

## Damodar Tradelinks Private Limited

Instrument	Amount	Rating Action
	In Rs Crore	September 2016
Long-term, Fund Based	12.00	[ICRA]BB- (Stable)/ Re-Affirmed
Long-term/ short-term, interchangeable limits	3.50 (revised from 12.00)*	[ICRA]BB-(Stable)/ A4 / Re-affirmed

*\*Sublimit of long-term fund based facilities; fully interchangeable*

ICRA has re-affirmed the long-term rating of [ICRA]BB- (pronounced ICRA double B minus) for the Rs. 12.00 crore<sup>^</sup> fund based facilities of Damodar Tradelinks Private Limited ("DTPL" / "the company"). ICRA has also reaffirmed the long-term/short-term rating of [ICRA]BB- / [ICRA]A4 (pronounced ICRA double B minus/ ICRA A four)<sup>†</sup>, to the Rs. 3.50 crore (revised from Rs. 12.00 crore) fully interchangeable limits of DTPL. The outlook on the long-term rating is Stable.

The re-affirmation of the ratings take into account the established presence of the Electro Group of Companies, especially in southern markets with a strong network of suppliers and customers; and the considerable the experience of electro group's promoters of over two decades in the polymer industry. The ratings also consider the favourable demand outlook for all types of polymers in India, backed by growth in end-user industries such as automobiles and FMCG.

The ratings are, however, constrained by the DTPL's average financial risk profile characterised by thin profitability due to the trading nature of its business and the resultant weak coverage and debt protection metrics; as well as DTPL's modest net worth vis-à-vis its total outside liabilities. The ratings also factor in the exposure of the company's margins to fluctuations in raw material prices with intense competition in the highly fragmented industry further exerting pricing pressures. The ratings also consider group's exposure to regulatory risks arising from imposition of import duties and anti-dumping duties on polymers.

For arriving at the ratings, ICRA has taken a consolidated view of the financial and business risk profiles of DTPL and Electro Polychem Limited (EPL), as these companies operate in the same line of business under a common management, have fungible cash flows, and derive considerable synergies from each other.

### Group Profile

Damodar Tradelinks Private Limited was incorporated in 2003 by founder and Group Chairman of the Electro Group, Mr. Brij Khandelwal. DTPL is engaged in the trading of different types of polymers including PVC (poly vinyl chloride), Low-density polyethylene (LDPE), High-density polyethylene (HDPE), Linear Low-density polyethylene (LLDPE) fillers, master batches, PET (poly ethylene terephthalate), resin, calcium, etc. DTPL sources its products in bulk from both domestic and international suppliers and sells the products both directly and indirectly to numerous customers spread across southern India.

DTPL is part of the Electro Group of companies, established in 1986 by Mr Brij Khandelwal by foraying into the Petrochemicals industry. The group has since expanded into diverse sectors, with 9 companies operating across Petrochemicals, Constructions and Hospitality sectors.

### Recent Results

For FY 2015-16, DTPL provisionally reported a PAT of Rs 0.40 Crore on an operating income of Rs 100.1 Crore as against a PAT of Rs 0.47 Crore on an operating income of Rs 124.6 Crore in FY 2014-15. For FY 2015-16, Electro group provisionally reported a PAT of Rs. 0.90 crore on an operating income of Rs. 200.24 crore as against a PAT of Rs 1.1 crore on net sales of Rs.192.75 in FY 2014-15.

**September 2016**

<sup>^</sup> 100 lakh = 1 crore = 10 million

<sup>†</sup> For a complete rating scale and definitions, please refer to ICRA's website ([www.icra.in](http://www.icra.in)) or other ICRA rating publications.



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