



**Press Release**  
**SHAHPUR ROAD PROJECT PRIVATE LIMITED**  
**September 23, 2024**  
**Rating Reaffirmed**

| Product                            | Quantum (Rs. Cr) | Long Term Rating                  | Short Term Rating |
|------------------------------------|------------------|-----------------------------------|-------------------|
| Bank Loan Ratings                  | 49.50            | ACUITE BBB+   Stable   Reaffirmed | -                 |
| Total Outstanding Quantum (Rs. Cr) | 49.50            | -                                 | -                 |

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs.49.50 crore bank facilities of Shahpur Road Project Private Limited (SRPPL). The outlook is '**Stable**'.

**Rationale for reaffirmation :**

The rating reaffirmation takes into account the completion of project on time along with the receipt of all the milestone payments from PWD and receipt of regular bi-annuity dues till date. SRPPL has received four annuity payments i.e. for September 2021, April 2022, October 2022, March 2023, September 2023, March 2024 respectively. Further, the rating factors in the adequate liquidity position of the company supported by DSRA created equivalent to 2HY instalments and six months interest and escrow mechanism.

**About the Company**

Incorporated in the year 2018, SRPPL is wholly-owned Special Purpose Vehicle (SPV) sponsored by Anish Infracon India Private Limited (Anish) for construction, improvement and widening of (a) Shahpur Shenwa Dolkambh Chonda Sangamner Shegaon nanded Dharmabad Road SH-50 and, (b) Kambare Piwali NH-3 to Washind Road MDR-57 District Thane, state of Maharashtra. The project covering a length of 58.650 KM. The project has been awarded by Public Work Department, Government of Maharashtra (GoM) for concession period of 11.08 years including a construction period of 1.5 years. The project is to be executed on Design, Build, Operate and Transfer (DBOT), Hybrid Annuity Model basis i.e. post completion of construction, SPV will benefit from 20 bi-annual annuities of 40 per cent of completion cost in addition to O&M expenses and interest cost (adjusted for price inflation index). SRPPL signed the concession agreement with PWD, GoM on August 22, 2018. The appointed date was obtained in January 2019 and the revised scheduled commercial operation date (COD) was

March 31, 2021. The construction was completed on time and the company has received final completion certificate. Current directors of the company are Mr. Samrathdan Zula, Mr. Reezwan Ilyas Vijapura And Mr. Alpeshbhai Girishbhai Patel.

### **Unsupported Rating**

Not applicable

### **Analytical Approach**

For arriving at the rating, Acuité has considered the standalone credit profile of Shahpur Road Project Private Limited (SRPPL).

### **Key Rating Drivers**

## Strengths

- **Benefits derived from the annuity-based revenue model**

The project being developed has an annuity-based revenue model. Under this model, the PWD, Maharashtra, makes bi-annual payments over the concession period to the concessionaire. The company does not bear any traffic risk as it recovers the whole of the capital cost through annuity. Further, biannual operational and maintenance expense and interest cost reimbursement to the extent of bank rate +3 percent is given to the concessionaire during the concession phase. The company has achieved a 100 percent construction stage, against which it has received 10 percent mobilization advances and all milestone payments from the authority.

- **Waterfall mechanism in ESCROW account**

SRPPL has an escrow mechanism through which cash flows from Authority are routed and used for payment as per the defined payment waterfall. Only surplus cash flow after meeting operating expenses, debt servicing obligations, and provision for major maintenance expenses can be utilized as per the borrower's discretion during the concession period.

## Weaknesses

- **Susceptibility to risks related to delay in receipt of annuity and changes in operational cost & interest rate**

As per the concession agreement, the company is expected to receive a semi-annual annuity. Any delay in timely receipt of the annuity could adversely impact debt-servicing ability. Along with fixed annuities, the project will receive interest payments on the balance annuities that are linked to the prevailing bank rate. The bank rate has reduced significantly in the past couple of years, which has impacted the project inflow as a large proportion of the cash inflow is from the interest on balance annuities. However, this risk is partially offset as the interest rate on debt is floating and is also expected to follow the trend in bank rates, thus keeping DSCR in check. Further, the company is exposed to risks related to maintenance of the project. If the prescribed standards are not met, annuity payments may be reduced. Any significant delay and deduction in annuities could impact the debt servicing ability of the company. However, the strong track record of the sponsor, who is also the O&M contractor, is expected to mitigate this risk.

## Rating Sensitivities

- Timely receipt of annuity payments from the Government

## Liquidity Position: Adequate

SRPPL's liquidity position is adequate, marked by the timely receipt of milestone payments from PWD while executing the project. The project was completed as per schedule time, and the company has also started receiving annuity payments from September 2021 onwards. Acuité expects the liquidity of SRPPL is likely to remain adequate, backed by consistent support from government receivable in terms of annuity payments and also DSRA maintained by the company equivalent to 2HY instalments and six months of interest.

## Outlook: Stable

Acuité believes that the outlook on SRPPL's rated facilities will remain 'Stable' over the medium term on account of the steady flow of biannual annuities from the government coupled with strong support from sponsors. The outlook may be revised to 'Positive' in case of significant improvement in free cash flow from operations. Conversely, the outlook may be revised to 'Negative' in case of delays in receipt of the annuity or lack of timely support from

the sponsor.

**Other Factors affecting Rating**

None

## Key Financials

| Particulars                   | Unit    | FY 24 (Actual) | FY 23 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income              | Rs. Cr. | 8.21           | 18.47          |
| PAT                           | Rs. Cr. | (0.05)         | 0.07           |
| PAT Margin                    | (%)     | (0.64)         | 0.37           |
| Total Debt/Tangible Net Worth | Times   | 3.84           | 4.25           |
| PBDIT/Interest                | Times   | 0.99           | 1.02           |

### Status of non-cooperation with previous CRA (if applicable)

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

| Date        | Name of Instruments/Facilities | Term      | Amount (Rs. Cr) | Rating/Outlook                      |
|-------------|--------------------------------|-----------|-----------------|-------------------------------------|
| 04 Jul 2023 | Term Loan                      | Long Term | 49.50           | ACUITE BBB+   Stable (Reaffirmed)   |
| 17 Jun 2022 | Term Loan                      | Long Term | 35.08           | ACUITE BBB+   Positive (Reaffirmed) |
|             | Proposed Long Term Loan        | Long Term | 14.42           | ACUITE BBB+   Positive (Assigned)   |
| 14 Jun 2021 | Term Loan                      | Long Term | 35.08           | ACUITE BBB+   Stable (Reaffirmed)   |

**Annexure - Details of instruments rated**

| <b>Lender's Name</b> | <b>ISIN</b>          | <b>Facilities</b> | <b>Date Of Issuance</b> | <b>Coupon Rate</b>   | <b>Maturity Date</b> | <b>Complexity Level</b> | <b>Quantum (Rs. Cr.)</b> | <b>Rating</b>                              |
|----------------------|----------------------|-------------------|-------------------------|----------------------|----------------------|-------------------------|--------------------------|--|
| State Bank of India  | Not avl. / Not appl. | Term Loan         | Not avl. / Not appl.    | Not avl. / Not appl. | 30 Oct 2029          | Simple                  | 49.50                    | ACUITE<br>BBB+  <br>Stable  <br>Reaffirmed |

## Contacts

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|--|---|
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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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