

Container Corporation of India Limited

November 28, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities- Non Fund Based	462.00	CARE AAA (Triple A; Under Credit Watch with Developing Implications)	Placed on credit watch with developing implications
Total	462.00 (Rupees Four Hundred Sixty Two Crore only)		
Issuer Rating*	-	CARE AAA (Is); [Triple A (Issuer Rating); Under Credit Watch with Developing Implications]	Placed on credit watch with developing implications

*The rating is subject to the company maintaining overall gearing not exceeding 0.05x (expected level as on March 31, 2020).

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings of Container Corporation of India Limited (CONCOR) have been placed on credit watch with developing implications on account of the recent clearance given by the cabinet committee on economic affairs (CCEA) for divesting the government's stake in CONCOR by 30.80% along with ceding the management control to the strategic buyer. CARE will continue to monitor the developments in this regard and will take a view on the ratings once the exact implications of the above on the credit risk profile of the company are clear.

Detailed Description of the Key Rating Driver

As per the news release dated November 21, 2019, the CCEA has given in-principle clearance for divesting the government's stake in CONCOR by 30.80% along with ceding the management control to the strategic buyer. The government currently holds 54.80% in the company and will continue to retain 24% shareholding post divestment. However, CARE is awaiting more clarity with regard to the aforesaid issue and may take a view on the rating of CONCOR once further clarity emerges on the same.

Analytical approach

Standalone. The ratings of CONCOR also factors in the strong parentage of the company (GoI Ownership).

Applicable Criteria

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

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

[Financial Ratios - Non-Financial Sector](#)

[CARE's criteria on Issuer Rating](#)

[Rating Methodology - Service Sector Companies](#)

[CARE's Methodology for factoring linkages in ratings](#)

About the Company

Container Corporation of India Ltd (CONCOR) was incorporated in March 1988 as a Public Sector Enterprise under the Ministry of Railways by taking over network of seven Inland Container Depots (ICDs) of Indian Railways (IR). The company was formed in order to have a separate organization for promoting and managing the growth of containerization in India as well as developing multi-modal (surface, rail, water and air) transport logistics and infrastructure to support India's growing inland as well as international trade. CONCOR's core business is characterized by three distinct activities, that of a carrier, a terminal operator and a warehouse operator.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	6,431.32	7,137.55
PBILDT	1,747.94	2,036.15
PAT	1,049.04	1,215.41
Overall gearing (times)	0.00	0.07
Interest coverage (times)	NM	NM

A: Audited; NM- Not Meaningful

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

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
Non-fund-based - LT-BG/LC	-	-	-	462.00	CARE AAA (Under Credit watch with Developing Implications)
Issuer Rating-Issuer Ratings	-	-	-	0.00	CARE AAA (Is) (Under Credit watch with Developing Implications)

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.	Issuer Rating-Issuer Ratings	Issuer rat	0.00	CARE AAA (Is) (Under Credit watch with Developing Implications)	1)CARE AAA (Is); Stable (13-Nov-19)	1)CARE AAA (Is); Stable (09-Nov-18)	1)CARE AAA (Is); Stable (05-Oct-17)	1)CARE AAA (Is) (18-Oct-16)
2.	Non-fund-based - LT-BG/LC	LT	462.00	CARE AAA (Under Credit watch with Developing Implications)	1)CARE AAA; Stable (13-Nov-19)	1)CARE AAA; Stable (09-Nov-18)	1)CARE AAA; Stable (05-Oct-17)	1)CARE AAA (18-Oct-16)

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. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Name: Mradul Mishra
Contact no: +91-22-6837 4424
Email ID: mradul.mishra@careratings.com

Analyst Contact

Name: Mr Gaurav Dixit
Contact no: +91-11 - 4533 3235
Email ID: gaurav.dixit@careratings.com

Business Development Contact

Name: Swati Agrawal
Contact no: +91-11-4533 3200
Email ID: swati.agrawal@careratings.com

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

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks 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 or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

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**