

## MMTC Limited

March 16, 2023

| Facilities/Instruments                 | Amount<br>(₹ crore) | Rating <sup>1</sup>                         | Rating Action   |
|--|---------------------|---|---|
| Long Term Bank Facilities              | 1,055.00            | CARE D; ISSUER NOT COOPERATING*             | Rating moved to ISSUER NOT COOPERATING category; Reaffirmed and removed from Rating Watch with Positive Implications      |
| Long Term / Short Term Bank Facilities | 5,323.00            | CARE D / CARE D;<br>ISSUER NOT COOPERATING* | Rating moved to ISSUER NOT COOPERATING category; Reaffirmed and removed from Rating Watch with Positive Implications      |
| Short Term Bank Facilities             | 2,500.00            | CARE D; ISSUER NOT COOPERATING*             | Revised from CARE D and moved to ISSUER NOT COOPERATING category and removed from Rating Watch with Positive Implications |

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from MMTC Limited (MMTC) to monitor the ratings vide e-mail communications dated February 23, 2023, February 28, 2023, March 03, 2023 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on MMTC's bank facilities will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING\***.

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

### Rating sensitivities: NA

**Analytical approach:** Standalone

**Outlook:** NA

### Detailed description of the key rating drivers

At the time of last rating on April 06, 2022 the following were the rating strengths and weaknesses (updated for the information available from publicly available information).

#### Key weaknesses

#### High group exposure Neelachal Ispat Nigam Limited (NINL) leading to moderation in the financial & liquidity profile of MMTC:

The Cabinet Committee on Economic Affairs (CCEA) had given an 'in-principle' approval for strategic disinvestment of 100% equity of NINL in January 2020. As per BSE announcement dated Feb 01, 2022, strategic buyer has been approved for privatization of NINL. The highest bidder i.e. M/s Tata Steel Long Products Limited (TSPL) for 93.71% of shares of Joint Venture partners of 4 CPSEs and 2 Odisha Govt State PSEs has been approved at the Bid Enterprise Value of Rs. 12,100 cr.

In July 2022, Tata Steel Long Products Limited ('TSLP'), a subsidiary of Tata Steel, has completed the acquisition of 93.71% in 1 million tons per annum 'NINL' from MMTC Ltd., NMDC Ltd., MECON Ltd., Bharat Heavy Electricals Ltd., Industrial Promotion and Investment Corporation of Odisha Ltd., Odisha Mining Corporation Ltd., President of India, Government of Odisha. The acquisition has been completed as per the terms and conditions of the Share Sale and Purchase Agreement entered on March 10, 2022 and in accordance with the process being run by Department of Disinvestment & Public Asset Management (DIPAM). The aggregate consideration which has been paid out by TSLP is Rs. 12,100 crore.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

Accordingly, all the principal payment of the bank debt has been paid however there are ongoing discussions for waiver of penal interest and other charges.

### Key strengths

#### MMTC's position as India's largest international trading house and established track record of trading in diverse commodities

As apprised by the company management, there are no business operations in MMTC currently and the final announcement on its closure of operations is awaited.

**Liquidity:** Not Available

### Applicable criteria

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

[Policy on default recognition](#)

[Factoring Linkages Government Support](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Policy on Withdrawal of Ratings](#)

### About the company and industry

#### Industry Classification

| Macro Economic Indicator | Sector   | Industry                       | Basic Industry         |
|--------------------------|----------|--------------------------------|------------------------|
| Services                 | Services | Commercial Services & Supplies | Trading & Distributors |

MMTC, a public sector undertaking, was incorporated on September 26, 1963, to facilitate foreign trade in India and canalize the export and import of essential minerals and metals. It is under the administrative control of the Ministry of Commerce & Industry, and Government of India (GOI) held 89.93% stake in the company as on December 31, 2022. MMTC deals in multiple products and markets. The business operations of the company span across six major divisions i.e. minerals, metals, precious metals, agro products, fertilizers & chemicals and coal & hydrocarbons.

| Brief Financials (₹ crore) | March 31, 2021 (A) | March 31, 2022 (A) | 9MFY23 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income     | 26,423.80          | 8,393.29           | 325.06      |
| PBILDT                     | -13.62             | 431.87             | 37.27       |
| PAT                        | -769.68            | -241.93            | 1063.51     |
| Overall gearing (times)    | 5.61               | 13.23              | NA          |
| Interest coverage (times)  | -0.07              | 2.10               | NA          |

A: Audited; UA: Unaudited; NA: Not Available

**Status of non-cooperation with previous CRA: NA**

**Any other information: NA**

**Rating history for the last three years:** Please refer Annexure-2

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

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

| Name of the Instrument                      | ISIN | Date of Issuance (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|---|------|-------------------------------|-----------------|----------------------------|-----------------------------|---|
| Fund-based - LT-Cash Credit                 |      | -                             | -               | -                          | 855.00                      | CARE D; ISSUER NOT COOPERATING*           |
| Fund-based - LT-Term Loan                   |      | -                             | -               | 31/03/2022                 | 200.00                      | CARE D; ISSUER NOT COOPERATING*           |
| Fund-based - ST-Working Capital Demand loan |      | -                             | -               | -                          | 740.00                      | CARE D; ISSUER NOT COOPERATING*           |
| Fund-based - ST-Working Capital Demand loan |      | -                             | -               | -                          | 1760.00                     | CARE D; ISSUER NOT COOPERATING*           |
| Non-fund-based - LT/ST-BG/LC                |      | -                             | -               | -                          | 5323.00                     | CARE D / CARE D; ISSUER NOT COOPERATING*  |

\*Issuer did not cooperate; based on best available information.

#### Annexure-2: Rating history for the last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings |                              |                                 | Rating History   |   |  |  |
|---------|--|-----------------|------------------------------|---------------------------------|--|---|--|--|
|         |  | Type            | Amount Outstanding (₹ crore) | Rating                          | Date(s) and Rating(s) assigned in 2022-2023  | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021            | Date(s) and Rating(s) assigned in 2019-2020  |
| 1       | Fund-based - LT-Cash Credit            | LT              | 855.00                       | CARE D; ISSUER NOT COOPERATING* | 1)CARE D (RWP) (27-Dec-22)<br>2)CARE D (CW with Positive Implications) (06-Apr-22) | 1)CARE D (05-Apr-21)                        | 1)CARE B (CW with Developing Implications) (29-Sep-20) | 1)CARE BBB+ (CW with Developing Implications) (17-Jan-20)<br>2)CARE A- (CW with Developing |

|   |  |         |         |   |   |                      |   |  |
|---|--|---------|---------|---|---|----------------------|---|--|
|   |  |         |         |   |   |                      |   | Implications ) (09-Oct-19)   |
| 2 | Fund-based - ST- Working Capital Demand loan | ST      | 1760.00 | CARE D; ISSUER NOT COOPERATING *          | 1)CARE D (RWP) (27-Dec-22)<br>2)CARE D (CW with Positive Implications ) (06-Apr-22)                   | 1)CARE D (05-Apr-21) | 1)CARE A4 (CW with Developing Implications ) (29-Sep-20)          | 1)CARE A3+ (CW with Developing Implications ) (17-Jan-20)<br>2)CARE A2+ (CW with Developing Implications ) (09-Oct-19)                       |
| 3 | Non-fund-based - LT/ ST-BG/LC                | LT/ST * | 5323.00 | CARE D / CARE D; ISSUER NOT COOPERATING * | 1)CARE D / CARE D (RWP) (27-Dec-22)<br>2)CARE D / CARE D (CW with Positive Implications ) (06-Apr-22) | 1)CARE D (05-Apr-21) | 1)CARE B / CARE A4 (CW with Developing Implications ) (29-Sep-20) | 1)CARE BBB+ / CARE A3+ (CW with Developing Implications ) (17-Jan-20)<br>2)CARE A- / CARE A2+ (CW with Developing Implications ) (09-Oct-19) |
| 4 | Fund-based - ST- Working Capital Demand loan | ST      | 740.00  | CARE D; ISSUER NOT COOPERATING *          | 1)CARE D (RWP) (27-Dec-22)<br>2)CARE D (CW with Positive Implications ) (06-Apr-22)                   | 1)CARE D (05-Apr-21) | 1)CARE D (29-Sep-20)  | 1)CARE A3+ (CW with Developing Implications ) (17-Jan-20)<br>2)CARE A2+ (CW with Developing Implications ) (09-Oct-19)                       |
| 5 | Fund-based - LT- Term Loan                   | LT      | 200.00  | CARE D; ISSUER NOT COOPERATING *          | 1)CARE D (RWP) (27-Dec-22)<br>2)CARE D (CW with   | 1)CARE D (05-Apr-21) | 1)CARE B (CW with Developing Implications ) (29-Sep-20)           | 1)CARE BBB+ (CW with Developing Implications )   |

|  |  |  |  |  |                                     |  |  |  |
|--|--|--|--|--|-------------------------------------|--|--|--|
|  |  |  |  |  | Positive Implications ) (06-Apr-22) |  |  | (17-Jan-20)<br>2)CARE A-(CW with Developing Implications ) (09-Oct-19) |
|--|--|--|--|--|-------------------------------------|--|--|--|

\*Issuer did not cooperate; based on best available information.

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA**

**Annexure-4: Complexity level of the various instruments rated**

| Sr. No. | Name of the Instrument                      | Complexity Level |
|---------|---|------------------|
| 1       | Fund-based - LT-Cash Credit                 | Simple           |
| 2       | Fund-based - LT-Term Loan                   | Simple           |
| 3       | Fund-based - ST-Working Capital Demand loan | Simple           |
| 4       | Non-fund-based - LT/ ST-BG/LC               | Simple           |

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

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