

Press Release

Delta Global Private Limited

March 08, 2023



Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	12.50	ACUITE BB+ Reaffirmed & Withdrawn	-
Bank Loan Ratings	16.50	-	ACUITE A4+ Reaffirmed & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	29.00	-	-

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) and short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.29.00 Cr. bank facilities of Delta Global Private Limited. The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuite's policy on withdrawal of ratings.

About Company

Gujarat based Delta Global Private Limited (DGPL) was incorporated in 2013 which is primarily engaged in wholesale trading of imported industrial coal in pan India to the reputed large industrial corporates in across various industries. The industrial coal which DGPL deals contains low sulphur, low ash content, black z colour which are widely utilized in steel plants, cement plants, power plants, textile and pharma Industries. The day-to-day operations of the company are managed by Mr. Anurag Yogeshrai Goel and Mr. Piyush Rakeshkumar Goel

About the Group

Delta Group (DG) comprises of two companies, namely, Delta Global Private Limited and Delta Global Resources Private Limited. The group is promoted by Mr. Anurag Goel and Mr. Piyush Goel. The group is majorly engaged into wholesale trading of imported industrial coal across Pan India.

Gujarat based Delta Global Resources Private Limited (DGRPL) was incorporated in 2015 which is primarily engaged in wholesale trading of imported industrial coal in pan India to the reputed large industrial corporates in across various industries. The day-to-day operations of the company are managed by Mr. Anurag Yogeshrai Goel and Mr. Piyush Rakeshkumar Goel.

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

The team has consolidated the business and financial risk profile of Delta Global Private Limited (DGPL) and Delta Global Resources Private Limited (DGRPL); together referred as 'Delta Group' to arrive at the rating. The consolidation is on account of the common management, similarities in the line of business and presence of operational and business synergies.

Key Rating Drivers

Strengths

>Established track record of operations with experienced management

The group commenced its operations under the leadership of Mr. Anurag Goel who started this business in 2005 from a proprietorship concern in the name of Delta Global. Later, DGPL was set up in the year 2013 and DGRPL in 2015. The group is primarily engaged in wholesale trading of imported industrial coal across pan India to the reputed large industrial corporates in across various industries. Currently, the day-to-day operations of the group are managed by Mr. Goel and Mr. Piyush Goel along with other industry veterans with an experience of over three decades in the aforementioned industry and is well supported by second line of experienced management team. The established presence along with experienced management has helped the group to maintain long and healthy relationship with its reputed customers and suppliers in the industry.

Delta group has recorded an operating income of Rs.863.72 crores in FY2022 as against Rs.1254.30 crores in FY2021. The EBITDA Margins of the group stood at 3.15 percent in FY2022 as against 1.17 percent in FY2021. The PAT Margins stood at 1.87 percent in FY2022 as against 0.76 percent in FY2021.

>Moderate Financial risk profile

The financial risk profile of the group stood moderate marked by moderate net worth, low gearing and comfortable debt protection metrics. The tangible net worth stood moderate at Rs.42.28 crore as on 31 March 2022 as against Rs.44.65 crore as on 31 March, 2021. Total debt of the group stood at Rs.30.10 crore as on 31 March 2022 as against Rs.39.15 crore as on 31 March, 2021. Total debt comprises of long-term debt of Rs 0.39 crore, short-term debt of Rs 13.69 crore and USL from directors of Rs 15.67 crore. The overall gearing (debt-equity) of the group improved to 0.71 times as on 31 March 2022 as against 0.88 times as on 31 March, 2021. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 4.19 times as on 31 March 2022 as against 4.05 times as on 31 March 2021. Debt protection metrics of the group is marked comfortable with Interest Coverage Ratio at 5.47 times in FY2022. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.55 times for FY2022 as against 0.25 times for FY2021.

Weaknesses

>Competition space and stressed end user industry

Coal traded and transported by the group find their end use by companies involved in power generation, manufacturing of cement, iron & steel. Increasing cost of supply as against environmentally friendly and economically attractive options of solar and wind power has led to significant reduction in energy consumption from thermal power plants, putting these power plants under financial distress. Any policy changes affecting the highly regulated coal industry or its end users will impact the financial and business risk profile of the group

Rating Sensitivities

None

Material Covenants

None

Liquidity Position

Adequate

The group's liquidity profile is adequate marked by adequate net cash accruals of Rs.16.65 Cr in FY2022 against repayment made of Rs. 13.51 cr in the same period . The group maintains

unencumbered cash and bank balances of Rs. 0.14 crore as on March 31, 2022. The current ratio of the group stood moderate at 1.09 times as on March 31, 2022 as against 1.22 times as on March 31, 2021.

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	863.72	1254.30
PAT	Rs. Cr.	16.16	9.53
PAT Margin	(%)	1.87	0.76
Total Debt/Tangible Net Worth	Times	0.71	0.88
PBDIT/Interest	Times	5.47	4.98

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

None

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Jan 2023	Proposed Bank Facility	Long Term	4.00	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	8.50	ACUITE BB+ (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	16.50	ACUITE A4+ (Downgraded and Issuer not co-operating*)
11 Jan 2022	Proposed Bank Facility	Long Term	4.00	ACUITE BBB- Stable (Assigned)
	Cash Credit	Long Term	8.50	ACUITE BBB- Stable (Assigned)
	Letter of Credit	Short Term	16.50	ACUITE A3 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
HDFC Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.50	ACUITE BB+ Reaffirmed & Withdrawn
HDFC Bank Ltd	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	Simple	16.50	ACUITE A4+ Reaffirmed & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE BB+ Reaffirmed & Withdrawn

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About Acuité Ratings & Research

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