

December 23, 2021

## S A Trading Company- Removed from 'Issuer not cooperating' Category

### Rationale

ICRA has removed its earlier rating of **[ICRA]BB-(Stable)** from the 'ISSUER NOT COOPERATING' category as the company has now submitted its 'No Default Statement' ("NDS") which validates that the company is regular in meeting its debt servicing obligations. The company's rating was moved to the 'ISSUER NOT COOPERATING' category in November 2021.

The current rating derives comfort from extensive experience of SA Trading Company's (SATC) promoters in handmade woollen/silken/pashmina shawls and other related product manufacturing industry. The rating also derives strength from the firm's established relationship with its customers, corroborated by regular orders, its established track record in the industry and its quality products. The rating is, however, constrained by the firm's modest scale of operations and high client-concentration risk. The rating also takes into consideration the high working capital intensity, as payments from customers are prolonged against low payable days and high inventory position. The rating further considers the moderate credit profile of the firm with moderate gearing and debt coverage indicators. ICRA also notes that SATC is a proprietorship firm and hence, any significant withdrawals from the capital account by the proprietor could adversely affect its net worth and in turn, its capital structure.

The previous detailed rating rationale is available on the following link: [Click here](#)

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