IRB InvIT FUND

Q4 & FY'26 Earnings Conference Call-Edited Transcript
May 18, 2026

Moderator: Good morning, ladies and gentlemen. Welcome to the IRB InvIT Fund call hosted by the company for discussing the Financial Results for the Quarter and Year Ended March 2026.

We have with us on the call today, Mr. Anil Yadav, Mr. Rushabh Gandhi and Ms. Swapna Vengurlekar from IRB InvIT Fund team.

As a reminder, all participant lines will be in the listen-only mode and after the opening remarks by the Management, there will be a question-and-answer session. Please note that the duration of the call would be 45 minutes and any queries left unanswered after the call can be subsequently mailed to the Management for adequate response and resolution. Please note that this conference is being recorded.

I now request Mr. Rushabh give you an overview of the significant development during the quarter. Over to you, sir.

Rushabh Gandhi: Thank you. Good morning, everyone and thank you for joining us for the Earnings Call to discuss the performance of the Trust for the Quarter and Year Ended March 31, 2026. We appreciate your continued interest in the Trust and hope you have had the opportunity to review the Financial Results and the Investor Presentation circulated earlier.

Financial Year 2026 has been a landmark year for the Trust. Over the course of the year, we materially scaled up the platform through a set of strategic acquisitions, further strengthened the quality and duration of our portfolio, improved geographic diversification and continued to deliver healthy operating performance across our assets. These developments reinforced the Trust positioning as a resilient infrastructure platform with visible long-term cash flows and a clear focus on delivering stable and growing distributions to the unitholders.

During the year, we have completed the acquisition of four road assets comprising of three BOT and one HAM asset with a cumulative enterprise value of around INR 9,600 crores. These acquisitions have been consistent with our stated strategy of pursuing value accretive opportunities that enhance the portfolio scale, diversify revenue sources and extend the duration of cash flows. With these additions, the average residual concession life of the portfolio has increased from around 14 years to 17 years, improving the long-term visibility of earnings and distributions.

In parallel, our geographic footprint has also become more diversified with expansion into two new states such as Uttar Pradesh and Haryana, both of which offer attractive economic and traffic growth potential.

With the completion of Vadodara-Mumbai Package-7 HAM acquisition in February 2026, which was effective from 1st of December 2025, the Trust portfolio now comprises of 10 operational assets including 8 BOT and 2 HAM assets. Our cumulative operational lane length stands at 4,445 km and the total enterprise value of the portfolio has increased to approximately INR 18,250 crores from INR 7,800 crores a year back.

We believe this scale enhancement is important not only from a growth perspective but also from the perspective of risk diversification, operating efficiency and long-term cash flow resilience. Operationally, the portfolio continued to perform well during the quarter as well as the full year. The newly acquired assets have also integrated well into the portfolio and have performed better than our expectations.

The toll revenue growth for the recently acquired assets was around 14%. The performance of these assets has been exemplary and the recent addition of assets, especially the HAM projects, has led to a 7% increase in the payout. On a consolidated basis, the toll revenue grew by 11% during the quarter and year as well, driven by both organic growth and recent acquisitions.

A key priority for the Trust remains the delivery of predictable and sustainable distributions. The enlarged portfolio has strengthened our cash flow profile and enhanced the medium-term visibility of distributions. As the newly acquired assets begin contributing for a full period, we expect the benefit of scale and portfolio maturity to support further stability in the distributable cash flow.

We are also pleased to note that the Trust continues to maintain a strong credit rating profile. Our AAA ratings have been reaffirmed by leading credit rating agencies, reflecting the stability of underlying asset base, the robustness of the Trust structure and our prudent approach to leverage and financing.

During the year, we were able to raise acquisition financing at competitive rates, which underlines the confidence of lenders in the quality of our platform. Overall, the Financial Year 2026 has been a year of disciplined growth and strategic execution. We have expanded the Trust meaningfully while preserving financial strength, maintaining operational momentum and remaining focused on long-term value creation for our unitholders.

Looking ahead, we believe the Trust is well positioned for the next phase of growth, supported by our larger and more diversified portfolio, strong asset level fundamentals and a disciplined capital structure. We expect this to translate into sustainable growth in cash flows and distributions over the medium-term. At the same time, we remain focused on ensuring that any future acquisitions are executed in a manner that is non-dilutive to our unitholders.
Further, the Trust continues to have strong future growth visibility through ROFO assets aggregating around INR 65,000 crores from IRB infrastructure Trust, along with additional HAM assets from the sponsor. This provides a

robust pipeline of potential acquisitions that can further strengthen the Trust over the coming years and offer significant headroom for scalable growth.

In addition, the Trust has received a preliminary and non-binding offer from IRB Infrastructure Trust for a potential acquisition opportunity pursuant to the ROFO with respect to Solapur-Yedeshi and Chittorgarh-Gulabpura project, aggregating to 1,144 lane kilometers length with an enterprise value of INR 4,663 crores. We are in the process of evaluating this opportunity.

Coming to the financial analysis:

We would like to highlight that the year-on-year comparison is strictly not like-for-like given the acquisition of multiple assets during the year. Accordingly, the current period reflect the impact of expanded portfolio along with associated financing, depreciation and transaction-related effects.

For the full year, the Trust reported a consolidated total income of INR 1,582 crores as compared to INR 1,110 crores for the previous year.

Consolidated toll revenue increased to INR 1,270 crores driven by healthy underlying traffic growth in the base portfolio and incremental contribution from the newly acquired assets.

EBITDA for the year stood at INR 1,270 crores reflecting both scale benefits and the inherent operating leverage of the portfolio.

Interest cost for the financial year was INR 519 crores whereas depreciation and amortization for the year stood at INR 380 crores.

Profit after tax for the Financial Year 2026 came in at INR 339 crores.

In line with our stated objective of delivering stable and predictable returns to unitholders, the Board has declared a distribution for the fourth quarter of INR 205 crores which translates into Rs. 1.60 per unit - 7% growth as compared to trailing quarter.

The distribution comprises 1.44 per unit in the form of interest, 0.12 per unit as a return of capital and 0.04 per unit as dividend which is exempt dividend. For the full financial year, the Trust has declared cumulative distribution of Rs. 6.60 per unit.

Operator, we can now open the floor for Q&A.

Moderator: Thank you. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question comes from the line of Nilesh Doshi from Prospero Tree AMC.

Nilesh Doshi: Thanks for the opportunity, sir and thank you for declaring higher distribution. Sir, my first question is related to the business because there is inflationary pressure because petrol and diesel prices are high. So, there may be a chance that the number of vehicles passing through our expressway will be less than we expect. On the other side, there may be a chance of increment in the interest rate. So, most of our debt is floating. So, how the business will be in FY27 in this respect, the inflationary pressure as well as the toll revenue may reduce because of the lesser traffic on our highways.

Management: First, on the traffic side, during FY27, we have received a tariff revision of around 2.5%. In addition, in the month of April, we have seen robust traffic performance, with total revenue growth of around 9%. Our diversified portfolio continues to provide meaningful benefits, given our presence across geographies. Based on the current trends, we believe that for the full financial year, revenue growth should be in the range of 9% to 10% for the overall portfolio. Second, coming to the debt side, we have a mix of fixed and floating rate borrowings.

Nilesh Doshi: But because just now the fuel price has hiked by INR 3 and there is a chance that further hike may come and so there will be some impact on the traffic. So, our toll revenue will reduce and on the other side, if the interest rate can, our interest costs will hike. So, then our net distribution cash flow may reduce. That is our concern, sir.

Management: There is no direct or linear correlation between fuel prices and traffic growth.Historically, traffic growth in India has remained resilient even during periods of elevated fuel prices. This is because a significant portion of highway traffic comprises commercial and essential transportation, where movement of goods and passengers continues irrespective of moderate fuel price fluctuations. Further, toll rates are revised periodically based on inflation indices, which acts as a natural hedge against inflationary pressures

We don’t foresee any significant challenges on this front. The positive aspect, however, is that we have a fixed-price O&M contract in place. This ensures that maintenance-related outflows remain largely fixed. While fuel price volatility could otherwise impact O&M costs, the fixed-price arrangement provides us with a degree of insulation and visibility. Overall, for FY27, we do not anticipate any material challenges in this area. That said, as the year progresses, we will continue to monitor the situation and assess any developments as needed. Our current weighted average cost of debt is around 7.75%, which includes both NCDs as well as term loans. The term loans are linked to the MCLR, and at this point, we do not foresee any significant increase in MCLR rates.

Nilesh Doshi: Okay, sir. And sir, you have just mentioned that you have received the non-binding offer from the private trust and enterprise value of that project is around INR 4,600 and something crore rupees. And you also mentioned that the further acquisition will be non-dilutive. It means the further acquisition will be through the debt. And so, will it be acquired in the current year? It is a proposal and so what will be our debt composition post this acquisition and what could be the interest rate on that debt?

Management: We have received a non-binding offer from a private trust for the acquisition of two assets. The enterprise value of these assets is around INR 4,660 crores, and the current leverage stands at approximately 43%. As per existing approvals, we have the flexibility to increase leverage up to 49%. The proposed acquisition would be funded through an optimal mix of debt and equity. Given the current leverage level, we intend to fund it through debt and unit capital. Additionally, the current portfolio has a remaining life of around 16 to 17 years.

Nilesh Doshi: Yes. So, that means a chance of further dilution also because of 49%, if we acquire only through the debt, then we may reach the maximum limit also of the debt ratio. Is there a possibility of further dilution? Sir, just you mentioned that the current debt level is 43% and the maximum limit allowed is 49%. And suppose we acquired the proposed asset through debt, then we may reach the 49% or we will do some dilution and part funding through the debt. Is it possible?

Management: Sir, currently, the weighted average life of the portfolio is around 17 years and the assets which we are acquiring also have similar weighted average life of around 17 years. So, then effectively if we go for this acquisition, it won't be dilutive for the unitholders, and further, we will go for an optimum mix of debt and equity.

Nilesh Doshi: Okay. And both projects are the HAM project or BOT project, sir?

Rushabh Gandhi: Sir, both are BOT projects. One is situated in the state of Maharashtra and another in the state of Rajasthan.

Nilesh Doshi: Okay. And sir, my last question, in April 2026, the toll collection press release, there was one project, Tumkur, where you mentioned that April 2025, I repeat, April 2025 collection, you mentioned the INR 344 million, whereas in May 2025, in the press release, it was INR 393 million. Why was there a reduction from INR 393 million to INR 344 million?

Management: Sir, in case of Tumkur Chitradurga project, the Authority had earlier provided us with an additional stretch for collection, wherein we were collecting the toll and remitting 97% of the additional toll collection to the Authority, while retaining 3% as an agent fee. Since April 2026, NHAI has taken over collection for this stretch i.e. for additional length. Accordingly, we are no longer recognising that particular revenue, and so reported numbers are net of that bypass revenue. For context, even in the previous year, the net 3% contribution out of this arrangement was Rs. 1.50 crore.

Nilesh Doshi: So, INR 344 million belongs to the IRB InVIT only or still there is some component for the party?

Management: So, the revenue share part is not there, but nevertheless, there is a premium payment in Tumkur Chitradurga project which we are paying on monthly basis. However, the reported collection is on gross basis, which will accrue to the Trust.

Nilesh Doshi: Okay. Thank you, sir. That is all from my side, sir. If possible, sir, last question. Sir, our distribution is not taxable because a large portion of the distribution comes in interest out of the INR 1.60 paisa, INR 1.44 paisa is in this component, and the net impact of post-tax return is reduced. Is there a chance that there will be a large portion of the dividend which is exempted in the hands of the recipient? Is there a chance of capital repayment, anything is there?

Management: Typically, for any portfolio, when the underlying SPV generates cash flows, the first preference is distribution in the form of dividends, subject to the availability of book profits. Thereafter, distributions are made in the form of interest on the outstanding debt, which is paid to the Trust. Currently, for our entire portfolio, the debt is at the Trust level, and there is no external debt at the SPV level. Post this, we comply with the regulatory requirement of distributing at least 90% of net distributable cash flows, with the remaining portion being paid in the form of return of capital. Generally, as assets approach the later stage of their concession period, they tend to generate higher profits, and hence distributions are more in the form of dividends—as was the case with MVR. In the case of HAM assets, if cash generation exceeds interest distribution requirements, the surplus is typically distributed as return of capital. Overall, the distribution mix is broadly around 80% in the form of interest and the balance 20% in the form of dividend and return of capital.

Nilesh Doshi: Okay. Thank you. That was my last question. Thank you, sir.

Management: Thank you.

Moderator: Thank you. Thank you. Participants, please restrict yourselves to two questions. In case if you have any more questions, you may rejoin the queue. Our next question comes from the line of Rushabh Sharedalal from Pravin Ratilal Wealth. Please go ahead.

Rushabh Sharedalal: Yes, sir. Good morning. Thanks for the opportunity and congratulations. Finally, we are seeing some traction coming back in IRB. I have broadly two questions. The first is on the current net distributable cash flows. So, if I see your Slide #29, the FY25 NDCF was around INR 480 crores and FY26 NDCF is around INR 706 crores. Now, what I want to understand is that assuming that we had not acquired the assets that we have already acquired this year, what would have been the comparable net distributable cash flow? And along with that, you have said that you expect revenue growth of around 8% to 10%. That is what you said in your remarks to the previous participant. So, what I want to also know is how much of that would translate into the NDCF for FY27? Yes. That is question number one.

Management: Yes, so broadly, if you look at the NDCF for FY27, we expect it to grow in the range of around 3% to 5%. We have already started seeing an improvement in NDCF from the fourth quarter onwards. For the next financial year, we expect the overall distribution to be around INR 6.5 per unit. That said, while the current portfolio had performed well, the acquired assets have outperformed the existing portfolio. As a result, the overall distribution would have been slightly lower compared to what we had distributed in the previous year. From a revenue growth perspective, the existing portfolio has seen steady performance; however, it remains relatively lower compared to the acquired assets.

Rushabh Sharedalal : So, is it safe to say that the existing portfolio's NDCF for FY26 was more than INR 481 crores? Is it safe to say that?

Management: It would be slightly on the lower side because if you look at the revenue growth, it was relatively softer for existing portfolio. Correspondingly, the fixed obligations - premium obligation and the debt obligation – continue to remain in place.

Rushabh Sharedalal : Okay. Right. The next question that I have is on the two assets that you are planning to acquire in Maharashtra and Rajasthan, the enterprise value of which is around INR 4,600 crores. First of all, when do you expect these assets to come into the portfolio and start contributing? That's question number one. Also, you have said that this will not be dilutive to the existing unitholders plus the asset life for them is also similar to what we have currently. You are confirming both these things, right?

Management: That’s correct, Rushabh. Currently, we are evaluating this opportunity. We will first take it to our Board, and subject to their approval, we will then seek unitholders’ approval. Broadly, in terms of timelines, we expect to complete the acquisition in Q2, and the cash flows from the asset should start contributing from Q3 onwards.

Rushabh Sharedalal : Right. So, what I want to understand is that how much more net distributable cash flow can these two assets start adding from Q3 onwards, considering that the Omalur Salem Namakkal, goes out of our portfolio from this year onwards, right? So, the addition that will be done by these two assets and if you can just give us some color on where are they situated and which national highways are they exactly situated and will they be able to compensate more than what we are seeing the outflow for the Salem project?

Management: At this stage, it would be premature to confirm any NDCF numbers for the proposed acquisition. However, both assets are located in high GDP growth regions. The Solapur–Yedeshi project is in Maharashtra, while the

Chittorgarh–Gulabpura project is contiguous to our recently acquired KG project and part of the Golden Quadrilateral too.

Rishabh Sherdalal: Both the projects are part of the Golden Quadrilateral?

Management: Only Chittorgarh to Gulabpura project. Solapur Yedeshi is not part of the Golden Quadrilateral. It is situated in the state of Maharashtra.

Rushabh Sharedalal : Right. Got it. So, what you are trying to say is when you confirm that there will be no further equity dilution, right?

Management: Yes, it will be yield accretive for the unitholder. There won't be any yield dilution for the unitholder. That's what we are saying.

Rushabh Sharedalal : Right, right. So, my only request again to the Management is that we are grossly undervalued asset and I request that you add more and more assets to the portfolio considering the kind of better headroom that we have. That's my only request. Thank you and all the best.

Management: Thank you, Rushabh.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now request Mr. Rushabh Gandhi to give you an overview for the closing remarks.

Rushabh Gandhi: Thank you very much to all the participants. Thank you for being on the call.

Moderator: Thank you, sir. Ladies and gentlemen, this concludes your conference for today. We thank you for your participation and for using ResearchBytes Conferencing Services. You may please disconnect your lines now. Thank you and have a great day ahead.

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