Press Release

MEP Sanjose Mahuva Kagvadar Road Private Limited

December 01, 2020

Rating Update

Total Bank Facilities Rated*	Rs. 309.84 Cr. #
Long Term Rating	ACUITE B+ (Downgraded from ACUITE BB+/Negative) Issuer not co-operating*
Short Term Rating	ACUITE A4 (Downgraded from ACUITE A4+) Issuer not co-operating*

 # Refer Annexure for details
** The issuer did not co-operate; Based on best available information.*

Acuité has reviewed and downgraded long-term rating to '**ACUITE B+**' **(read as ACUITE B plus)** from '**ACUITE BB+**' **(read as ACUITE double B plus)** and the short term rating to **'ACUITE A4' (read as ACUITE A four)** from **'ACUITE A4+' (read as ACUITE A four plus)** on the Rs. 309.84 crore bank facilities of MEP Sanjose Mahuva Kagvadar Road Private Limited (MEPSMK). The rating downgrade is on account of information risk. This rating is now an indicative rating and is based on the best available information.

MEPSMK is a special-purpose vehicle (SPV) and a joint venture of MEP Infrastructures Developers Private Limited (MEPIDPL), incorporated in 2016 to undertake the construction of 4-lane road between Mahuva and Kagavadar, in Gujarat. The project road is a section of National Highway-8E, with a total length of 40.02 kilometers. The project has been awarded by the National Highways Authority of India (NHAI), which is to be executed under HAM on a design-build-finance-operate-and transfer basis. The concession period is 15 years and the construction period is 2.5 years, based on semiannual annuity payment. The project cost is Rs 604.68 crore and is funded through term loans of Rs 272.10 crore, equity of Rs 90.70 crore and grant of Rs.241.87 crore. MEPSMK signed the concession agreement with NHAI on August 09, 2016. The appointed date was obtained in May 2017(revised) and the scheduled commercial operation date (COD) was July 04, 2019; but due to delays in execution, the revised COD was in March 2020.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is therefore being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition - https://www.acuite.in/view-rating-criteria-52.htm
- Entities in Infrastructure Sector - https://www.acuite.in/view-rating-criteria-51.htm

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavoured to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest financial statements despite repeated requests.

Status of non-cooperation with previous CRA (if applicable)
Not Applicable

Any other information
Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
10-Sept-2019	Term Loan	Long Term	101.17	ACUITE BB+/ Negative (Downgraded)
	Term Loan	Long Term	120.94	ACUITE BB+/ Negative (Downgraded)
	Secured Overdraft	Long Term	7.50	ACUITE BB+/ Negative (Downgraded)
	Term Loan	Long Term	50.00	ACUITE BB+/ Negative (Downgraded)
	Bank guarantee	Short Term	30.23	ACUITE A4+ (Downgraded)
25-Mar-2019	Term Loan	Long Term	101.17	ACUITE BBB/ Negative (Downgraded)
	Term Loan	Long Term	120.94	ACUITE BBB/ Negative (Downgraded)
	Secured Overdraft	Long Term	7.50	ACUITE BBB/ Negative (Downgraded)
	Term Loan	Long Term	50.00	ACUITE BBB/ Negative (Downgraded)
	Bank guarantee	Short Term	30.23	ACUITE A3+ (Downgraded)
28-Dec-2017	Term Loan	Long Term	101.17	ACUITE BBB+/Stable (Assigned)
	Term Loan	Long Term	120.94	ACUITE BBB+/Stable (Assigned)
	Secured Overdraft	Long Term	7.50	ACUITE BBB+/Stable (Assigned)
	Term Loan	Long Term	50.00	ACUITE BBB+/Stable (Assigned)
	Bank guarantee	Short Term	30.23	ACUITE A2+ (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings
Term Loan	Not Available	Not Applicable	Not Available	101.17	ACUITE B+ (Downgraded from ACUITE BB+) Issuer not co-operating*
Term Loan	Not Available	Not Applicable	Not Available	120.94	ACUITE B+ (Downgraded from ACUITE BB+) Issuer not co-operating*
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE B+ (Downgraded from ACUITE BB+) Issuer not co-operating*
Term Loan	Not Available	Not Applicable	Not Available	50.00	ACUITE B+ (Downgraded from ACUITE BB+) Issuer not co-operating*
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	30.23	ACUITE A4 (Downgraded from ACUITE A4+) Issuer not co-operating*

**The issuer did not co-operate; Based on best available information.*

Contacts

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About Acuité Ratings & Research:
Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.