



**Shrem Infra Investment Manager Private Limited**

*(formerly known Shrem Financial Private Limited)*

*(Investment Manager to Shrem InvIT)*

June 27, 2025

To  
The Listing Department,  
**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051

**Ref: Scrip Name: SHREMINVIT**

**Sub: Credit Rating of Shrem InvIT**

Dear Sir/Madam,

Pursuant to Regulation 23 of SEBI (Infrastructure Investment Trusts) Regulations, 2014, as amended from time to time and Chapter 4 of SEBI Master Circular No. SEBI/HO/DDHS-PoD2/P/CIR/2024/44 dated May 15, 2024 (as amended), we are submitting herewith the credit rating letter issued by India Ratings & Research (Credit Rating Agency).

We request you to take the above on record.

Thanking you

Yours faithfully,

**Shrem Infra Investment Manager Private Limited**  
*(formerly known Shrem Financial Private Limited)*  
**(Investment Manager to Shrem InvIT)**

Ilaa  
Jayesh  
Udeshi  
Digitally signed  
by Ilaa Jayesh  
Udeshi  
Date: 2025.06.27  
19:21:30 +05'30'

**Ilaa J Udeshi**  
**Company Secretary and Compliance Officer**  
**Membership No.: F8104**

CC:  
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Mr. Nitin Chhatwal  
Director  
SHREM InvIT  
Shrem Group, 1001, Viraj Towers, Junction Of Andheri Kurla Rd.,  
Western Express Highway, Near Landmark Building,  
Andheri (E), Mumbai-400 069

June 26, 2025

*Dear Sir/Madam,*

**Re: Rating Letter for BLR of SHREM InvIT**

India Ratings and Research (Ind-Ra) has taken the following rating actions on Shrem InvIT's debt instruments:

Instrument Type	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/ Watch	Rating Action
Long-Term Issuer Rating	-	-	IND AAA/Stable	Assigned
Rupee term loan - I	30 June 2035	INR23,205.30 (reduced from INR26,328.7)	IND AAA/Stable	Affirmed
Rupee term loan - II	31 December 2036	INR36,356.27 (reduced from INR37,836.1)	IND AAA/Stable	Affirmed
Rupee term loan - III	31 December 2036	INR7,583.98 (reduced from INR7,841.1)	IND AAA/Stable	Affirmed
Rupee term loan - IV(A)	30 June 2036	INR30,660	IND AAA/Stable	Affirmed
Rupee term loan - IV(B)	31 March 2031	INR4,860	IND AAA/Stable	Affirmed

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient.

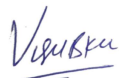
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In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please email us at [infogrp@indiaratings.co.in](mailto:infogrp@indiaratings.co.in)

Sincerely,

India Ratings



**Vishal Kotecha**  
**Director**

**Annexure: Facilities Breakup**

Instrument Description	Banks Name	Ratings	Outstanding/Rated Amount(INR million)
Rupee Term Loan	State Bank of India	IND AAA/Stable	75869.90
Rupee Term Loan	Union Bank of India	IND AAA/Stable	26795.65

Vs

## India Ratings Rates Shrem InvIT and Affirms its Existing Debt at 'IND AAA'/Stable

Jun 26, 2025 | Road Assets–Toll | Annuity | Hybrid-Annuity

India Ratings and Research (Ind-Ra) has taken the following rating actions on Shrem InvIT's debt instruments:

### Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/ Watch	Rating Action
Long-Term Issuer Rating	-	-	-	-	IND AAA/Stable	Assigned
Rupee term loan - I	-	-	30 June 2035	INR23,205.30 (reduced from INR26,328.7)	IND AAA/Stable	Affirmed
Rupee term loan - II	-	-	31 December 2036	INR36,356.27 (reduced from INR37,836.1)	IND AAA/Stable	Affirmed
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Rupee term loan – IV(A)	-	-	30 June 2036	INR30,660	IND AAA/Stable	Affirmed
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### Analytical Approach

Shrem InvIT is an infrastructure investment trust floated by Shrem Infra Invest Private Limited (SIPL; debt rated at '[IND AA'/Stable](#)). Shrem InvIT owns 37 operational special purpose vehicles (SPVs) comprising [24 initial portfolio SPVs](#), additional [10 HAM \(hybrid annuity model\) SPVs](#) acquired over FY23-FY24 (details in Annexure) and three HAM SPVs that were acquired in FY25. Shrem InvIT is acquiring the balance two assets jointly owned by Apco Infratech Private Limited (AIPL) and Chetak Enterprises Limited (CEL), for which the National Highway Authority of India's (NHAI; '[IND AAA'/Stable](#)') approval is in place; the transaction closure is pending for certain legal clearances at the end of the sellers.

The enterprise value of the last tranche of five assets that were to be acquired was estimated at around INR40 billion, which was proposed to be funded by a debt of INR35.5 billion and the balance through issuance of fresh InvIT units. The trust raised around INR4 billion in August 2024 by the issuance of 36.08 million of new units on preferential basis and part of these proceeds were used to fund the acquisition of the three assets. As per management estimates, the balance two assets are estimated to have an enterprise value of around INR17.55 billion, which are proposed to be funded by the already raised equity and a debt of nearly INR16 billion, which has already been tied up. The amount raised at the InvIT will be used towards the payment of the entire external debt at HAM projects along with the unsecured loan of the erstwhile promoter and equity consideration. Post the said acquisition, Shrem InvIT will have a diversified portfolio of 39 projects, consisting of 20 NHAI project, one Ministry of Road Transport and Highways (MoRTH) awarded HAM project, 10 state annuity-plus-toll projects, six state annuity projects, and two toll projects, including one NHAI awarded toll project.

For the rating purpose, Ind-Ra has fully consolidated the cash flows of all the [39 SPVs](#) (initial portfolio SPVs and new SPVs) acquired / to be acquired by Shrem InvIT. The agency has also fully consolidated the existing outstanding debt and the debt that could be availed, aggregating to around INR102.58 billion, comprising the sanctioned RTLs availed /to be

availed for funding the additional SPVs proposed to be brought under the InvIT structure. The rating on Shrem InvIT reflects the combined credit quality of the underlying assets on account of consolidation of cash flows, with no external debt at the SPV level. This is not a rating of the units of Shrem InvIT and should not be construed as a comment on the ability of the InvIT to meet distribution payouts to the unit holders.

## Detailed Rationale of the Rating Action

The rating reflects a diversified pool of assets involving 20 NHAI and one MoRTH awarded HAM projects, 10 state annuity-plus-toll projects, six state annuity projects and two toll projects (one being NHAI-awarded toll project and one state toll project). It also reflects a fixed-price operations and maintenance (O&M) contract with Dilip Buildcon Limited ([DBL, 'IND A'/Positive](#)) and Shrem Roadway Private Limited, with a pass-through structure that mitigates the O&M risk for the entire portfolio of assets. Post the proposed acquisition, the consolidated net leverage to enterprise value (EV) is likely to increase to around 55%-57% (basis the quantum of additional debt to be availed for proposed acquisitions) from 54.25% (as of 31 March 2025). The management has confirmed the capping of the net debt to EV at 60% for any further acquisitions or additional debt; a breach of the same will be a credit negative.

The rating also benefits from the healthy average debt service coverage ratio (DSCR) ratio of 1.5x and healthy liquidity maintained in the form of reserves. The sufficient operational track record of the combined portfolio and the fungible cash flows among SPVs of the InvIT structure bolster the overall credit profile. The InvIT's cash flows show considerable resilience to stress cases, reflecting ample cushion for timely debt servicing in potential downside scenarios. The cash flows from all the 39 SPVs in the form of dividends, interest on InvIT debt, and the repayment of InvIT loans will flow to InvIT directly, and the net cash generated by InvIT is distributed to investors every quarter.

## List of Key Rating Drivers

### Strengths

- InvIT structure provides diversification benefits
- Right mix of operational assets
- Minimal impact of GST
- Diversified sponsor profile
- Moderate debt structure
- Low operational risk
- Pass-through structure of O&M risk

### Weaknesses

- Acquisitions shall hold the key

## Detailed Description of Key Rating Drivers

**InvIT Structure Provides Diversification Benefits:** The InvIT's pooled structure results in the availability of cashflows from a pool of 39 road assets, including the proposed two HAM assets. The projects are located across multiple states, minimising the impact of any one-time event-related risks at isolated locations. The agency has analysed the projects as one group and has fully consolidated the cash flows for arriving at the rating. As per Ind-Ra's estimates, of the overall cash flow available for debt servicing (CFADS) during the currency of the consolidated loan, nearly 85% is from NHAI and MoRTH HAM projects (which covers more than 1.25x of debt obligations). Given the comfortable cover and steady cashflows from NHAI and MoRTH's HAM projects, the debt obligations can be adequately serviced even in the event of any delay in state annuities and/or lower-than-Ind-Ra-expected growth in the toll revenue.

The enterprise value of the last tranche of five assets that were to be acquired was estimated at around INR40 billion, which was proposed to be funded by a debt of INR35.5 billion and the balance through issuance of fresh InvIT units. The trust raised around INR4 billion in August 2024 by the issuance of 36.08 million of new units on preferential basis and part of these proceeds were used to fund the acquisition of the three assets. As per management estimates, the balance two assets are estimated to have an enterprise value of around INR17.55 billion, which are proposed to be funded by the already raised equity and a debt of nearly INR16 billion, which has already been tied up. The net debt/EV post-acquisition

is estimated to be in the range between 55% - 57%, well below the debt ceiling of 70% of the InvIT's valuation, in accordance with the Regulation 20(3) of the SEBI (Infrastructure Investment Trust) Regulations, 2014 (InvIT Regulations). However, the management has confirmed the capping of the net debt to EV at 60% for any further acquisitions or additional debt availed at InvIT, a breach of which shall be credit negative.

**Right Mix of Operational Assets:** As per Ind-Ra's base case estimates, 21 HAM projects in the pool of 39 operating assets with the NHAI/MoRTH as the authority would contribute about 85% to the cash flow available for debt servicing (CFADS) during the currency of the consolidated debt until 31 December 2036. These 21 HAM projects will ensure fixed inflation linked semi-annual annuities from a strong counterparty (NHAI/MoRTH), resulting in a steady flow of funds in InvIT. During FY25, InvIT received 34 annuities from NHAI/MoRTH awarded HAM projects, with no delay on an average since most of the annuities are received before the due date; however, there was a maximum delay of nine days in one case. Also, during FY25, the annuities for HAM/MoRTH projects was received by the InvIT without any significant deductions (below 1%), except for two annuities that witnessed deductions of 4% and 6% for reasons such as reduction in scope of work and minor maintenance-related deductions. The management has represented that the withheld amount for the non-maintenance of roads has been adjusted from semi-annual O&M payments required to be made to the O&M contractor or from the defect liability deposit available from DBL for the assets that were acquired from DBL. For the state HAM/annuity projects, the agency has observed that 32 annuity receipts were regular, with no delay on an average and without any significant deductions, except for one annuity that witnessed a deduction (including retention of 5% as per the terms of CA) of about 7.9%, part of which has already been recovered from the O&M contractor. The management has stated that the two proposed projects do not have any significant road quality issues as observed during their due diligence process. Also, any deductions/withholding reflect a one-time adjustment towards pending works or would be released once the necessary work is completed.

As per Ind-Ra's base case, the contribution of Jalpadevi Tollway Limited (JDTL, NHAI awarded toll project) to CFADS over the debt tenor post-acquisition will reduce to 6% from 9%. The likely growth in toll revenue factors in toll rates revision, linked to a fixed 3% and 40% change in the Wholesale Price Index. JDTL has an operational history of over five years. It forms a part of NH-3, which is an important connecting link for the traffic moving between the northern states and Maharashtra, Andhra Pradesh, Tamil Nadu and other the southern states, as this highway is 120-150km shorter than NH-8 that connects Mumbai and Agra. During FY20-FY25, the traffic of JDTL increased at a CAGR of 4.8% and similar traffic growth rates have been assumed in Ind-Ra's base case with a decreasing trend.

**Minimal Impact of GST:** The goods and services tax (GST) is applicable on all the three revenue components - annuity, interest on annuity and O&M. The SPVs have been receiving the GST on all three components, except for one project from the authority. The GST payable on annuities is typically offset against the GST input tax credit available to the company; the net cash outflow post the exhaustion of input tax credit (typically past three-to-four years of operational period) would be offset from reimbursements by the NHAI as per the policy circular dated 1 September 2021, leading to minimal cash flow impact on the InvIT cashflows.

**Diversified Sponsor Profile:** The Shrem Group, with interests in real estate, hospitality and infrastructure, entered into the infrastructure space through its acquisition of 24 road projects from DBL in 2017. The group had also invested in Nanavati Hospital and developed two hotels in Goa, which were subsequently divested. It has also developed and is operating a luxury hotel near Chhatrapati Shivaji International Airport, Terminal 2, Mumbai under the Fairmont Brand and monetised its investment in Route Mobiles Limited just before its initial public offering.

**Moderate Debt Structure:** As on 30 April 2025, the outstanding external debt was INR67.15 billion for RTL I, II and III, while RTL IV had an outstanding debt of INR16.48 billion. RTL-IV(A) of INR30.66 billion and RTL-IV(B) of INR4.86 billion were the term loan facilities sanctioned for the purpose of proposed acquisition of five projects for refinancing debt at SPV level and payment of equity consideration, respectively. RTL-I, RTL II and RTL-III are fully availed by InvIT while an amount equivalent to INR17.47 billion only has been disbursed from the sanctioned RTL-IV limits, the balance commitment from lenders aggregating to INR18.047 billion is yet to be availed for acquisition of aforementioned two HAM assets to be acquired by the InvIT in due course.

RTL-I, RTL-II and RTL-III will be amortised by FY37, leaving a tail period of around five years from the last concession



date for the pool of assets in InvIT. RTL-IV (A) is to be amortised over 12 years and three months, while RTL-IV (B) is proposed to be amortised over seven years. With the said loan tenures, RTL IV(A) and RTL-IV(B) will mature in FY37 and FY31, respectively. If, in any quarter, the DSCR falls below 1.25x, the entire surplus will be trapped in the InvIT. A peak debt service reserve account (DSRA), equivalent to three months of debt obligations is required to be maintained for all the debt facilities availed by the trust. Also, there is a structure to ensure that the cash flows of all the SPVs at all the time are available for the timely debt service of the InvIT loan.

Ind-Ra believes the InvIT's debt obligations will be adequately met with the steady cashflows backed by the timely annuities from 21 NHAI/MoRTH awarded HAM projects under the InvIT post complete acquisition, which is likely to contribute about 85% to the cash flows for debt servicing over the debt tenor.

**Low Operational Risk:** Each of the 34 earlier existing project SPVs have signed a fixed-price O&M contract with DBL for taking up the routine and major maintenance expenses. The O&M activity for the last tranche of five projects, including the two projects that are yet to be acquired from AIPL and CEL, shall be done by Shrem Roadways Private Limited (SRPL), and the respective project SPVs have signed a fixed-price O&M contract with SRPL for taking up the routine and major maintenance expenses. However, the O&M agreement is on the same lines for all the projects. Shrem Road Projects Private Limited (SRPPL), the project manager, is managing / overseeing the O&M of the all 39 project assets held by the InvIT

The O&M costs, factored-in by the management, are based on the O&M contracts executed by the SPVs with DBL and SRPL. The O&M costs in most of the projects are largely comparable to the average cost of Ind-Ra-rated peers. For projects where the O&M cost is lower than those of Ind-Ra-rated peers, the agency has assumed a cost in line with the peers'. The DSCR remains resilient to any moderate increase in the routine O&M and major maintenance costs; any significant increase in the O&M costs would be a key monitorable.

The O&M cost, according to the O&M agreement, for 13 Madhya Pradesh annuity, toll-plus-annuity and toll projects and one Gujarat annuity project will be compensated by the total toll collection from 10 Madhya Pradesh annuity-cum-toll projects and one Madhya Pradesh state toll project. For the balance projects, there is a fixed-price contract with DBL and SRPL. Furthermore, the rating factors in the indemnification provided by DBL and SRPL towards any deduction in the annuity on account of pending construction work or non-compliance of O&M obligation, as defined under the concession agreement for all the projects, thereby providing comfort towards the maintenance aspects of the projects. Considering DBL is a leading engineering, procurement and construction contractor incorporated in 2006, the O&M (both routine and periodic maintenance) of the project stretches is not seen as any concern. Any significant and sustained deductions due to non-maintenance of project stretches, thereby impacting the liquidity of the InvIT, would remain a key monitorable.

**Pass-through Structure for O&M Risk:** In accordance with the amended engineering, procurement and construction agreement, DBL had provided a defect liability period (DLP) and O&M deposit of INR2,937.2 million, equivalent to the initial four years' O&M payments for six NHAI/MoRTH HAM projects to Shrem InvIT. The liability of DLP deposit to be repaid will rest with the SPV and there will be no O&M obligations for any entity during such period. The DLP deposit liability at the SPV level is to be repaid to DBL out of the initial eight annuities received by HAM SPVs i.e. out of the project cash flows. Since the initial four years of the DLP have ended, DBL has further provided an O&M deposit, which will be repaid out of the future annuity until the end of the concession period. Furthermore, a DLP/O&M deposit of INR1,250 million has been provided by DBL for state projects that were to be repaid from the cash flows of the state projects until the end of their concession period. The management has confirmed that the deductions in the annuity due to maintenance-related requirements have been recovered from DBL by withholding the DLP deposit.

The aggregate of O&M/DLP deposit outstanding for six HAM projects was about INR1,666.8 million as on 31 March 2025. Furthermore, any deductions in the annuities on account of the non-maintenance of the projects will be reduced from the aforesaid deposit amounts. The DLP and O&M deposits provide additional comfort towards the maintenance aspect of the project. Upon DLP and O&M deposits getting fully exhausted, the management has represented that it will continue to recover damages for maintenance gaps, if any, from DBL from their regular invoices, which will be about INR3,000 million annually for all projects in aggregate. Additionally, a non-disposal undertaking by DBL for their unit holding (currently 9.8%) of Shrem InvIT to the extent of 15% of the EV of 10 HAM SPVs acquired provides comfort for indemnification by DBL.



**Acquisitions Shall Hold the Key:** Although the Securities and Exchange Board of India (Infrastructure Investment Trust) Regulations 2014 (InvIT regulations) allow the acquisition of under-construction assets into InvIT, the investment manager intends to acquire only operational assets that would be value-accretive to its investors, and annuity projects from strong counterparties (preferably the NHAI and MoRTH). Shrem Infra Investment Manager Private Limited, the investment manager, will assess potential acquisitions and propose the same for the decision of the unit holders. The project manager and the investment manager will not have any business interest other than managing business activities for InvIT. The investment management fees and project management fees cumulatively capped at 1% and 0.5%, respectively, of the operational revenue of the initial portfolio of SPVs and new SPVs. The agency will evaluate all acquisitions; this will be a key monitoring event for a rating review.

The two SPVs under discussion for acquisition, are owned by AIPL and CEL under the consortium arrangement. CEL and one of its lenders have some disputes in one of the projects (not related to the SPVs under acquisition by Shrem InvIT), which is sub-judice, causing the delay in the acquisition of the proposed two assets. Although the trust has already received no-objection certificates from the NHAI for the change in ownership and for the refinancing of two proposed SPVs, the transaction shall be concluded only after the resolution of the aforementioned pending matter and the same shall remain a monitorable.

## Liquidity

**Adequate:** The cash accruals of the projects are strong enough to meet the debt obligations of the InvIT, with an average DSCR of 1.5x, as per Ind-Ra's base case. The InvIT made 15 distributions aggregating to INR29.93 billion to its unit holders during November 2021 to May 2025 pertaining to quarterly distributions from September 2021 to March 2025. As on 30 April 2025, the liquidity available with InvIT was INR18.33 billion, including a DSRA of INR5.88 billion, major maintenance reserve of INR1.54 billion and a contingency reserve of INR0.90 billion, as stipulated in the financing terms and the balance being surplus liquidity with the InvIT. The contingency reserve provides adequate cushion and will be maintained until 31 December 2026 to mitigate the risk of a shortfall in debt servicing due to delays in annuity payments, if any, from three Karnataka state HAM projects.

## Rating Sensitivities

**Positive:** Not applicable

**Negative:** Future developments that may, individually or collectively, result in a negative rating action are:

- a steep decline in DSCR due to the acquisition of weaker assets or significant delays or deductions in annuities, or higher-than-expected operating cost, resulting in the average DSCR in Ind-Ra's base case assumptions falling below 1.40x,
- deterioration in the credit profile of the NHAI and/or the project manager,
- an adverse funding pattern or additional debt, leading to net debt to EV exceeding 60%, and
- any adverse regulatory changes.

## Any Other Information

Not applicable

## About the Company

The sponsor, SIPL, formed Shrem InvIT under the Indian Trust Act, 1882 post approval from Securities Exchange Board of India in FY22, and hived-off 24 operational SPVs as the initial portfolio. Furthermore, 10 projects were acquired from DBL in FY24, three projects of AIPL were acquired in FY25 and two projects of AIPL and CEL have been identified by the InvIT, and the management expects these projects to be acquired in FY26. Post the acquisition, Shrem InvIT would have a diversified portfolio of 39 projects, comprising 20 NHAI and one MoRTH awarded HAM projects, 10 state annuity-plus-toll

projects, six state annuity projects and two toll projects, including one NHAI awarded toll project. The sponsors and sponsor group hold 66.6% of Shrem InvIT's units.

## Key Financial Indicators

Particulars (INR million, Consolidated)	FY25	FY24
Revenue from operations	24,578.32	19,528.35
Total income	25,902.42	20,353.27
EBITDA	18,817.36	16,869.90
EBITDA margin (%)	72.6	82.9
Finance cost	6,423.06	5,633.44
Interest coverage (EBITDA/interest, x)	2.93	2.99
Gross debt/EBITDA (x)	5.45	4.39
Cash and cash equivalents	2,215.37	2,145.94
Source: Shrem InvIT, Ind-Ra		

## Status of Non-Cooperation with previous rating agency

Not applicable

## Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Size of Issue (million)	Rating	25 June 2024	18 August 2023	26 May 2023	30 January 2023
Issuer Rating	-	-	IND AAA/Stable	-	-	-	-
Rupee term loan	Long-term	INR1,02,665.55	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable	IND AAA/Stable
Proposed NCDs	Long-term	INR10,000	-	-	WD	Provisional AAA/Stable	-

## Bank wise Facilities Details

## Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Rupee term loan	High

\*The complexity indicator for above instruments is categorised as high due to the cashflow pooling structure in InvIT.

For details on the complexity levels of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## Contact

### Primary Analyst

Samant Jha

Associate Director

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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For more information, visit [www.indiaratings.co.in](http://www.indiaratings.co.in).

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**APPLICABLE CRITERIA AND POLICIES**

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**Evaluating Corporate Governance****Rating Criteria for Infrastructure and Project Finance****The Rating Process****DISCLAIMER**

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