

## Inland Waterways Authority of India

September 02, 2022

### Rating

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Government of India Fully Serviced Bonds raised by Inland Waterways Authority of India *	1,000.00	CARE AAA; Stable (Triple A; Outlook: Stable)	Reaffirmed
<b>Total long-term instruments</b>	<b>1,000.00</b> <b>(₹ One thousand crore only)</b>		

Details of instruments/facilities in Annexure-1.

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

### Detailed rationale and key rating drivers

The reaffirmation of the rating assigned to the Government of India (GoI) Fully Serviced Bonds raised by 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 Department of Economic Affairs, Ministry of Finance, GoI. The rating also draws comfort from the payment mechanism stipulated through Memorandum of Understanding (MoU) signed between the Ministry of Ports, Shipping and Waterways (MoPSW, erstwhile Ministry of Shipping) and IWAI.

### Rating sensitivities

#### Negative factors – Factors that could lead to negative rating action/ downgrade:

- Budgetary allocations by the Central Government lower than the payment obligations.
- Non-adherence/breach of payment structure mechanism.

### Detailed description of the key rating drivers

#### Key rating 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'. Ministry of Finance, GoI vide its office memorandum dated October 03, 2016, and October 18, 2016, 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 memorandum, the repayment of principal and the interest payment in respect of the above EBR shall be met by the GoI by making suitable budgetary provisions in the demand of respective Ministries/ Departments as and when the need arises. The responsibility of servicing the debt obligations is directly with GoI itself and it is not in the nature of external additional support. Such budgetary provisions have been evidenced over the past few years.

**Memorandum of Understanding (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, the funds raised through these bonds shall be utilised for the implementation of the ongoing infrastructure projects. IWAI shall inform MoPSW 30 days before the due date about the maturity and MoPSW shall ensure that at least five days before the due date of interest/principal repayment, sufficient funds are transferred in IWAI's designated bank account for the debt service payment.

### Liquidity analysis: Strong

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

**Analytical approach:** 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.

### Applicable criteria

[CARE's policy on default recognition](#)

[Criteria on assigning credit watch and outlook to ratings](#)

[Rating Methodology-Infrastructure Ratings](#)

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

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

[CARE's Methodology for factoring linkages with government](#)

<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

### About the company

Inland Waterways Authority of India (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' (NW's). It also advises the Ministry of Ports, Shipping and Waterways (MoPSW; erstwhile 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, GoI had declared 106 new waterways as National Waterways apart from the existing five waterways.

Brief Financials (₹ crore)	FY21 (Prov.)	FY22 (Prov.)	Q1FY23 (UA)
Total operating income ^	155.42	165.06	NA
Capital grants received	413.50	411.80	
Revenue grants received	117.62	132.50	
PBILDT	-3.48	-4.20	
PAT	-117.92	-117.20	
Overall gearing (times)	0.50	0.45	
Interest coverage (times)	NM	NM	

UA: Un-Audited, Prov.: Provisional, NM: Not meaningful; NA: Not available

^Including funds transferred from IWAI fund

Note: The audited accounts for FY21 and FY22 (refers to the period April 1 to March 31) are not yet available as the same are yet to be tabled in the Parliament.

**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 covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure-4

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

Name of the Instrument	ISIN	Date of Issuance	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

### 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Bonds	LT	1000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (21-Sep-21)	1)CARE AAA; Stable (06-Oct-20)	1)CARE AAA; Stable (03-Feb-20)

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities:** Not applicable

### Annexure-4: Complexity level of various instruments rated for this company

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

**Annexure-5: Bank lender details for this company:** Not applicable

**Note on 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 for any clarifications.

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### About us:

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