MSTC Limited

March 10, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	10.00	CARE BBB+; Stable	Reaffirmed
Short-term bank facilities	100.00	CARE A2	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings reaffirmed to bank facilities of MSTC Limited (MSTC) continue to draw strength from established position of the company in the e-commerce business, leading to stable source of revenue from service income and Government of India's (GoI) controlling stake in the company. Ratings further draw strength from high profitability margins in FY25 (period April 01 to March 31) and 9MFY26 and healthy capital structure and debt coverage indicators.

However, ratings continue to remain constrained by the elongated average collection period due to long-due receivables mainly from the trading business, high total outside liabilities as a proportion of tangible net worth (TOL/TNW), on-going litigations against the company, customer concentration and exposure to intense competition with tender-based nature of business in e-commerce.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in sales from the e-commerce segment.
- Significant improvement in collection period.
- Sustaining the improvement in profitability margins.
- Improvement in TOL/TNW below 2x

Negative factors

- Moderation in operating profitability or significant write-offs considering long-due debtors.
- Increase in overall gearing beyond 0.75x.
- Any unfavourable outcome of the on-going litigations impacting the debt coverage indicators and profitability of the company

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that MSTC is expected to continue deriving advantage from its established position in the e-commerce business, especially for its government and Public Sector Undertaking (PSU) clientele, which and favourable demand scenario should enable it to sustain healthy business risk profile in the medium term supported by a comfortable financial risk profile.

Detailed description of key rating drivers:

Key strengths

Long track record of the company with GoI's controlling stake and Mini Ratna I status

MSTC was set up in September 1964 to regulate exports of ferrous scrap from India. Since 1991, the company has been directly marketing melting scrap, coke/coal, iron ore, and several other products. Over the years, it gradually diversified its product and service portfolio. MSTC is a Mini Ratna Category-I Public Sector Undertaking (PSU) of the Government of India (GoI), based in Kolkata. Although the government reduced its stake to 64.75% through the March 2019 IPO, GoI continues to hold a controlling stake, which is expected to support MSTC's business stability in the medium term.

Shift in focus to e-commerce segment and significant reduction of trading business

MSTC earns stable service income through the e-commerce business. The direct trading sales and service income from trading through facilitator mode (majorly purchase of raw material for secondary steel producers and petrochemical industry) has been gradually reducing with shift in focus towards the e-commerce business. In the facilitator mode, MSTC only does order-backed

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

purchases and currently all contracts are backed by bank guarantee of 110% of the procurement value from the customer. Total operating income (TOI) decreased by ~2% in FY25 due to decreased net revenue from trading segment. Service income from e-commerce segment grew marginally by 0.5% y-o-y to ₹366 crore in FY25 against ₹364 crore in FY24.

The company has been providing diversified e-commerce services mainly to government and PSU entities ranging from tendering, bidding, online platform for buying and selling, license auctions, and scrap disposals, among others. The company is likely to benefit from the gradual shift to the digital mode by GoI.

Healthy capital structure

Overall gearing ratio slightly improved from 0.22x as on March 31, 2024, to 0.19x on March 31, 2025. As the company shifted its focus from trading business to e-commerce business, the requirement for working capital borrowings reduced significantly. Outstanding debt of ₹145.00 crore reflects the amount accounted for sub-judice liability towards Standard Chartered Bank (SCB) and Indian Overseas Bank (IOB) and the company repaid/surrendered all other debt. TOL/TNW remained high at 2.59x as on March 31, 2025. The company has a significant amount of security deposits/deposits received from customers, against which there is a significant amount of cash also outstanding in the books.

Continued high profitability

With higher profitability in the e-commerce segment, the company continued to witness high profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 59.06% in FY25 (PY: 60.68%). Slight deterioration was because of higher employee costs. Jump in profit after tax (PAT) margin is not from core business activities but from exceptional income of ₹263 crore earned in FY25 from profit on sale of subsidiary Ferro Scrap Nigam Limited (₹301.69 crore) and expenditure towards provisions considering old arbitration awards (₹38.50 crore). In 9MFY25, the company posted PBILDT margin of 59.05% and PAT margin of 58.16%.

Key weaknesses

Elongated average collection period

Receivables reduced to ₹310 crore as on March 31, 2025, from ₹317 crore as on March 31, 2024. However, average collection period increased slightly to 247 days (PY: 243 days) as trading sales declined faster than receivables. Despite reduction in absolute receivables, overall collection cycle remains high. A large portion of the outstanding dues, mainly from the trading segment, is backed either by 110% bank guarantees or by equivalent amount of creditors. As on September 30, 2025, receivables stood at ~₹310 crore.

Customer concentration despite reduced in past two years

No customer of MSTC in trading segment contributed over 10% of total revenue in the last three years against one customer contributing ~21% of total revenue in FY22. Reduction of the trading business contributed to reduced concentration. In the e-commerce segment, ~90% revenue is mainly earned from public sector enterprises. The company is looking at gradually increasing its business from the private sector.

Intense competition

The trading industry is highly fragmented with a few large PSUs and a large number of private players in the fray. Accordingly, the company faces intense competition, impacting its profitability. In the selling agency business, there is risk of the customer directly selling the product. In the e-commerce segment as well, it faces significant competition from other portals. Orders from government and PSU entities are procured through tendering process.

On-going litigations against the company

In FY09, MSTC exported gold jewellery worth ₹638.21 crore to customers based in the UAE, Singapore, and Kuwait, through jewellery manufacturers/merchants based in Mumbai. Of this, foreign export bills for ~₹184.66 crore were sold to SCB under factoring arrangement without recourse. Payments from Dubai-based customers were due in 2009 and debtors did not honour payment commitments despite having court judgements. Against the total amount of receivables purchased by SCB, a balance amount of ₹143.62 crore remained outstanding as on March 31, 2024. SCB insured the total amount of receivables purchased by them with ICICI Lombard (ICICIL) in case of a default in payment by debtors. However, SCB raised claim from MSTC for it. MSTC has shown liability in its books for ₹143.62 crore (as borrowings with corresponding receivables) and interest payable of ₹78.89 crore (as other financial liabilities) as on March 31, 2025, same as March 31, 2024. The matter is sub-judice in forums, including Bombay High Court, Civil court at Alipore Kolkata, and Debt Recovery Tribunal, Mumbai, and is contingent in nature, at this juncture. Adverse outcomes of legal proceedings impacting the company's credit risk profile is a key rating sensitivity.

Liquidity: Adequate
The company's liquidity position is adequate. Cash accruals are healthy and currently there are no debt repayment obligations. At present, the company does not have sanctioned fund-based working capital limits or bank guarantees. It uses bank guarantees fully backed by fixed deposits for its requirements. It does not have significant capital expenditure plans

Environment, social, and governance (ESG) risks
The company participates in initiatives towards addressing environmental issues, such as introducing scrappage policy. The company expended ₹4.81 crore for Corporate Social Responsibility (CSR) projects and initiatives in FY25. Its board composition is in line with the regulatory requirements.

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments
Wholesale Trading

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Commercial services and supplies	Trading and distributors

MSTC is a Mini-Ratna Category-I PSU of GoIa and was set up in September 1964 for regulating export of ferrous scrap from India. Currently, the company is under the Ministry of Steel, GoI and is engaged in trading items and e-commerce services, e-auctions and e-procurement services.

Brief Financials (₹ crore)	FY24(A)	FY25(A)	9MFY26(UA)
Total operating income	316.25	310.96	250.86
PBILDT*	191.91	183.65	148.14
Profit after tax (PAT)	171.91	402.98	145.89
Overall gearing (x)	0.22	0.19	NA
Interest coverage (x)	395.76	553.83	NM

A: Audited UA: Unaudited; NA: Not available; NM: Not meaningful; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Facility	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE BBB+; Stable
Non-fund-based - ST-BG/LC		-	-	-	100.00	CARE A2

Annexure-2: Rating history for last three years

Sr. No.	Name of the Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-BG/LC	ST	100.00	CARE A2	1)CARE A2 (04-Apr-25)	-	1)CARE A2 (22-Mar-24) 2)CARE A2 (07-Apr-23)	-
2	Fund-based - LT-Cash Credit	LT	10.00	CARE BBB+; Stable	1)CARE BBB+; Stable (04-Apr-25)	-	1)CARE BBB+; Stable (22-Mar-24) 2)CARE BBB+; Stable (07-Apr-23)	-
3	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (07-Apr-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable

Annexure-4: Complexity level of instruments rated

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

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

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

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Hardik Manharbhai Shah Director **CARE Ratings Limited** Phone: +91-22-6754 3591 E-mail: hardik.shah@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Richa Bagaria Associate Director **CARE Ratings Limited** Phone: +91-33-4018 1653 E-mail: richa.jain@careedge.in Preeti Baid Analyst **CARE Ratings Limited** E-mail: Preeti.baid@careedge.in

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