

Press Release

Del Trade International Private Limited (DTIPL)

May 25, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 46.00 crore (Enhanced from Rs.22.00 crore)
Long Term Rating	SMERA BB/ Outlook:Stable (Reaffirmed and Assigned)
Short Term Rating	SMERA A4+ (Reaffirmed and Assigned)

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long term rating of '**SMERA BB**' (**read as SMERA double B**) and the short term rating of '**SMERA A4+**' (**read as A four plus**) on the Rs.22.00 crore bank facilities of Del Trade International Private Limited. Further, SMERA has assigned long term rating of '**SMERA BB**' (**read as SMERA double B**) and short term rating of '**SMERA A4+**' (**read as A four plus**) on the Rs.24.00 crore bank facilities. The outlook is '**Stable**'

New Delhi based, Del Trade International Private Limited (DTI), incorporated in 2010, promoted by Mr. Ramesh Gupta is engaged in trading of Active Pharmaceutical Ingredients (API) and pharmaceutical packaging material procured from overseas and domestic market. DTI imports API and Packing material from China and South Korea. The company has set-up warehouses in Delhi and Himachal Pradesh to facilitate timely supply to their clients and remain competitive.

Key rating drivers

Strengths

Experienced management

Mr. Ramesh Gupta, Mr. Nitin Aggarwal, Mrs. Charu Gupta and Mr. Piyush Gupta manage the day-to-day operation of the company. Promoters have been able to maintain healthy relationship with customers and suppliers.

Comfortable financial risk profile

The financial risk profile of the company is comfortable marked by networth of Rs. 16.80 crore as on March 31, 2017 as compared to Rs.14.63 crore as on March 31, 2016. The gearing declined marginally from 0.69 times for FY 15-16 to 0.77 times for FY 16-17. The total debt of Rs.12.91 crore consists of working capital facilities. Further unsecured loan from Promoters/related parties of Rs.8.45 crore is treated as quasi-equity as it is subordinate to bank loan. Further the DSCR improved from 1.52 times for FY 15-16 to 1.76 times for FY 16-17 and ICR improved from 1.88 times for FY 15-16 to 2.17 times for FY 16-17.

Healthy scale of operation:

The operating income of the company has consistently grown from last 3 years ended on FY17 and stood at Rs.190.27 crore in FY17-18.

Established relationship with business partners

DTI is the main distributor of Sinopharm Weiqida Pharmaceutical Co. Ltd, China and Korea Aluminium Company Limited, South Korea in India since inception. Further, the long standing track of operation and experienced management of the company has led to development of healthy relationship with customers and clients like Cosmas Research Lab Limited, Saitech Medicare (P) Limited Medicef Pharma, Associated Biotech, Zee Laboratories Limited, Gnosis Pharmaceutical Pvt. Ltd, etc

Weaknesses**Regulatory risks inherent in the pharmaceutical sector:**

DTIPL is exposed to competitive and regulatory risks associated with the pharmaceutical industry. The Pharmaceutical Industry is rapidly changing on the regulatory, R&D, people, and technology fronts. The company faces challenges like meeting regulatory requirements and compliances and increasing cost. SMERA believes that any unfavorable change in the import policy, composition or pricing norms of products can significantly affect the business risk profile of the company.

Working Capital intensive:

The business of the company is working capital intensive with GCA days of 149 in FY 16-17 as compared to 169 days in FY2015-16. The major component of GCA days is high debtor days of 118 in FY 16-17 which declined from 134 days in FY2015-16.

Analytical approach:

SMERA has considered standalone business and financial risk profiles of DTI to arrive at the rating.

Outlook – Stable

SMERA believes that DTI will maintain a stable outlook over the medium term owing to its experienced management and long established relationship with suppliers and customers. The outlook may be revised to 'Positive' in case the company registers healthy growth in revenues while achieving sustained improvement in operating margins, capital structure and working capital management. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues, profit margins, or deterioration in the financial risk profile and liquidity position.

About the Rated Entity – Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	170.68	159.13	113.90
EBITDA	Rs. Cr.	6.08	4.31	5.24
PAT	Rs. Cr.	2.34	1.47	2.26
EBITDA Margin	(%)	3.56	2.71	4.60
PAT Margin	(%)	1.37	0.92	1.99
ROCE	(%)	23.81	21.45	28.80
Total Debt/Tangible Net Worth	Times	0.77	0.69	0.66
PBDIT/Interest	Times	2.17	1.88	2.75
Total Debt/PBDIT	Times	1.96	1.97	1.60
Gross Current Assets (Days)	Days	149	169	163

Any other information:

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading entities- <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Status of non-cooperation with previous CRA (if applicable):

None

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
12 May 2017	Cash Credit	LT	6.00	SMERA BB/Stable (Reaffirmed)
	Letter of Credit	ST	16.00	SMERA A4+ (Reaffirmed)
28 Dec 2015	Cash Credit	LT	6.00	SMERA BB/Stable (Reaffirmed)
	Letter of Credit	ST	16.00	SMERA A4+ (Reaffirmed)
16 Nov 2015	Cash Credit	LT	3.00	SMERA BB/Stable (upgraded)
	Letter of Credit	ST	13.00	SMERA A4+ (Upgraded)
21 Jan 2015	Cash Credit	LT	3.00	SMERA B+/Stable (Assigned)
	Letter of Credit	ST	13.00	SMERA A4 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit*	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA BB/Stable (Reaffirmed)
Cash Credit^	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA BB/Stable (Assigned)
Cash Credit^^	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA BB/Stable (Assigned)
Letter of Credit**	Not Applicable	Not Applicable	Not Applicable	16.00	SMERA A4+ (Reaffirmed)
Letter of Credit#	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA A4+ (Assigned)
Letter of Credit##	Not Applicable	Not Applicable	Not Applicable	9.00	SMERA A4+ (Assigned)

* Sublimit of BELC of Rs. 5.00 crore.

** Sublimit of bank Guarantee Rs. 0.10 crore.

#total facility includes sublimit of

1. CC-Rs. 3.00 Crore
2. WCDL- Rs. 3.00 Crore
3. Bank Guarantee- Rs. 2.00 crore
4. EPC/PCFC- Rs. 2.00 crore
5. PSFC- Rs. 2.00 crore.
6. Bill Discounting- Rs. 2.00 crore

^Total Fund Based limit (BD+WCDL+CC+PCFC+PSFC) capped to Rs. 3.00 crore. Further CC facility is interchangeable with LC facility

Total facility includes sublimit of

1. CC-Rs. 3.00 Crore
2. WCDL- Rs. 3.00 Crore
3. Bank Guarantee- Rs. 1.50 crore
4. Pre/post shipment finance - Rs. 3.00 crore
5. Bill Discounting- Rs. 3.00 crore

^^CC/WCDL/PC/BD cumulative utilization restricted to Rs. 3.00 crore. Further CC facility is interchangeable with LC facility.

Contacts:

Analytical	Rating Desk
Suman Chowdhury President - SMERA Bond Ratings Tel: 022-67141107 Email: suman.chowdhury@smera.in	Varsha Bist Manager - Rating Desk Tel: 022-67141160 Email: varsha.bist@smera.in
Bhanupriya Khandelwal Analyst - Rating Operations Tel: 02267141131 Email: bhanupriya.khandelwal@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit www.smera.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.