IRB InvIT Fund — Feb 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline / Transition Quarter **One-line:** The Trust is navigating the expected "revenue hole" from the expiry of its largest asset (Surat-Dahisar) through a mix of high organic traffic growth and the maiden acquisition of the Vadodara-Kim HAM project.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Inline	9MFY23 NDCF of □376.7 Cr is largely in line with the revised portfolio scale.	□
Earnings Quality	High (Core driven)	PAT growth (+40%) is a non-cash accounting artifact of lower depreciation post-asset expiry; Cash Profit (-25%) reflects core reality.	□
Guidance Confidence	Neutral	Acquisition of Vadodara-Kim confirms the strategy to replace expired assets, but more scale is needed.	□
Management Credibility	Strong	Successfully integrated the first HAM project (Vadodara-Kim) and maintained steady distributions during a portfolio reset.	□
Business Quality Signal	Stable	Operational assets (Tumkur, Jaipur, Omalur) show double-digit traffic growth (17-25% YoY).	□
Key Q&A Exchange	N/A	Section not applicable — investor presentation only.	—
The Street's Primary Anxiety	DPU Sustainability	Fear that the loss of Surat-Dahisar cash flows would collapse distributions. (Mgmt responded with a □2.00 Q3 DPU).	□
Capital Cycle Stage	Harvesting & Reinvestment	Harvesting cash from remaining BOT assets while reinvesting into new HAM/BOT acquisitions.	□
Margin / Return Ratio Trajectory	Stable	EBITDA margins remain healthy at ~80% despite the loss of high-margin legacy assets.	→
Pricing Power	Expanding	Tariff revisions are WPI-linked; 9MFY23 saw a massive 14.87% hike in September for key stretches.	□
FCF Conversion & Quality	Strong	Cash Profit of □510.3 Cr significantly exceeds PAT (□276.8 Cr) due to heavy non-cash finance charges.	□
Competitive Moat Signals	Stable	Portfolio remains strategically located on Golden Quadrilateral and East-West corridors.	→
Balance Sheet Strength	Strong	Net Debt/Asset ratio remains very conservative at 0.3x; significant headroom for acquisitions.	□
Working Capital Efficiency	Stable	Toll model ensures immediate cash realization; NDCF reflects actual cash available for unitholders.	→
Mgmt Guidance Track Record	Reliable	Consistent history of semi-annual/quarterly distributions since listing in 2017.	□
Key Vulnerability / Red Flag	Asset Concentration	The portfolio is currently dependent on five primary assets; any traffic diversion on Tumkur-Chitradurga would be material.	□
Management Tone	Confident	Tone (via PPT) focuses on the "proven traffic history" and "remaining concession life" of ~16 years.	□

Sentiment: □Positive

Key Takeaways: * **Positives:** Traffic recovery is robust, with Tumkur-Chitradurga volume up 21% YoY and Omalur-Salem up 25%. The successful acquisition of Vadodara-Kim (Oct 2022) demonstrates the "Sponsor Pipeline" model is still functional. * **Negatives:** Total Income dropped 23% YoY (from □1,012.9 Cr to □782.8 Cr) primarily due to the expiry of the Bharuch-Surat and Surat-Dahisar concessions. Finance costs rose 22% due to non-cash discounting impacts and interest on premium deferments. * **Street Concern:** Investors are focused on the replacement of Surat-Dahisar's cash flow. Management's response has been to increase the Q3 distribution to □2.00/unit (vs □1.25 in Q2), signaling confidence in the "new" portfolio's ability to yield. * **Forward Watchpoint:** The key trigger is the next round of acquisitions from the Sponsor's □23k-25k Cr pipeline to utilize the □4,500 Cr available debt headroom.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — Mgmt Commentary column is absent.

Metric	Current Qtr (9M FY23)	YoY Change	QoQ Change	Trend
Total Income (□Cr)	782.8 (net of rev share)	↓ 22.7%	N/A	↓
EBITDA (□Cr)	625.0	↓ 24.4%	N/A	↓
EBITDA Margin %	79.8%	↓ 176 bps	N/A	↓
PAT (□Cr)	276.8	↑ 39.6%	N/A	↑
Cash Profit (□Cr)	510.3	↓ 19.8%	N/A	↓
NDCF (□Cr)	376.7	↓ 3.7%	N/A	→
Net Debt / Asset (x)	0.30x	↑ (vs 0.23x)	N/A	↑
Traffic Growth (%)	~21% (weighted)	↑	N/A	↑
Distribution (□/unit)	4.45 (9M Total)	↓ (vs 9.0 FY)	↑ (Q3 vs Q2)	□
Interest Coverage (x)	4.8x	↓ (vs 7.8x)	N/A	↓

Note: 9MFY23 Revenue/EBITDA is lower due to the expiry of Surat-Dahisar and Bharuch-Surat projects in H1FY23. PAT is higher due to a 58% drop in Depreciation/Amortization after these assets exited the books.

2B. SEGMENT BREAKDOWN (PROJECT-WISE EBITDA 9MFY23)

Project	Income (□ Cr)	EBITDA (□ Cr)	Margin	Trend	vs Avg	Key Development
Tumkur Chitradurga	249.4	235.3	94.3%	↑	Above	Largest contributor; 21% traffic growth YoY.
Pathankot Amritsar	107.2	Not stated	—	↑	Neutral	Toll restarted Jan 2023 after farmer protests.
Jaipur Deoli	115.6	Not stated	—	↑	Neutral	Solid 17% traffic growth YoY.
Vadodara Kim	Not stated	Not stated	—	New	New	Acquired Oct 2022; first HAM asset in portfolio.
Surat Dahisar	0.0	0.0	0%	↓	Below	Concession ended May 2022.

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3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Distribution	Minimum 90% of NDCF to be distributed.	Current 9M DPU of □4.45 suggests full-year □6.0-6.5 range.	Consistent	Low
Guidance	Acquisitions	Focus on "yield-accretive" assets from Sponsor/3rd parties.	Needs ~□1,500 Cr of new assets to return to FY22 revenue levels.	Delivered (Vadodara Kim)	Medium
Strategy	Leverage	Maintain Debt to Asset ratio well within 49% cap.	Currently at 30%; implies □4,500 Cr of additional debt capacity.	Reliable	Low
Macro	Traffic Growth	Leverage Golden Quadrilateral positioning for GDP+ growth.	Requires ~5-6% volume growth + WPI hike to hit 12% rev CAGR.	Exceeded (9M)	Low
Balance	Refinancing	Reduce interest costs through AAA rating.	Maintained AAA rating from India Ratings/CARE.	Reliable	Low

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4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

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5. WHAT CHANGED vs PRIOR QUARTER

Based on Prior Context (FY22 performance and April 2022 expectations):

What Changed	Prior Quarter (FY22 context)	This Quarter (9M FY23)	Direction
Portfolio Composition	7 BOT Assets	5 BOT + 1 HAM Asset	□Transition
Key Asset Expiry	Surat-Dahisar Operational	Surat-Dahisar Expiry Finalized	□Revenue Loss
Pathankot-Amritsar	Constant Protest Disruptions	Fully Operational (Jan 23)	□Normalization
Tariff Hike	8.0 - 8.5% Expected	14.87% Implemented (Sept)	□Pricing Beat
Net Debt/Asset	0.23x	0.30x	□Leveraging
Asset Base	6 Operational Projects	6 Operational (incl. Vadodara)	→ Stable
Distribution Trend	□2.25/qtr average	□2.00 (Q3)	↓ Lower Payout

Investor Notes: * **The "PAT Mirage":** Long-term investors must ignore the 40% PAT growth. It is entirely driven by the cessation of depreciation for expired assets. The 25% drop in Cash Profit is the true metric to track for distribution sustainability. * **WPI Tailwind:** The 14.87% tariff hike is a significant windfall that partially mitigates the volume loss from expired assets. As long as inflation remains elevated, the Trust's "real" returns are protected. * **HAM Entry:** The acquisition of Vadodara-Kim marks a shift from a pure BOT-Toll model to a mix including Annuity-style (HAM) flows. This reduces the overall portfolio volatility but may slightly lower the aggregate IRR compared to pure toll assets. * **Liquidity Use:** The Trust utilized □111.9 Cr of previously "trapped" escrow cash (from ITCTL) to fund the Vadodara-Kim acquisition, demonstrating efficient capital recycling. STOP HERE.