

Ratings



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Rating Rationale

September 30, 2019 | 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 1,000 crore Government of India (GoI) Fully Serviced Bonds (Issued by Inland Waterways Authority of India). The government is meeting the debt obligation on these bonds directly through budgetary allocation under a separate designated head, although the bonds are issued by Inland Waterways Authority of India (IWAI). 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 the 'GoI Fully Serviced Bonds 'IWAI' is the government's obligation. Repayment of principal and interest on these bonds will be met by the Central government through budgetary allocations. The Union Cabinet has approved issuance of these bonds. The ratings also draw comfort from the strengthening of the payment mechanism through a memorandum of understanding (MoU) signed between IWAI and the ministry of shipping (MoS), Government of India.

Key Rating Drivers & Detailed Description

* **Direct payment by government:** The Union Cabinet approved issuance of these bonds on September 21, 2016. The bonds were thereafter named 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 the government through general budget.

* **Payment mechanism strengthened through MoU:** Funds for the payment of interest and principal on the bonds are made available to the MoS at the start of the fiscal by the government through budgetary allocation. As per the MoU, MoS will deposit the funds in a designated account 5 days prior to the debt servicing dates. IWAI has also appointed a trustee to monitor the designated account for repayments. Presence of MoU, therefore, streamlines the fund transfer to the designated account while ensuring adherence to payment timelines.

Liquidity: Superior

Liquidity for the GOI fully serviced bonds is superior, supported by budgetary allocation for the servicing of the bonds. Financial flexibility is further strengthened by the strong fund support from the government whose focus is on developing the waterways transport in India.

Outlook: Stable

The rating outlook on GoI Fully Serviced Bonds 'IWAI' reflects CRISIL's outlook on the credit quality of the government.

Rating Sensitivity Factors

Downside factors

- * Central government budgetary allocation lower than the payment obligation
- * Non-adherence to payment structure

About the authority

IWAI was constituted on October 27, 1986, vide Inland Waterways Authority of India Act, 1985, for the 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, government 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 kilometres. 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 six years at an estimated cost of Rs 5,369 crore.

Key Financial Indicators

Particulars	Unit	2019	2018
Revenue	Rs. Cr.	159	110
Profit after tax	Rs. Cr.	-125	-220
PAT Margins	%	-79.0	-200.1
Adjusted Debt/Adjusted Net worth	Times	0.63	1.00
Interest coverage	Times	-1.19	-2.71

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

IWAI-13019/1/2024-DD(Fin)

2070094/2024/IWAI-DD(F)

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Cr)	Rating Assigned with Outlook
INE896W08012	GoI Fully Serviced Bonds - IWAI	03-Mar-17	7.9%	03-Mar-27	340	CRISIL AAA/Stable
INE896W08020	GoI Fully Serviced Bonds - IWAI	13-Oct-17	7.47%	13-Oct-27	660	CRISIL AAA/Stable

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2019 (History)		2018		2017		2016		Start of 2016
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Bond	LT	1000.00 30-09-19	CRISIL AAA/Stable			17-09-18	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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