

Inland Waterways Authority of India

September 21, 2021

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Government of India Fully Service Bonds raised by IWAI*	1,000.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
Total Facilities	1,000.00 (Rs. One thousand crore only)		

Details of instruments/facilities in Annexure-1

*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.

Detailed Rationale & Key Rating Drivers

The reaffirmation of the rating assigned to the Government of India (GoI) Fully Serviced Bonds raised by Inland Waterways Authority of India (IWAI) continues to factor in the obligation of the GoI to repay the principal and the interest amount by making suitable budgetary provisions as per the office memorandum dated October 03, 2016, issued by Department of Economic Affairs, Ministry of Finance, GoI. The rating also draws comfort from the payment mechanism stipulated through Memorandum of Understanding (MoU) signed between the Ministry of Ports, Shipping and Waterways (MoPSW, erstwhile Ministry of Shipping) and IWAI.

Rating Sensitivities

Negative sensitivities: Factors that could lead to negative rating action/ downgrade:

- Budgetary allocations by the Central Government lower than the payment obligations
- Non-adherence/breach of payment structure mechanism

Detailed description of the key rating drivers

Key Rating Strengths

Obligation of debt servicing lies directly with the GoI:

The long-term bonds being 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.1,000 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 GoI 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 directly with GoI itself and it is not in the nature of external additional support. Such budgetary provisions have been evidenced over the past few years.

Memorandum of Understanding (MoU) between MoPSW and IWAI:

As per the MoU dated September 11, 2017, signed between MoPSW and IWAI for raising of GoI fully serviced bonds, the funds raised through these bonds shall be utilized for the implementation of the ongoing infrastructure projects. IWAI shall inform MoPSW 30 days before the due date about the maturity and MoPSW 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 Analysis: Strong

Liquidity is strong since the repayment of the said bonds would be fulfilled by GoI through suitable budgetary provisions.

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

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

Applicable Criteria

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

[Criteria on assigning credit watch and outlook to ratings](#)

[Rating Methodology-Infrastructure Ratings](#)

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

[Liquidity Analysis of Non-financial sector Entities](#)

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

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 Ports, Shipping and Waterways (MoPSW; erstwhile Ministry of Shipping) 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 MoPSW.

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, GoI had declared 106 new waterways as National Waterways to the existing five waterways.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	185.71	152.33
Capital Grants received	703.29	406.59
Revenue Grants received	158.71	120.17
PBILDT	-63.53	-64.43
PAT	-98.36	-173.15
Overall gearing (times)	0.63	0.56
Interest coverage (times)	NM	NM

A: Audited, Prov.: Provisional, 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

Covenants of rated instrument/ facility: Not Applicable

Complexity level of various instruments rated for this company: Annexure 3

Annexure-1: Details of Instruments/Facilities

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
GoI fully serviced bonds	INE896W08012	March 3, 2017	7.90%	March 3, 2027	340.00	CARE AAA; Stable
GoI 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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Bonds	LT	1000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (06-Oct-20)	1)CARE AAA; Stable (03-Feb-20)	1)CARE AAA; Stable (04-Dec-18)

Annexure 3: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	Bonds	Simple

Note on complexity levels of the rated instrument: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to 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 Ratings 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.

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