

## Inland Waterways Authority of India

August 29, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Bonds*	1,000.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

\*These are the Government of India fully serviced bonds raised by Inland Waterways Authority of India (IWAI): The repayment of principal and interest on the said bonds is met by the Government of India by making suitable budgetary provisions. The rating assigned to these bonds do not reflect the ability of the Inland Waterways Authority of India to repay on a standalone basis.

### Rationale and key rating drivers

The reaffirmation of the rating assigned to the Government of India (GoI) fully-serviced bonds raised by the 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 the Department of Economic Affairs, Ministry of Finance, GoI.

The rating also draws comfort from the payment mechanism stipulated through a Memorandum of Understanding (MoU) signed between the Ministry of Ports, Shipping and Waterways (MoPSW; erstwhile Ministry of Shipping) and IWAI.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

Not applicable

#### Negative factors

- Budgetary allocations by the GoI lower than the payment obligations.
- Non-adherence or breach of payment structure mechanism.

### Analytical approach

CARE Ratings Limited (CARE Ratings) has arrived at the rating of the GoI fully-serviced bonds of IWAI by considering that the principal and interest obligations of the said bonds are to be met by the GoI by making suitable budgetary provisions.

### Outlook: Stable

The outlook is expected to remain 'stable' on account of the payment mechanism stipulated in the MoU between the MoPSW and IWAI, and expectations of adequate budgetary support to be provided to IWAI for the debt servicing obligations.

### Detailed description of the key rating drivers

#### Key strengths

##### Obligation of debt servicing lies directly with the GoI

The long-term bonds raised by IWAI have been christened as 'Government of India fully-serviced bonds'. The Ministry of Finance, GoI, vide its office memoranda dated October 03, 2016, and October 18, 2016, had approved the raising of extra budgetary resources (EBR) and mandated IWAI to raise ₹1,000 crore under the said EBR scheme for the development of inland waterways and shipping infrastructure. As per the aforementioned office memoranda, the repayment of principal and interest of the above EBR will be met by the GoI by making suitable budgetary provisions in the demand of the respective ministries and departments as and when the need arises. The responsibility of servicing the debt obligations is directly with the GoI itself and it is not in the nature of external additional support. Such budgetary provisions have been evidenced over the past few years.

**MoU between the MoPSW and IWAI:** As per the MoU dated September 11, 2017, signed between the MoPSW and IWAI for raising of GoI fully-serviced bonds, the funds raised through these bonds will be utilised for the implementation of the ongoing infrastructure projects. IWAI will inform the MoPSW, 30 days before the due date, about the maturity and the MoPSW will ensure that at least five days before the due date of interest or principal repayment, sufficient funds are transferred in IWAI's designated bank account for the debt service payment.

### Liquidity: Strong

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

The liquidity of the company is strong, since the repayment of the said bonds will be fulfilled by the GoI through suitable budgetary provisions.

### Assumptions/Covenants

Not applicable

### Environment, social, and governance (ESG) risks

Not applicable

### Applicable criteria

[Policy on default recognition](#)

[Factoring Linkages Government Support](#)

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

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

[Rating Outlook and Credit Watch](#)

[Infrastructure Sector Ratings](#)

[Policy on Withdrawal of Ratings](#)

[Construction Sector](#)

### About the company and industry

#### Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Industrials	Construction	Construction	Civil construction

IWAI was established on October 27, 1986, under the Inland Waterways Authority Act of India, 1985. IWAI is responsible for the development, maintenance, and regulation of waterways declared as 'National Waterways (NWs)'. It also advises the 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 the MoPSW.

IWAI has a well-defined organisation 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, the GoI had declared 106 new waterways as National Waterways apart from the existing five waterways.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (Prov.)	Q1FY24 (UA)
Total operating income <sup>^</sup>	165.06	162.98	NA
Capital grants received	411.80	493.32	
Revenue grants received	132.50	125.32	
PBILDIT	-4.20	-7.66	
PAT	-117.20	-121.65	
Overall gearing (times)	0.46	0.39	
Interest coverage (times)	NM	NM	

A: Audited; UA: Unaudited; NM: Not meaningful; NA: Not Available. Note: The above results are the latest financial results available.

<sup>^</sup>Including revenue grant and funds transferred from IWAI fund.

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

**Any other information:** Not applicable

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

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Bonds	INE896W08012	March 03, 2017	7.90%	March 03, 2027	340.00	CARE AAA; Stable
Bonds	INE896W08020	October 13, 2017	7.47%	October 13, 2027	660.00	CARE AAA; Stable

\*GoI Fully Serviced Bonds

**Annexure-2: Rating history for the last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Bonds	LT	1000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (02-Sep-22)	1)CARE AAA; Stable (21-Sep-21)	1)CARE AAA; Stable (06-Oct-20)

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities**

Name of the Instrument	Detailed Explanation
<b>A. Financial covenants</b>	Not Available
<b>B. Non-financial covenants</b>	
<b>I. The primary responsibility of servicing the debt obligations is with GOI itself and it is not in the nature of external additional support</b>	
<b>II. The following structure payment mechanism is deployed</b>	
Trigger Date	Action Point
(T-30)th Day	IWAI to inform Ministry of Ports, Shipping and waterways (MoPSW)in writing regarding the due date of the payment of interest and/or principal amount so that necessary arrangements could be made.
(T-15)th Day	The designated account of IWAI is to be funded from MoPSW to the tune of interest/principal obligations on the bonds.
(T-5)th Day	Last date to deposit of requisite funds in the designated account.
*T being the due date for payment of interest/repayment of principal. In the event of mentioned day not being a business day, it will be taken to indicate the next business day.	

**Annexure-4: Complexity level of the various instruments rated**

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

## Annexure-5: Lender details

Not applicable

**Note on the complexity levels of the rated instruments:** 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@careedge.in](mailto:care@careedge.in) for any clarifications.

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