

Del Trade International Private Limited

April 26, 2021

Ratings

Facilities/ Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB; Stable; (Double B; Outlook: Stable)
Short Term Bank Facilities	31.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	46.00 (Rs. Forty-Six Crore Only)		

Details of instruments/facilities in Annexure-1
Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 28, 2020, placed the rating(s) of Del Trade International Private Limited (DTIPL) under the 'issuer non-cooperating' category as company had failed to provide information for monitoring of the rating. DTIPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated April 08, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of non-receipt of information from company and hence CARE is not able to conduct appropriate analysis.

Detailed description of key rating drivers

At the time of last rating on March 28, 2020, following were the rating weaknesses and strengths. (updated for the information available with ministry of corporate affairs for FY20)

Key Rating Weaknesses

Low profitability margins: The profitability margin of the company has been low owing to the trading nature of the business and the intense market competition given the highly fragmented nature of the industry. Despite growing scale of operations, PBILDT for the year remained low at Rs 9.52 Cr (PY: Rs 7.19 Cr) and PAT remained at Rs 4.70 Cr (PY: Rs 2.98 Cr) due to high interest expense. PBILDT margin of the company improved to 3.28% in FY20 as against 3.06% in FY19 and PAT margin stood at 1.62% in FY20 as compared to 1.27% in FY19, but continue to remain low.

Working capital intensive nature of operations: The operating cycle of DTIPL is marked by large working capital requirements in view of its elongated operating cycle due to high collection period ranging between 108 - 120 days during FY18 to FY20, on account of high credit period offered by the company to its customers. Furthermore, the inventory holding period reduced to 17 days in FY20 from 21 days in FY19 as it imports most of its goods for trading and as a result needs to maintain a moderate inventory to meet immediate customer demand. The working capital intensity is high, as large amount of funds remained blocked in debtors. However, to some extent the working capital requirement are met by credit period availed from its supplier and DTIPL has a moderate payables period of 87 days for FY20 reduced from 91 days in FY19.

Foreign currency fluctuation risk: DTIPL imported about 89.54% of APIs and pharmaceutical packaging material in FY18. Therefore, DTIPL remains exposed to any fluctuations in currency for procurement of APIs and packaging material. Any adverse movement in currency prices have the ability to impact DTIPL's profitability significantly and may even have major long-term consequences on its business model. Though, the firm hedges around 50%-60% of its payables through forward contracts but balance remaining unhedged exposes it to risk of depreciation in the value of rupee against foreign currency which may impact its cash accruals.

Key Rating Strengths

Experienced Promoters: Incorporated in 2010, Del Trade International Private Limited (DTIPL) is promoted by Mr. Ramesh Gupta. The company's managing director; Mr. Ramesh Gupta has over four decades of experience in industry and trade and has a proven track record of working at senior management positions for various companies before founding DTIPL. Mr. Gupta is engaged in day-to-day activities of the company. He is ably supported by an experienced management team.

Moderate financial risk profile: DTIPL has a moderate financial risk profile marked by gearing at 1.45x as on March 31, 2019 as compared to 1.44x as on March 31, 2019 and interest coverage of 2.30x during FY19 as compared to 2.48x during FY18.

TDGCA has also improved to 5.77x as on March 31, 2020 as compared to 6.62x as on March 31, 2019 mainly on account of increased cash accruals for company during FY20.

Growing scale of operations: DTIPL has witnessed ~23% increase in its operating income during FY20 which stood at Rs 289.64 crore as against Rs 234.91 crore during FY19. Further during FY20 company witnessed an increase in its net profit by ~58% to Rs 4.70 crore in FY20 (PY: Rs 2.98 crore).

Established relationship with customers and suppliers: DTIPL has been in this line of business for more than eight years and as a result has long forged relationships with its suppliers. DTIPL's major suppliers include Sinopharm Weiqida Pharmaceutical Co. Ltd (SWPCL); which is one of the largest pharmaceutical companies in China and DTIPL is associated with them as their preferred channel partners for the supply of their pharmaceutical bulk drugs. DTPL procured 50% of their total value of traded goods in FY18 from SWPCL. DTIPL majorly imports APIs and pharmaceutical packaging material from entities like SWPCL and Korean Aluminium Co Ltd (KACL). KACL respectively and distributes it to local companies through established network of dealers and customers.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial Ratios – Non Financial Sector](#)

[CARE's criteria for short term instruments](#)

[Rating Methodology – Liquidity Analysis of non-financial sector entities](#)

About the Company

Del Trade International Private Limited (DTIPL), incorporated in 2010 is a New Delhi based trading house promoted by Mr. Ramesh Gupta. DTIPL is involved in the import and distribution of pharmaceutical packaging materials, Active Pharmaceutical Ingredients (APIs) and excipients. The major suppliers of DTIPL include Sinopharm Weiqida Pharmaceutical Co. Ltd(SWPCL), China (Sinopharm) from which it procures APIs and Korean Aluminum Co Ltd. (KACL), South Korea from which it procures packaging material (AluAlu foils.). DTIPL's customer base comprises of pharmaceutical companies who manufacture finished dose formulations. Recently, DTIPL has also forayed into distribution of domestically manufactured APIs.

Brief Financials

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	234.91	289.64
PBILDT	7.19	9.52
PAT	2.98	4.70
Overall gearing (times)	1.44	1.45
Interest coverage (times)	2.30	2.97

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3.

Status of non-cooperation with previous CRA: Acuite BB-/ Acutie A4+; Issuer not Cooperating vide PR dated November 03, 2020.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure2

Annexure 1: Details of Instrument/ Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit	-	-	-	31.00	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information

Annexure 2: Rating history of past 3 years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (28-Mar-20) 2)CARE BB+; Stable (04-Apr-19)	1)CARE BB+; Stable (25-May-18)
2.	Non-fund-based - ST-Letter of credit	ST	31.00	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (28-Mar-20) 2)CARE A4+ (04-Apr-19)	1)CARE A4+ (25-May-18)

*Issuer did not cooperate; based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities - Not Applicable.

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Non-fund-based - ST-Letter of credit	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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