IRB InvIT Fund — Sep 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline **One-line:** Stable distribution performance (□2.00/unit) supported by steady traffic across the majority of the portfolio, though rising finance costs and a slight traffic dip in Northern assets (Pathankot) bear monitoring.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Inline	Distribution maintained at □2/unit; 4% YoY revenue growth.	□
Earnings Quality	High (Core driven)	Performance driven by toll collections; no major one-offs.	□
Guidance Confidence	Neutral	Hand-back of assets completed; focus on remaining 15 years.	□
Management Credibility	Strong	Consistent payout track record (□70.35/unit cumulative).	□
Business Quality Signal	Stable	Mature assets; Net Debt/Asset Value at a conservative 0.3x.	□
Key Q&A Exchange	Not applicable	Concall not provided.	□
The Street's Primary Anxiety	Impact of rising interest costs on NDCF	Finance expenses up 9% YoY (H1).	□
Capital Cycle Stage	Harvesting	Distribution of 90%+ NDCF from operational assets.	□
Margin / Return Ratio Trajectory	Stable	EBITDA margin remains high at 83% (H1FY25).	□
Pricing Power	Stable	Regulated toll hikes based on WPI/Fixed formulas.	□
FCF Conversion & Quality	Strong	Cash Profit (□298.2 Cr) significantly exceeds PAT.	□
Competitive Moat Signals	Stable	Strategic locations (Golden Quadrilateral/East-West).	□
Balance Sheet Strength	Strong	0.3x Net Debt/Value allows for headroom for acquisitions.	□
Working Capital Efficiency	Stable	FASTag penetration >95% ensures immediate realization.	□
Mgmt Guidance Track Record	Reliable	Consistent quarterly distributions.	□
Key Vulnerability / Red Flag	Traffic stagnation in Pathankot	Pathankot-Amritsar traffic down 2.4% YoY in H1.	□
Management Tone	Not applicable	Concall not provided.	□

Key Takeaways (Positives & Negatives):

Positives: * **Yield Stability:** The Trust declared a distribution of □2.00 per unit for Q2FY25, maintaining an annualized yield profile of ~11-12% based on historical pricing. * **Portfolio De-leveraging:** Net debt remains low at ₹2,342.1 Cr against an asset value of ₹7,978 Cr (0.3x leverage), providing significant "dry powder" for potential inorganic growth. * **Asset Resilience:** Core assets like Tumkur Chitradurga and Jaipur Deoli showed volume growth of 3.7% and 4.9% respectively in H1FY25, offsetting regional weaknesses.

Negatives: * **Bottom-line Pressure:** While Gross Income grew 4%, PAT declined 10% YoY in H1FY25, primarily due to a 9% rise in Finance Expenses and a 13% increase in Depreciation/Amortization. * **Northern Corridor Weakness:** The Pathankot Amritsar BOT project saw a traffic decline (2,334k vs 2,391k vehicles), suggesting localized headwinds or shifting logistics patterns in that corridor. * **Rising Interest Burden:** The 9% increase in finance costs suggests the impact of higher interest rates on variable debt or refinancing, which may squeeze the buffer for future Net Distributable Cash Flow (NDCF).

---

2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric (₹Cr)	Current Qtr (Q2FY25)	YoY Change (H1)	QoQ Change	Trend	Mgmt Commentary
Total Income (Net)	267.3 (Millions / 10)	+4% (H1)	First entry	→	Driven by traffic growth in core assets.
EBITDA	224.9	+2% (H1)	First entry	→	Marginal lag vs revenue due to Maint. provisions.
EBITDA Margin %	84.1%	-200 bps (H1)	First entry	↓	EBITDA margin net of rev share (83% for H1).
PAT	Not in doc (Q2 only)	-10% (H1)	First entry	↓	Impacted by higher finance and depreciation costs.
NDCF	Not in doc (Q2 only)	Not in doc	First entry	→	H1 NDCF stands at ₹245.1 Cr.
Distribution (₹/unit)	2.00	Flat	Flat	→	Payout policy remains consistent.
Traffic Growth (%)	Variable by asset	+2.4% (Avg)	First entry	→	Core South/West assets strong; North weak.
Net Debt	2,342.1	First entry	First entry	→	Conservative leverage at 0.3x asset value.
Cash Profit	Not in doc (Q2 only)	-1% (H1)	First entry	→	Stable cash generation despite PAT decline.
Net Debt/Asset Value	0.3x	First entry	First entry	→	Sufficient headroom below 70% regulatory cap.

2B. SEGMENT BREAKDOWN (Project-wise H1FY25)

Segment (Project)	Revenue (₹ Cr)	EBITDA (₹ Cr)	Margin	Trend	vs Co Avg	Key Development
Tumkur Chitradurga	188.2	175.3	93.1%	↑	Above	Largest contributor to revenue/ EBITDA.
Jaipur Deoli	66.8	57.3	85.8%	→	Inline	Steady traffic growth (+4.9% H1).
Pathankot Amritsar	52.8	39.4	74.6%	↓	Below	Traffic degrowth of 2.4% in H1.
Omalur-Salem-Namakkal	40.5	35.8	88.4%	↑	Above	Concession ends Jan-27; near end-life.
Talegaon Amravati	31.9	25.5	80.0%	→	Inline	Consistent volumes.
Vadodara Kim (HAM)	15.3	14.6	95.4%	↑	Above	High margin due to HAM model/ Annuity.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Distribution	Target consistent quarterly payout (currently ₹2.0/unit).	Needs ₹234 Cr NDCF in H2 to maintain ₹8/year.	Delivered ₹8.00 in FY24.	Low
Strategy	Asset Life Extension	Anticipated "Extension of Time" for concession periods.	Dependent on NHAI/ Authority approval.	Ongoing.	Medium
Strategy	Capital Allocation	0.3x Debt/Equity provides cushion for acquisitions.	Can theoretically fund ₹2,000 Cr+ assets via debt.	Acquired VK1 in FY23.	Low
Strategy	Portfolio Composition	Retaining high-quality BOT assets with proven traffic.	Avg remaining life of ~15 years.	2 assets handed back in FY23.	Low
Macro	Traffic Growth	Expect continued growth across core industrial corridors.	Needs 3-5% traffic CAGR to sustain yield.	H1 traffic largely met this.	Medium
Balance	Debt / Leverage Target	Maintain Net Debt to Value at sustainable levels.	Currently 29.3% vs 70% limit.	Consistent.	Low

4. ANALYST Q&A

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

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

STOP HERE.