

Rating Rationale

August 14, 2023 | Mumbai

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

Rating Reaffirmed

Rating Action

Rs.1000 Crore Bond	CRISIL AAA/Stable (Reaffirmed)
---------------------------	---------------------------------------

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings 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 [IWAI]). Although the bonds are issued by IWAI, the government is meeting the debt obligation on these bonds directly through budgetary allocation under a separate designated head.

The rating reflects the expectation that ensuring timely and full servicing of the bonds is the government's obligation. The Union Cabinet has approved the issuance of these bonds, and the principal repayment and interest payment on the bonds will be met by the central government through budgetary allocations. The rating also factors in 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 the government:** The Union Cabinet approved the 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 and principal) by the government through allocations under the 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. In line with the MoU, MoS deposits the funds in a designated account at least five days before the due date. IWAI has also appointed a trustee to monitor the designated account for the repayment. The MoU streamlines the fund transfer to the designated account, while ensuring adherence to the payment timelines.

Liquidity: Superior

Liquidity is superior, supported by the budgetary allocation for the servicing of the bonds. Cash and bank balance estimated at the end of fiscal 2023 stood at Rs 110 crore. The financial flexibility is further strengthened by the strong financial support from the government for the development of waterways transport in India.

Outlook: Stable

The rating outlook on the bonds reflects the outlook of CRISIL Ratings on the credit quality of the government.

Rating Sensitivity Factors

Downward Factors

- Budgetary allocation lower than the interest payment obligation i.e. Rs.76.16 crore per annum.
- Non-adherence to the payment structure

About the Company

IWAI was constituted on October 27, 1986, through the 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 waterways declared as National Waterways.

In April 2016, the central government declared 106 additional national waterways, taking the total to 111 through The National Waterways Act, 2016. IWAI is executing a major project for capacity augmentation of National Waterway I (named Jal Marg Vikas Project), aimed to cover 1,620 kilometre. The project, spanning six years, will enable commercial navigation of at least 1,500 tonne vessels over the stretch of National Waterway I and will be completed by December 2023. The revised estimated project cost was Rs 4,663 crore as of June 2020.

Key Financial Indicators

Particulars	Unit	2023	2022
Revenue	Rs crore	125	127
Profit after tax (PAT)	Rs crore	-144	-155
PAT margin	%	NM	NM
Adjusted debt/adjusted networkth	Times	0.40	0.46
Interest coverage	Times	NM	NM

NM: Not meaningful

Any other information: Not applicable

2070081/2024/IWAI-DD(F)

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings' complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity level	Rating assigned with outlook
INE896W08012	Gov Fully Serviced Bonds - IWAI	03-Mar-2017	7.9%	03-Mar-2027	340	Simple	CRISIL AAA/Stable
INE896W08020	Gov Fully Serviced Bonds - IWAI	13-Oct-2017	7.47%	13-Oct-2027	660	Simple	CRISIL AAA/Stable

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2023 (History)		2022		2021		2020		Start of 2020
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Bond	LT	1000.0	CRISIL AAA/Stable		--	29-08-22	CRISIL AAA/Stable	17-09-21	CRISIL AAA/Stable	25-09-20	CRISIL AAA/Stable	CRISIL AAA/Stable

All amounts are in Rs.Cr.

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Criteria for Notching up Stand Alone Ratings of Entities Based on Government Support

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations CRISIL Limited M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com	Mohit Makhija Senior Director CRISIL Ratings Limited B: +91 124 672 2000 mohit.makhija@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com
Prakruti Jani Media Relations CRISIL Limited M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com	Gautam Shahi Director CRISIL Ratings Limited B: +91 124 672 2000 gautam.shahi@crisil.com	For Analytical queries: ratingsinvestordesk@crisil.com
Rutuja Gaikwad Media Relations CRISIL Limited B: +91 22 3342 3000 Rutuja.Gaikwad@ext-crisil.com	Mayuresh Dilip Wazkar Senior Rating Analyst CRISIL Ratings Limited B: +91 124 672 2000 Mayuresh.Wazkar@crisil.com	

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS

2070081/2024/IWAI-DD(F)

FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, www.crisilratings.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, www.crisilratings.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: <https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html>