rs.10crore

## Facility includes sublimit of BG-Rs.1.5crore; Buyer's credit- Rs.6crore; Pre/Post shipment finance-Rs.3crore; Bill discounting-Rs.3crore

\$\$ Facility includes sublimit of BG-Rs.2crore