July 04, 2023

Shrem InvIT: Rating withdrawn for term loans; Issuer Rating also withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based Term Loan – I	3364.00	3364.00	**[ICRA]AAA(Negative); Outstanding**
Fund-based Term Loan – II	2586.00	2586.00	**[ICRA]AAA(Negative); Outstanding**
Fund-based Term Loan – II	1500.00	0.00	**[ICRA]AAA(Negative); Withdrawn**
Issuer Rating	0.00	0.00	**[ICRA]AAA(Negative); Withdrawn**
Total	**7450.00**	**5950.00**	

**Instrument details are provided in Annexure-I*

Rationale

ICRA has withdrawn the rating assigned to the long-term fund-based term loan of Rs. 1500 crore and issuer rating of Shrem InvIT. The rating has been withdrawn based on the No Objection Certificate (NOC) received from the lender for Rs. 1500 crore of Term loans, in accordance with ICRA's policy on the withdrawal of credit ratings. Further, the Issuer rating has been withdrawn in line with ICRA's withdrawal policy, based on the request of the company.

ICRA suggests that the assigned rating for the term loan facilities will be outstanding and the key rating drivers, liquidity position, rating sensitivities are available in the detailed rating rationale available at the following: Click Here

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Infrastructure Investment Trusts (InvITs) Rating Methodology for BOT (Annuity) Roads Rating Methodology for BOT (Toll) Roads Rating Methodology for Roads - Hybrid Annuity Policy on Withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has consolidated the business and financial risk profile of all SPVs under SHREM InvIT as the cashflows are fungible among various SPVs due to direct control of SHREM InvIT. The list of SPVs consolidated are given in annexure 2

About the company

Shrem InvIT is an infrastructure investment trust floated by the sponsor, Shrem Infra Structure Private Limited. The InvIT is directly holding all the 32 operational SPVs under the Trust. The InvIT was formed under the Indian Trust Act, 1882, and an approval has been received from SEBI for the InvIT on February 4, 2021. The investment manager and the project manager for the InvIT are Shrem Financial Private Limited and Shrem Road Projects Private Limited, respectively, which are 100% owned by Shrem Infra Structure Private Limited. Established in 2011, the Shrem Group is a Mumbai-based family office managed by Mr. Nitan Chhatwal.

The existing portfolio of 32 projects was acquired from Dilip Buildcon Limited in phases in 2017, 2018, 2022 and 2023. The projects are a mix of state annuity, state toll + annuity, NHAI HAM, MoRTH HAM and NHAI toll located across eight different states. A brief information on the assets is as follows:

Project SPV	Project Type	Concession Authority	State
DBL Lucknow Sultanpur Highways Ltd	HAM	NHAI	Uttar Pradesh
DBL Tuljapur Ausa Highways Ltd	HAM	NHAI	Maharashtra
DBL Wardha Butibori Highways Pvt Ltd	HAM	NHAI	Maharashtra
DBL Yavatmal Wardha Highways Pvt Ltd	HAM	NHAI	Maharashtra
DBL Mahagaon Yavatmal Highways Pvt Ltd	HAM	NHAI	Maharashtra
DBL Kalmath Zarap Highways Ltd	HAM	MoRTH	Maharashtra
Jalpa Devi Tollways Limited	BOT Toll	NHAI	Madhya Pradesh
Suryavanshi Infrastructure Pvt Ltd	BOT Toll	MPRDC	Madhya Pradesh
DBL Ashoknagar – Vidisha Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Silwani – Sultanganj Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Sitamau– Suwasara Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Hata – Dargawon Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Patan Rehli Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Mundi – Sanawad Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Uchera – Nagod Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Betul – Sarni Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Tikamgarh – Nowgaon Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Sardarpur Badnawar Tollways Ltd	Toll + Annuity	MPRDC	Madhya Pradesh
DBL Bankhlafata – Dogawa Tollways Ltd	Annuity	MPRDC	Madhya Pradesh
DBL Jaora – Sailana Tollways Ltd	Annuity	MPRDC	Madhya Pradesh
DBL Nadiad Modasa Tollways Ltd	Annuity	GRDCL	Gujarat
DBL Mundargi Harapanahalli Tollways Ltd	Annuity	KRDCL	Karnataka
DBL Hassan Periyapatna Tollways Ltd	Annuity	KRDCL	Karnataka
DBL Hirekerur Ranibennur Tollways Ltd	Annuity	KRDCL	Karnataka
DBL Byrapura Challakere Highways Pvt Ltd	HAM	NHAI	Karnataka
DBL Gorhar Khairatunda Highways Pvt Ltd	HAM	NHAI	Jharkhand
DBL Anandapuram Anakapalli Highways Pvt Ltd	HAM	NHAI	Andhra Pradesh
DBL Bellary Byrapura Highways Pvt Ltd	HAM	NHAI	Karnataka
DBL Sangli Borgaon Highways Pvt Ltd	HAM	NHAI	Maharashtra
DBL Bangalore Nidagatta Highways Pvt Ltd	HAM	NHAI	Karnataka
DBL Chandikhole Bhadrak Highways Pvt Ltd	HAM	NHAI	Orissa
DBL Rewa Sidhi Highways Pvt Ltd	HAM	NHAI	Madhya Pradesh

**MPRDC – Madhya Pradesh Road Development Corporation; KRDCL – Karnataka Road Development Corporation Limited and GRDCL – Gujarat Road Development Corporation Limited*

The Trust is currently in the process of acquiring the remaining two HAM assets from DBL and the same is expected to be concluded by H1 FY2024.

Project SPV/ Asset	Project Type	Concession Authority	State/Location
DBL Nidagatta Mysore Highways Pvt Ltd	HAM	NHAI	Karnataka
Pathrapali Kathgora Highways Pvt Ltd	HAM	NHAI	Chhattisgarh

Key financial indicators (audited)

Shrem Consolidated	FY2022	FY2023
Operating income	571.0	1,384.3
PAT	298.6	483.5
OPBDIT/OI	77.1%	76.9%
PAT/OI	52.3%	34.9%
Total outside liabilities/Tangible net worth (times)	0.9	NA
Total debt/OPBDIT (times)	4.3	NA
Interest coverage (times)	3.3	3.8

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amounts in Rs crore
Source: ICRA Research

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2024)					Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Amount outstanding as of March 31, 2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	
					Jul 04, 2023	Jun 14, 2023	Jun 29, 2022	Jun 24, 2021	Mar 26, 2021	Mar 23, 2021
1	**Fund-based Term Loan - I**	Long-term	3364.0	2952.0	[ICRA]AAA (Negative); Outstanding	[ICRA]AAA (Negative)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	Provisional [ICRA]AAA (Stable)	-
2	**Fund-based Term Loan - II**	Long-term	2586.0	2241.5	[ICRA]AAA (Negative); Outstanding	[ICRA]AAA (Negative)	-	-	-	-
3	**Fund-based Term Loan - II**	Long-term	1500.0	906.0	[ICRA]AAA (Negative); Withdrawn	[ICRA]AAA (Negative)	-	-	-	-
4	**Proposed Term Loans**	Long-term	-	-	-	-	Provisional [ICRA]AAA (Stable)	-	-	-
5	**Issuer Rating**	Long-term	-	-	[ICRA]AAA (Negative); Withdrawn	[ICRA]AAA (Negative)	[ICRA]AAA (Stable)	[ICRA]AAA (Stable)	Provisional [ICRA]AAA (Stable)	Provisional [ICRA]AAA (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund Based Term Loans	Simple
Issuer rating	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term Loan - I**	June 2021	8.10%	June 2035	3,364.00	[ICRA]AAA (Negative); Outstanding
NA	**Term Loan - II**	September 2022	8.10%	December 2036	2,586.00	[ICRA]AAA (Negative); Outstanding
NA	**Term Loan - II**	September 2022	8.10%	December 2036	1,500.00	[ICRA]AAA (Negative); Withdrawn
NA	**Issuer Rating**	-	-	-	-	[ICRA]AAA (Negative); Withdrawn

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
DBL Ashoknagar – Vidisha Tollways Ltd	100%	Full Consolidation
DBL Silwani – Sultanganj Tollways Ltd	100%	Full Consolidation
DBL Sitamau– Suwasara Tollways Ltd	100%	Full Consolidation
DBL Hata – Dargawon Tollways Ltd	100%	Full Consolidation
DBL Patan Rehli Tollways Ltd	100%	Full Consolidation
DBL Mundi – Sanawad Tollways Ltd	100%	Full Consolidation
DBL Uchera – Nagod Tollways Ltd	100%	Full Consolidation
DBL Betul – Sarni Tollways Ltd	100%	Full Consolidation
DBL Tikamgarh – Nowgaon Tollways Ltd	100%	Full Consolidation
DBL Sardarpur Badnawar Tollways Ltd	100%	Full Consolidation
DBL Bankhlafata – Dogawa Tollways Ltd	100%	Full Consolidation
DBL Jaora – Sailana Tollways Ltd	100%	Full Consolidation
DBL Nadiad Modasa Tollways Ltd	74%#	Full Consolidation
DBL Mundargi Harapanahalli Tollways Ltd	74%#	Full Consolidation
DBL Hassan Periyapatna Tollways Ltd	74%#	Full Consolidation
DBL Hirekerur Ranibennur Tollways Ltd	74%#	Full Consolidation
Suryavanshi Infrastructure Pvt Ltd	100%	Full Consolidation
Jalpa Devi Tollways Limited	100%	Full Consolidation
DBL Lucknow Sultanpur Highways Ltd	100%	Full Consolidation
DBL Tuljapur Ausa Highways Ltd	100%	Full Consolidation
DBL Wardha Butibori Highways Pvt Ltd	100%	Full Consolidation
DBL Yavatmal Wardha Highways Pvt Ltd	100%	Full Consolidation
DBL Mahagaon Yavatmal Highways Pvt Ltd	100%	Full Consolidation
DBL Kalmath Zarap Highways Ltd	100%	Full Consolidation
DBL Byrapura Challakere Highways Pvt Ltd	100%	Full Consolidation
DBL Gorhar Khairatunda Highways Pvt Ltd	100%	Full Consolidation

Company Name	Ownership	Consolidation Approach
DBL Anandapuram Anakapalli Highways Pvt Ltd	100%	Full Consolidation
DBL Bellary Byrapura Highways Pvt Ltd	100%	Full Consolidation
DBL Sangli Borgaon Highways Pvt Ltd	100%	Full Consolidation
DBL Bangalore Nidagatta Highways Pvt Ltd	49%@	Full Consolidation
DBL Chandikhole Bhadrak Highways Pvt Ltd	49%@	Full Consolidation
DBL Rewa Sidhi Highways Pvt Ltd	49%@	Full Consolidation
DBL Nidagatta Mysore Highways Pvt Ltd	100%*	Full Consolidation
Pathrapali Kathgora Highways Pvt Ltd	100%*	Full Consolidation

**Yet to be acquired;*
@ Trust has acquired 49% in these entities and is likely to complete the acquisition of balance stake of 51% by H1 FY2024
 # Shareholding under these entities shall be restricted to 74% in line with the respective concession agreements, whereas 100% financial interest will lie with the Trust;
Source: Shrem InvIT

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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