

Inland Waterways Authority of India

December 04, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Government of India Fully Serviced Bonds raised by IWAI*	1,000	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Total Facilities	1,000 (Rupees One thousand crore only)		

*The repayment of principal and interest on the said bonds is met by the Government of India (GoI) by making suitable budgetary provisions. The ratings assigned to these bonds do not reflect the ability of IWAI to repay on a standalone basis. Details of instruments in Annexure-1

Detailed Rationale

The rating assigned to the Government of India (GoI) Fully Serviced Bonds raised by Inland Waterways Authority of India (IWAI) continue to take comfort from the obligation of the GoI to repay the principal and the interest amount by making suitable budgetary provisions as per the letter dated October 03, 2016 issued by Department of Economic Affairs, Ministry of Finance, GoI. The rating also draw comfort from the payment mechanism stipulated through Memorandum of Understanding (MoU) signed between the Ministry of Shipping (MoS) and IWAI.

Detailed description of the key rating drivers

Government of India fully serviceable bonds: The long term bonds raised by IWAI have been christened as 'Government of India fully serviced bonds'. Ministry of Finance, GoI vide its office memorandum dated October 03, 2016 and October 18, 2016 approved the raising of Extra Budgetary Resources (EBR) and mandated IWAI to raise Rs. 1000 crore under the said EBR scheme for development of inland waterways and shipping infrastructure. As per the aforementioned office memorandum the repayment of principal and the interest payment in respect of the above EBR, shall be met by the Government of India by making suitable budgetary provisions in the demand of respective Ministries/ Departments as and when the need arises. The responsibility of servicing the debt obligations is with GoI itself and it is not in the nature of external additional support.

Memorandum of Understanding between MoS and IWAI: As per the MoU dated February 17, 2017 and September 11, 2017 signed between MoS and IWAI, the funds raised through GoI fully serviced bonds shall be utilized for implementation of ongoing infrastructure projects. IWAI shall inform MoS, 30 days before the due date about the maturity and MoS shall ensure that at least five days before the due date of interest/principal repayment, sufficient funds are transferred in IWAI's designated bank account for the debt service payment.

Liquidity: The principal and interest obligations of GoI Fully Serviced Bonds raised by IWAI are done by the GoI by making suitable budgetary provisions. MoS shall ensure that at least five days before the due date of interest/principal repayment, sufficient funds are transferred in IWAI's designated bank account for the debt service payment.

Analytical approach: CARE has arrived at the rating of the GoI Fully Serviced Bonds of IWAI by considering the principal and interest obligations of the said bonds being done by the GoI by making suitable budgetary provisions.

Applicable Criteria

[CARE's criteria on assigning outlook to credit ratings](#)

[CARE's policy on default recognition](#)

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

[Rating Methodology - Infrastructure Sector Ratings](#)

[CARE's rating methodology on financial ratios – Non-financial sector](#)

About the Company

Inland Waterways Authority of India (IWAI) was constituted on October 27, 1986 under the Inland Waterways Authority Act of India, 1985. IWAI is responsible for development, maintenance and regulation of waterways declared as 'National Waterways' (NW's). It also advises the Ministry of Shipping (MoS) on all matters regarding Inland Waterways Transportation (IWT). IWAI primarily undertakes projects for the development and maintenance of IWT infrastructure on national waterways through grants received from MoS.

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

IWAI has a well-defined organization structure and is managed by board members (Whole-time and part-time). In addition the board has full-time experienced members who individually look after the functions of finance, technical and traffic. In April 2016, Gol declared 106 new waterways as National Waterways to the existing 5 waterways.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (UA)
Total operating income	97.24	133.05
Capital Grant Received	282.40	315.98
Revenue Grant Received	76.01	110.11
Surplus/ (Deficit)	(145.83)	(188.27)
Interest coverage (times)	NM	NM

A: Audited, UA: UnAudited, NM: Not Meaningful

Status of non-cooperation with previous CRA:

Not Applicable

Any other information:

Not Applicable

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

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.

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****For detailed Rationale Report and subscription information, please contact us at www.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 credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

Annexure-1: Details of Instruments

Name of the Instrument	ISIN No.	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Gov fully serviced bonds	INE896W08012	March 3, 2017	7.90%	March 3, 2027	340.00	CARE AAA; Stable
Gov fully serviced bonds	INE896W08020	Oct 13, 2017	7.47%	Oct 13, 2027	660.00	CARE AAA; Stable

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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Gov fully serviced bonds	LT	1000.00	CARE AAA; Stable	-	CARE AAA; Stable (25-Sept-17)	CARE AAA (SO); Stable (24-Feb-17)	-

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