

18 April, 2014

CARE ASSIGNS 'CARE BB/ CARE A4' RATINGS TO THE BANK FACILITIES OF THE STATE TRADING CORPORATION OF INDIA LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	2000	CARE BB [Double B]	Assigned
Short-term Bank Facilities	4000	CARE A4 [A Four]	Assigned
Total Facilities	6000		

Rating Rationale

The ratings assigned to the bank facilities of The State Trading Corporation of India Limited (STC) factor in the weak financial profile and high amount of trade receivables outstanding for more than 6 months. However, the ratings draw strength from the long and established track record of operations, trade in mass consumption items, bullion, fertilisers and coal by the company and the predominant ownership of the Government of India.

The ability of the company to strengthen its internal control systems and risk management policies, recover outstanding receivables without any further write-offs and improve profitability and capital structure will be the key rating sensitivities.

Background

The State Trading Corporation of India Limited (STC) is a Miniratna Category-1 Central Public Sector Enterprise. It is a trading company engaged primarily in the export and import operations. The Corporation functions under the administrative control of the Ministry of Commerce & Industry, Govt. of India. STC has thirteen branch offices in India, the major ones being at Mumbai, Kolkata, Chennai, Ahmedabad, Bangalore and Hyderabad. STC owns tank farms, warehouses, godowns at various locations of the country for storage of liquid/dry cargo. STC has a wholly owned subsidiary, namely, STCL Ltd., which is based at Bangalore and is engaged in spices trading/ auctions.

STC had a total income of Rs.19292.73 crore with a PAT of Rs.17.95 crore in FY13 (refers to the period April 1 to March 31) as against a total income of Rs.31,061.23 crore and a PAT of Rs.16.47 crore in FY12. During 9MFY14 (refers to the period April 1 to December 31), STC incurred a net loss of Rs.307.40 crore on a total income of Rs.12,088.58 crore as against a total income of Rs.14,254.29 crore and a PAT of Rs.7.28 crore in 9MFY13.

Analyst Contact

Name: Gaurav Dixit

Tel: 011-45333235

Mobile: 9717070079

Email: gaurav.dixit@careratings.com

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is 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 CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra
Managing Director
Mobile : +91-98204 16002
E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi
Dy. Managing Director
Mobile +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Ms. Meenal Sikchi
Vice President –Bank Loan &
Instrument Rating
Mobile: +91-9819009839
mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Vice President – Banks & Financial
Services
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LTD

HEAD OFFICE 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 | Tel: +91-022- 6754 3456 | E-mail: care@careratings.com | Fax: +91-022- 6754 3457.

KOLKATA | Ms. Priti Agarwal | Cell: +91-98319 67110 | Tel: +91-33- 4018 1600/ 1602 | E- mail: priti.agarwal@careratings.com | 3rd Flr., Prasad Chambers (Shagun Mall Bldg), 10A, Shakespeare Sarani, Kolkata -700 071

CHENNAI | Mr. V Pradeep Kumar | Cell: +91 9840754521 | Tel: +91-44-2849 7812/2849 0811 | Fax: +91-44-2849 0876 | Email: pradeep.kumar@careratings.com | Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002

AHMEDABAD | Mr. Mehul Pandya | Cell: +91-98242 56265 | Tel: +91-79-40265656 | Fax: +91-79-40265657 | E-mail:mehul.pandya@careratings.com | 32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015.

NEW DELHI | Ms. Swati Agrawal | Cell: +91-98117 45677 | Tel: +91- 11- 2331 8701/ 2371 6199 | E-mail: swati.agrawal@careratings.com | 3rd Floor, B -47, Inner Circle, Near Plaza Cinema, Connaught Place, New Delhi - 110 001.

BENGALURU | Mr. Dinesh Sharma | Cell: +91 9900041975| Tel: +91-80-41150445 |41654529 E-mail: dinesh.sharma@careratings.com | Unit No. 1101-1102, 11th Floor, Prestige Meridian II, No. 30, M.G. Road, Bengaluru- 560 001.

HYDERABAD | Mr. Saikat Roy | Tel: +91-40-40102030 | E-mail: saikat.roy@careratings.com | 401, Ashoka Scintilla | 3-6-520, Himayat Nagar | Hyderabad - 500 029.

PUNE | Mr. Rahul Patni | Cell: +91-78754 33355 | Tel: +91-20- 4000 9000 | E-mail: rahul.patni@careratings.com | 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015.

JAIPUR| Mr. Rahul Jain | Cell: +91-9314921496| Tel: +91-0141-4020213/14 | E-mail: rahul.jain@careratings.com |304, Pashupati Akshat Height, s Plot No. D-91, Madho Singh Road, Near Collectorate Circle, Bani Park , Jaipur – 302016.