



Press Release
Shenwa Infrastructure Private Limited
October 18, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	43.19	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	43.19	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE A-’ (read as ACUITE A Minus)** on the Rs.43.19 crore bank facilities of Shenwa Infrastructure Private Limited (SIPL). The outlook is ‘**Stable**’.

Rationale for reaffirmation :

The rating reaffirmation takes into account the completion of the project on time, along with the receipt of all the milestone payments from PWD and the receipt of regular bi-annuity dues till date. SIPL has received four annuity payments, i.e., for September 2021, April 2022, October 2022, March 2023, September 2023, and 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-month interest and escrow mechanism.

About the Company

SIPL is a wholly owned Special Purpose Vehicle (SPV) sponsored by Anish Infracon India Private Limited (Anish) for construction, improvement, and widening of (a) Shenwa-Kinawali-Nagav-Kalambe-Dehari Road and (b) Arjunoli-Amne-Titwala Goveli NH-222 Rayta-Dahagaon-Dapivali-Yeranjav-Badlapur Road in District Thane, state of Maharashtra. The project road runs from 0/00 to 32/400 and 0/00 to 32/500, respectively, thereby covering a length of 45.820 KM. The project has been awarded by the Public Works Department, Government of Maharashtra (GoM) for a concession period of 11.50 years, including a construction period of 1.5 years. The project is to be executed on a Design, Build, Operate, and Transfer (DBOT) hybrid annuity model basis, i.e., post-completion of construction, SPV will benefit from 20 biannual annuities of 40 percent of the completion cost in addition to O&M expenses and interest cost (adjusted for price inflation index). SIPL 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 also received the final completion certificate. The company has received four annuity payments in October 2021, March 2022, October 2022, and March 2023, respectively. Directors of the company Are Mr. Samrathdan Zula, Mr. Reezwan Iliyas 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 Shenwa Infrastructure Private Limited (SIPL).

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. Further, the company has received the final completion certificate and six annuity payments from the authorities in October 2021, March 2022, October 2022, March 2023, October 2023, and March 2024, respectively.

- **Waterfall mechanism in ESCROW account**

SIPL 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. Furthermore, bank guarantee given by the sponsor, AIPL. The bank facilities will be backed by a corporate guarantee from AIPL.

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,er, the company is exposed to risks related to maintenance of the project. 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 payment may be reduced. Any significant delay and deduction in annuities could impact the, debt servicing ability of the company. However, strong track record of sponsor, who is also the O&M contractor, is expected to mitigate this risk.

Rating Sensitivities

- Timely receipt of annuity payments from the Government going forward

Liquidity Position: Adequate

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

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	6.99	6.65
PAT	Rs. Cr.	(0.06)	0.00
PAT Margin	(%)	(0.83)	(0.07)
Total Debt/Tangible Net Worth	Times	3.70	4.14
PBDIT/Interest	Times	0.99	1.00

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Aug 2023	Term Loan	Long Term	43.19	ACUITE A- Stable (Reaffirmed)
17 Jun 2022	Term Loan	Long Term	30.19	ACUITE A- Stable (Upgraded from ACUITE BBB+ Stable)
	Term Loan	Long Term	13.00	ACUITE A- Stable (Assigned)
14 Jun 2021	Term Loan	Long Term	30.19	ACUITE BBB+ Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Oct 2029	43.19	Simple	ACUITE A- Stable Reaffirmed

Contacts

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About Acuité Ratings & Research

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