

Ratings



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Rating Rationale

September 17, 2018 | Mumbai

Government of India (GoI) Fully Serviced Bonds (Issued by Inland Waterways Authority of India) Rating Reaffirmed

Rating Action

Rs.1000 Crore GoI Fully Serviced Bonds - IWAI	CRISIL AAA/Stable (Reaffirmed)
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1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has reaffirmed its 'CRISIL AAA/Stable' rating on the Rs.1000 crore 'GoI Fully Serviced Bonds - IWAI'. The Government of India (GoI) is servicing the debt obligations on these bonds directly through budgetary allocation under a separate designated head although the bonds are issued by Inland Waterways Authority of India (IWAI). Consequently, CRISIL believes the assignment of the rating on the bonds does not need the support of the payment structure involved.

The rating reflects CRISIL's belief that ensuring timely and full servicing of these bonds is the obligation of the government. Repayment of principal and payment of interest will be met by the central government through budgetary allocations, as approved by the Union Cabinet. The rating is also supported by the strengthening of the payment mechanism through a memorandum of understanding (MoU) between IWAI and the Ministry of Shipping (MoS), GoI.

Key Rating Drivers & Detailed Description

* Direct payment by GoI

The Union Cabinet had approved the issuance of these bonds on September 21, 2016. The bonds were thereafter named as GoI Fully Serviced Bonds through an office memorandum (OM) from the Ministry of Finance (MoF) dated October 3, 2016. The MoF, through its OM dated October 20, 2016, further clarified that the bonds would be fully serviced (interest + principal) by GoI through the general budget.

* Payment mechanism strengthened through MoU

The funds for the payment of interest and repayment of principal are made available to the MoS at the start of the fiscal by GoI through budgetary allocation. As per the MoU, MoS will deposit the funds in a designated account five days prior to the debt servicing dates. IWAI has also appointed a trustee to monitor the designated account for debt servicing. The presence of the MoU therefore streamlines the fund transfer to the designated account while ensuring adherence to payment timelines.

Outlook: Stable

The rating outlook reflects CRISIL's outlook on the credit quality of GoI.

About the Authority

IWAI was constituted on October 27, 1986, through the Inland Waterways Authority of India Act, 1985, for regulation and development of inland waterways for shipping and navigation. IWAI is mandated with the development and regulation of those waterways declared as national waterways.

In April 2016, GoI declared 106 additional national waterways, taking the total to 111, through The National Waterways Act, 2016. The authority is executing a major project for capacity augmentation of National Waterway I named Jal Marg Vikas Project aimed to cover a distance of 1,620 kilometre. The project would enable commercial navigation of at least 1,500-tonne vessels over the stretch of National Waterway I and would be completed over seven years at an estimated cost of Rs 5,369 crore.

Key Financial Indicators*

As on/for the period ended March 31	Unit	2018	2017
Revenue	Rs crore	NA	NA
Profit After Tax (PAT)	Rs crore	NA	NA
PAT Margins	%	NA	NA
Adjusted debt/adjusted networkth	Times	NA	NA
Interest coverage	Times	NA	NA

*Since, this is a view on the Government of India for the facility named as GoI fully serviced bonds-issued by IWAI, it does not have any key financial indicators.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Cr)	Rating Assigned with Outlook
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IWAI-13019/1/2024-DD(Fin)

2070098/2024/IWAI-DD(F)

INE896W08012	Debentures	03-Mar-2017	7.90%	03-Mar-2027	340	CRISIL AAA/Stable
INE896W08020	Debentures	13-Oct-2017	7.47%	13-Oct-2027	660	CRISIL AAA/Stable

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2018 (History)		2017		2016		2015		Start of 2015
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Bond	LT	0.00 13-10-17	CRISIL AAA/Stable			27-09-17	CRISIL AAA/Stable		--		--	--
						21-02-17	CRISIL AAA(SO)/Stable					

All amounts are in Rs.Cr.

Links to related criteria

[CRISILs Approach to Financial Ratios](#)[Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support](#)

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