

Rating Rationale Inland Waterways Authority of India

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

Details of instruments/facilities in Annexure-1.

*These are the Government of India (GoI) fully serviced bonds raised by Inland Waterways Authority of India (IWAI). The GoI is meeting the debt obligations on these bonds directly through its annual budget allocation under a designated head. The rating assigned to these bonds does not reflect IWAI's ability to repay on a standalone basis.

Rationale and key rating drivers

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 GoI's obligation to repay the principal and the interest amount by making suitable budgetary provisions 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

Standalone, while factoring notching-up as bonds of IWAI are fully serviced by GoI and considering the payment of principal and interest obligations of the said bonds by the GoI by making suitable budgetary provisions.

Outlook: Stable

The 'Stable' outlook on the bonds reflects the underlying credit quality of the GoI.

Detailed description of key rating drivers

Obligation of debt servicing lies directly with the GoI

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. Per the aforementioned office memorandum, 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 GoI is directly responsible for servicing the debt obligations and it does not involve external additional support. Such budgetary provisions have been evidenced in last few years.

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, funds raised through these bonds will be utilised for the implementation of the ongoing infrastructure projects. IWAI will inform

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

MoPSW 30 days before the due date about the maturity and 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. The presence of MoU streamlines the fund transfer to the designated account while ensuring adherence to payment timelines.

Liquidity: Strong

The company's liquidity is strong, since the repayment of 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](#)

About the company and industry

Industry classification

Macro-economic Indicator	Sector	Industry	Basic Industry
Services	Services	Transport services	Transport-related services

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 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 declared 106 new waterways as National Waterways apart from existing five waterways.

Financial performance of (Standalone)

(₹crore)

Year ended / as on March 31,	2022	2023	2024
	12m, A	12m, A	12m, Prov.
Total Income	165.64	114.96	143.73
PBILD	-2.88	-67.86	-76.87
Total grant received (Capital + Revenue)	544.30	620.64	1087.00
<i>Capital grant</i>	<i>416.93</i>	<i>544.31</i>	<i>1010.50</i>
<i>Revenue grant</i>	<i>127.37</i>	<i>76.33</i>	<i>76.50</i>
CWIP	1539.06	1889	1671
Equity Share Capital	0.94	0.94	0.94
IWAI Fund closing balance	2242.72	2587.80	3303.82
Tangible Net-worth	2243.66	2588.74	3304.76
Total Debt	1000.00	1000.00	1000.00

Year ended / as on March 31,	2022	2023	2024
	12m, A	12m, A	12m, Prov.
Overall Gearing	0.45	0.40	0.31
Total Capital Employed	3243.66	3613.85	4329.94
Cash & Bank balances	108.14	110.15	89.64

A: Audited / Prov.: Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Disclosure of Interest of Independent/Non-Executive Directors of CARE Ratings Ltd.: Not applicable

Disclosure of Interest of Managing Director & CEO: Not applicable

Rating history for last three years: Annexure-2

Details of rated facilities: Annexure-3

Complexity level of instruments rated: Annexure-4

Covenants of rated instrument / facility: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date	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 of 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 2024-2025	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
1	Bonds	LT	1000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (29-Aug-23)	1)CARE AAA; Stable (02-Sep-22)	1)CARE AAA; Stable (21-Sep-21)

*Long term.

Annexure-3: Details of rated facilities: Not applicable

Annexure-4: Complexity level of instruments rated

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

Note on complexity levels of rated instrument: CARE Ratings Ltd. 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 for clarifications.

Annexure-5: Detailed explanation of covenants of rated instrument / facilities

Name of Instrument	Detailed Explanation
A. Financial covenants	Not available
B. Non-financial covenants	
I. The primary responsibility of servicing the debt obligations is with GOI itself and it is not in the nature of external additional support	
II. The following structure payment mechanism is deployed	
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 due date for payment of interest/repayment of principal. In event of mentioned day not being a business day, it will be taken to indicate next business day.	

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(This follows our Press Release for the entity published on August 27, 2024)

About us:

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