

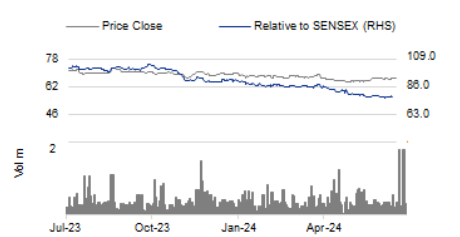
India

HOLD (no change)

Consensus ratings*:	Buy 0	Hold 0	Sell 0
Current price:	Rs67		
Target price:	Rs73		
Previous target:	Rs73		
Up/downside:	9.0%		
InCred Research / Consensus:	9.3%		
Reuters:	IRBN.NS		
Bloomberg:	IRBINVIT IN		
Market cap:	US\$463m		
	Rs38,801m		
Average daily turnover:	US\$0.3m		
	Rs27.8m		
Current shares o/s:	580.5m		
Free float:	84.0%		
<i>*Source: Bloomberg</i>			

Key changes in this note

- Reduce FY25F EBITDA by 1%.
- Roll forward our target valuation to Mar 2025F.

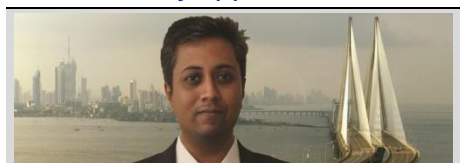


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	2.2	(1.3)	(6.3)
Relative (%)	(0.7)	(9.6)	(23.8)

Major shareholders	% held
IRB Infrastructure	16.0
Government of Singapore	7.8
Aditya Birla Sun Life Asset Mgmt	6.4

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IRB InvIT Fund

Muted toll growth due to delay in tariff hike

- Gross toll revenue for five toll-based assets rose by just 3.7% yoy in 1QFY25, slightly above the traffic growth of 2% yoy.
- Four projects have implemented a tariff hike of 2.5% in Jun 2024 and its impact should be visible from 2QFY25F.
- 3 HAM projects of IRB Infra of Rs21bn (project costs ex-grant) would be completed by FY26F-27F and become available for acquisition by IRB InvIT.
- Based on CMP, we believe the stock trades at an IRR of ~10%.

Muted toll growth due to delay in tariff hike

IRB InvIT Fund's 1QFY25 sales rose by just 2% yoy and its EBITDA declined by 3% yoy. Gross toll revenue for five toll-based assets rose by just 3.7% yoy, slightly above the traffic growth of 2% yoy. Four projects have implemented tariff hike of 2.5% in Jun 2024 and the impact should be visible from 2QFY25F. Toll collections of the Talegaon-Amravati project rose by 10% yoy – management mentioned that traffic started improving from Feb 2024. The payout was Rs2/unit vs. Rs8/unit (in FY24). The payout included a dividend of Rs0.29/unit. Based on the CMP (Rs67), this implies a 12% yield in FY25F.

Roadmap of asset addition from IRB Infra over three years:

Based on the CMP and regulations, IRB InvIT Fund can have an additional debt of up to Rs70bn vs. net debt of Rs29bn. The projects such as Vadodara-Mumbai & Pathankot-Mandi would be completed in FY25F and the Chittor-Thachur project by FY26F (project cost of Rs21bn ex-grant for the three projects together). Six months post completion, these projects would be available for acquisition by InvIT.

Maintain HOLD rating with a TP of Rs73 (including FY25F payout)

We reduce our FY25F EBITDA by 1% and introduce FY26F estimates. We roll forward our target price to Mar 2025F, maintain our discounted cash flow or DCF-based target price at Rs73 and also retain our HOLD rating on the stock. We forecast (a) long-term traffic growth of 5% p.a., and (b) long-term Wholesale Price Index or WPI inflation at 5% p.a. Based on the CMP, we believe the stock trades at an internal rate of return or IRR of 10%. We have used a discount rate of 11% based on a beta of 1x and target debt/equity ratio of 1x. Our target price includes a Rs8/unit payout estimated in FY25F. The downside risk is local events like the construction of a parallel road which could negatively affect traffic on IRB InvIT's roads, while sustained strong growth in traffic is an upside risk.

Financial Summary

	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue (Rsm)	12,900	10,508	11,090	12,050	13,119
Operating EBITDA (Rsm)	10,484	8,030	8,837	10,004	10,640
Net Profit (Rsm)	3,028	3,701	3,946	3,466	3,685
Core EPS (Rs)	5.2	6.4	6.8	6.0	6.3
Core EPS Growth	67.4%	22.2%	6.6%	(12.2%)	6.3%
FD Core P/E (x)	12.81	10.48	9.83	11.19	10.53
DPS (Rs)	9.0	8.0	8.1	4.0	3.0
Dividend Yield	13.46%	11.97%	12.04%	5.96%	4.42%
EV/EBITDA (x)	4.85	8.57	7.71	6.51	5.71
P/FCFE (x)	5.81	3.68	8.76	16.78	22.62
Net Gearing	29.1%	74.9%	74.9%	65.2%	51.9%
P/BV (x)	0.94	0.97	0.99	0.96	0.92
ROE	7.1%	9.1%	10.0%	8.7%	8.9%
% Change In Core EPS Estimates				7.24%	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Muted toll growth due to delay in tariff hike

Figure 1: Quarterly income statement

(Rs m)	1QFY25	1QFY24	growth yoy %	4QFY24	growth qoq %
Net Revenue	2,696	2,644	2	2,733	(1)
Opex	569	446	28	417	36
EBITDA	2,127	2,198	(3)	2,316	(8)
% margin	79	83		85	
Other income	56	43	31	28	101
Interest (only ext debt)	662	649	2	677	(2)
Depreciation	634	568	12	592	7
PBT	888	1,025	(13)	1,074	(17)
Tax	30	19		43	
PAT	858	1,006	(15)	1,031	(17)
Cash PAT	1,492	1,574	(5)	1,623	(8)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Recent tariff hike

	Tariff revision	Effective from
ITCTPL (Tumkur- Chitradurg)	2.5%	Jun-24
ITATPL (Talegaon- Amravati)	2.5%	Jun-24
IJDTPL (Jaipur- Deoli)	2.5%	Jun-24
IPATRP(Pathankot-Amritsar)	2.5%	Jun-24
MITPL (Omalur-Salem-Namakka)	1.0%	Sep-23

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Project-wise gross toll collections

(Rs m)	1QFY25	1QFY24	yoy growth %	4QFY24	qoq growth %
Total Toll+ annuity	2,956	2,865	3.2	2,952	0.1
IJDTPL (Jaipur- Deoli)	457	436	4.8	479	(4.6)
ITCTPL (Tumkur- Chitradurg)	1,053	1,024	2.8	1,057	(0.4)
ITATPL (Talegaon- Amravati)	235	214	9.8	234	0.4
MITPL (Omalur -Salem -Nampakka)	445	427	4.2	446	(0.2)
IPATRP(Pathankot- Amritsar)	400	396	1.0	371	7.8
Vadodara Kim	366	368	(0.5)	365	0.3
Total Toll	2,590	2,497	3.7	2,587	0.1

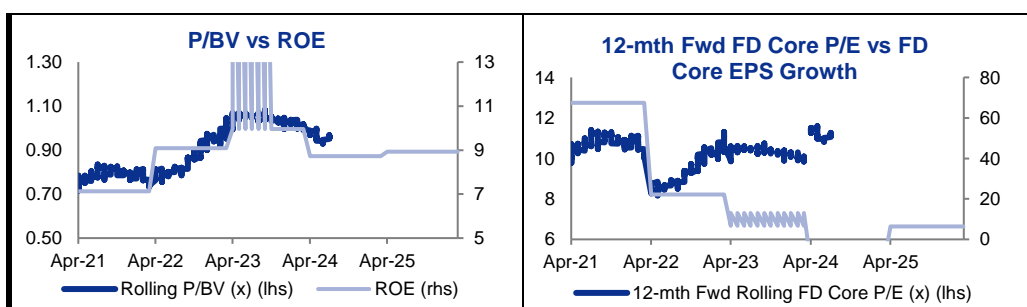
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Our revised earnings estimates

(Rs m)	FY25F		FY26F
	Old	New	
Sales	12,129	12,050	13,119
% change		(1)	
EBITDA	10,112	10,004	10,640
% change		(1)	
PAT	3,232	3,466	3,685
% change		7	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Net Revenues	12,900	10,508	11,090	12,050	13,119
Gross Profit	10,484	8,030	8,837	10,004	10,640
Operating EBITDA	10,484	8,030	8,837	10,004	10,640
Depreciation And Amortisation	(6,807)	(2,613)	(2,295)	(2,960)	(3,591)
Operating EBIT	3,677	5,417	6,542	7,044	7,049
Financial Income/(Expense)	(1,418)	(1,926)	(2,722)	(3,026)	(2,827)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,103	254	238		
Profit Before Tax (pre-EI)	3,361	3,745	4,058	4,018	4,222
Exceptional Items					
Pre-tax Profit	3,361	3,745	4,058	4,018	4,222
Taxation	(333)	(44)	(112)	(552)	(537)
Exceptional Income - post-tax					
Profit After Tax	3,028	3,701	3,946	3,466	3,685
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,028	3,701	3,946	3,466	3,685
Recurring Net Profit	3,028	3,701	3,946	3,466	3,685
Fully Diluted Recurring Net Profit	3,028	3,701	3,946	3,466	3,685

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
EBITDA	10,484	8,030	8,837	10,004	10,640
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,074)	(4,943)	(83)		
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(315)	(1,672)	(2,484)	(3,026)	(2,827)
Tax Paid	(333)	(44)	(112)	(552)	(537)
Cashflow From Operations	8,761	1,371	6,158	6,426	7,276
Capex					
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(2,057)	(2,238)	(1,837)	(2,647)	(3,925)
Cash Flow From Investing	(2,057)	(2,238)	(1,837)	(2,647)	(3,925)
Debt Raised/(repaid)	(28)	11,421	106	(1,467)	(1,636)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(5,225)	(4,644)	(4,673)	(2,312)	(1,715)
Preferred Dividends					
Other Financing Cashflow	(198)	(12,634)			
Cash Flow From Financing	(5,450)	(5,857)	(4,567)	(3,779)	(3,351)
Total Cash Generated	1,254	(6,724)	(246)		
Free Cashflow To Equity	6,677	10,554	4,427	2,312	1,715
Free Cashflow To Firm	8,123	1,059	7,043	6,805	6,179

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Cash And Equivalents	6,902	360	1,178	2,725	5,439
Total Debtors					
Inventories					
Total Other Current Assets	1,156	4,326	4,409	4,409	4,409
Total Current Assets	8,059	4,686	5,587	7,133	9,847
Fixed Assets	54,065	65,758	64,050	62,190	59,810
Total Investments					
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	54,065	65,758	64,050	62,190	59,810
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities	1,773				
Total Current Liabilities	1,773				
Total Long-term Debt	18,959	30,380	30,486	29,019	27,383
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	18,959	30,380	30,486	29,019	27,383
Total Provisions					
Total Liabilities	20,733	30,380	30,486	29,019	27,383
Shareholders Equity	41,392	40,064	39,150	40,304	42,274
Minority Interests					
Total Equity	41,392	40,064	39,150	40,304	42,274

Key Ratios					
	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue Growth	16.8%	(18.5%)	5.5%	8.7%	8.9%
Operating EBITDA Growth	11.7%	(23.4%)	10.0%	13.2%	6.4%
Operating EBITDA Margin	81.3%	76.4%	79.7%	83.0%	81.1%
Net Cash Per Share (Rs)	(20.77)	(51.71)	(50.49)	(45.30)	(37.80)
BVPS (Rs)	71.30	69.02	67.44	69.43	72.82
Gross Interest Cover	2.59	2.81	2.40	2.33	2.49
Effective Tax Rate	9.9%	1.2%	2.8%	13.7%	12.7%
Net Dividend Payout Ratio	172.5%	125.5%	118.4%	66.7%	46.5%
Accounts Receivables Days					
Inventory Days					
Accounts Payables Days					
ROIC (%)	6.3%	10.1%	9.3%	10.3%	10.6%
ROCE (%)	6.0%	8.3%	9.3%	10.1%	10.1%
Return On Average Assets	7.0%	8.5%	9.5%	9.3%	9.4%

Key Drivers					
	Mar-22A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Toll revenue grth (%)	16.8%	(18.5%)	5.5%	8.7%	8.9%
EBITDA grth (%)	11.7%	(23.4%)	10.0%	13.2%	6.4%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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