

## The State Trading Corporation of India Limited

December 31, 2019

### Ratings

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long-term Bank Facilities	2000	CARE D; ISSUER NOT COOPERATING* (Single D; Issuer Not Cooperating)	Issuer not cooperating; Based on best available information
Short-term Bank Facilities	4000	CARE D; ISSUER NOT COOPERATING* (Single D; Issuer Not Cooperating)	Issuer not cooperating; Based on best available information
<b>Total</b>	<b>6000</b> <b>(Rupees Six</b> <b>thousand crore</b> <b>only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

The State Trading Corporation of India Limited has not paid the surveillance fees for the rating exercise as agreed in its Rating Agreement. Also, CARE has been seeking information from The State Trading Corporation of India Limited to monitor the rating vide e-mail communications dated December 03, 2019, November 18, 2019, November 11, 2019, November 08, 2019 and October 15, 2019 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 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. The rating on bank facilities of The State Trading Corporation of India Limited are denoted as **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).**

### Detailed description of the key rating drivers

There are ongoing delays as per publicly available information and also as per the lender account is classified as NPA. The following were the rating weaknesses and strengths considered at the time of last rating exercise (December 19, 2018):

#### Key Rating Weaknesses

**Delays in servicing of debt obligations:** The company is facing cash flow mismatches due to huge recoverable from associates with which the company had undertaken trade transactions and who had defaulted in making timely payment to STC. The company has taken legal recourse for the same for the recovery; however, this has led to a financial crunch leading to delays in servicing of debt obligations.

#### Key Rating Strengths

**Predominant ownership by the Government of India:** The Corporation functions under the administrative control of the Ministry of Commerce & Industry, Government of India. STC arranges import/ export of mass consumption items including rice, wheat, edible oils, sugar as per instructions of the Government. As on September 30, 2018, the Government of India had approximately 90% shareholding in STC.

**Analytical approach:** Standalone

#### Applicable Criteria

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

[Criteria on assigning 'Outlook' and 'credit watch' to Credit Ratings](#)

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

<sup>1</sup> Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

Criteria for Short Term Instruments

Financial ratios – Non-Financial Sector

Rating Methodology - Wholesale Trading

### About the company

STC is a Miniratna Category-1 Central Public Sector Enterprise and is recognised by the Government of India (GOI) as a Star Trading House. It is a trading company engaged primarily in the export and import operations. The company functions under the administrative control of the Ministry of Commerce & Industry, GOI. STC has 11 branch offices in India. STC owns tank farms, warehouses, godowns at various locations of the country for storage of liquid/dry cargo. GOI holds 90% stake in the company.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	11168.9	9013.07
PBILDT	199.06	-11.95
PAT	38.86	-881.08
Overall gearing (times)	1.73	17.46
Interest coverage (times)	1.11	-0.08

**A: AUDITED**

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

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

### Annexure-1: Details of Instruments/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-Working Capital Limits	-	-	-	2000.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - ST-Term loan	-	-	-	400.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-BG/LC	-	-	-	3600.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*\*Issuer did not cooperate; Based on best available information*

## Annexure-2: Rating History of last three 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Working Capital Limits	LT	2000.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (19-Dec-18)	1)CARE D (30-Jun-17)	1)CARE BB+; Stable (05-Jan-17)
2.	Fund-based - ST-Term loan	ST	400.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (19-Dec-18)	1)CARE D (30-Jun-17)	1)CARE A4+ (05-Jan-17)
3.	Non-fund-based - ST-BG/LC	ST	3600.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D (19-Dec-18)	1)CARE D (30-Jun-17)	1)CARE A4+ (05-Jan-17)

*\*Issuer did not cooperate; Based on best available information*

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

### Disclaimer

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**