6th November 2026

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400001
Scrip Code: 544137

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra-Kurla Complex, Bandra(E)
Mumbai -400051
Symbol: INDUSINVIT

Subject: Transcript of the Earnings Conference Call on the Financial Results of Indus Infra Trust ("Trust").

Dear Ma'am / Sir,

Please find enclosed the Transcript of the Earnings Conference Call on the Unaudited Standalone and Consolidated Financial Results of the Trust for the Quarter ended 30th September 2026, held on Wednesday, 4th November 2026. The transcript is also being uploaded on the website of the Trust at:

https://indusinvit.com/investor-information.html.

You are requested to take the above information on your record.

Thanking you,

Yours sincerely,

For Indus Infra Trust
Acting through its Investment Manager
GR Highways Investment Manager Private Limited

MOHNISH DUTTA
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Company Secretary & Compliance Officer
ICSI M. No. FCS 10411

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Encl: as above

Transcript of Q2 FY27 Earnings Conference Call of

represented by its Investment Manager
GR Highways Investment Manager Private Limited

Hosted by:

MANAGEMENT: **MR. AMIT KUMAR SINGH, CHIEF EXECUTIVE OFFICER**
MR. HARSHAEL SAWANT, CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to the Indus Infra Trust Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone.

Please note that this conference is being recorded. I will now hand the conference over to Mr. Amit Kumar Singh, the Chief Executive Officer of the Investment Manager. Thank you, and over to you, Mr. Singh.

Amit Singh: Thanks, Swapnali, and a very good afternoon, everyone. We would like to thank all of you for joining us today for the Q2 FY27 Earnings Call of Indus Infra Trust. We really sincerely appreciate your continued interest in the Trust and the confidence you have placed in us. The quarter under review has been a steady quarter for the Trust. We have continued to focus on the 3 important aspects of our business.

First was maintaining stable operating performance across our existing portfolio. Second was strengthening our asset management capabilities. And third, pursue disciplined growth through acquisitions. Before I take you through the performance of the Trust, let me briefly touch upon the broader developments in the sector. As per the MoRTH, as on July '26, around 1,191 national highway projects covering approximately 25,917 kilometers with an estimated project cost of INR7.15 lakh crores were under construction across the country.

This also includes approximately 3,100 kilometers of development works in border areas. I believe this gives a fair indication of the scale of the infrastructure development currently underway and the significant pipeline that is being created for the sector. We are also seeing a greater emphasis on improving connectivity to the economic centers, logistic hubs, industrial clusters and areas which have historically remained relatively underserved.

Certain examples are cabinet approving 160.18 kilometers of Rameshwaram-Paradip Coastal Highway in Odisha with an estimated capital cost of approximately INR8,301 crores. Then other example is proposed four-laning of Khagaria-Purnea section of NH-31 and NH-231 in Bihar at a project cost of around INR3,936 crores. Then Guwahati-Tezpur corridor in Assam covering approximately 135.87 kilometers at a capital cost of around INR8,970 crores.

And the Muzaffarpur-Sitamarhi-Sonbarsa section of NH-22 in Bihar, covering approximately 82.58 kilometers at a capital cost of INR3,591 crores. Another important development, which I would like to highlight is the increasing emphasis by NHAI on construction quality and road safety.

In September '26, NHAI announced special quality inspection of 17 under-construction highway projects, where the quoted bid values were more than 15% below the estimated project cost. These inspections were intended to identify construction-related issues at an early stage and

facilitate timely corrective action. I think this is an important development for the sector, and we really welcome this move by NHAI.

While competitive bidding is an integral part of the infrastructure development, the quality of construction and the long-term sustainability of the assets cannot be compromised. For an operational asset owner such as an InvIT, this becomes really relevant because the quality of the underlying road directly influences future maintenance requirements, our cash flow visibility and the overall investment performance.

Now coming to the Trust's business performance and portfolio development. During the quarter, our focus has remained on maintaining the quality of the existing portfolio while continuing to evaluate acquisition opportunities. During the quarter, we completed acquisition of 3 road assets, and we continue to evaluate both ROFO and third-party opportunities.

As on September 30, 2026, our portfolio comprised 17 operational HAM road assets with an aggregate length of approximately 995 kilometers and an aggregate lane length of 4,495 lane kilometers. As of 30th September 2026, the AUM of the Trust stood at INR12,861.8 crores. We'll continue to evaluate opportunities which are consistent with our investment strategy, having potential to create long-term value for our unitholders.

Now moving on to the operational performance of the portfolio. We are really pleased to inform you that during the quarter, our operational performance, our assets remained stable in line with expectations with timely receipt of annuities from NHAI. As of 30th September 2026, 396 out of total 510 half yearly annuities are receivable from the NHAI across all project SPVs of the Trust.

We continue to monitor the condition of our assets through regular inspection and coordination with the respective project teams and maintenance contractors. Our approach is to identify potential maintenance requirements proactively rather than wait for them to develop into larger issues.

On distribution, I would like to inform you that for the quarter ended September 30, 2026, the Board has approved a distribution of INR3.55 per unit, comprising INR2.50 in the form of interest and INR1.05, which is INR1.05 in the form of dividend to be paid to unitholders as of the record date, which is 6th of November 2026, which will be paid on or before 16th of November.

Our cumulative distribution, including the distribution approved in the Board meeting held on yesterday, stands at INR34.80 per unit, positioning us as one of the stable yield platforms. The distribution remains largely supported by the interest income and upstreaming of dividend from the SPVs acquired in Q2 FY27, which was 2 KNR SPVs and 1 ULCCS SPV.

We remain focused on maintaining a balance between regular distribution to unitholders, funding requirements for future acquisition and still maintaining an appropriate capital structure.

I will now hand over the call to Harshael, who will take you through the detailed financial performance of the quarter. Over to you, Harshael.

Harshael Sawant: Thanks, Amit. Coming to Q2 FY27 performance on a stand-alone basis, the interest income on the loan extended by the trust to the SPVs was INR306.08 crores as against INR243.50 crores in Q1 FY27. The increase in interest income was on account of additional debt on-lent to KNR Palani, KNR Ramagiri, and ULCCS Kasaragod Expressway, the SPVs acquired in June 2026. The increase in the interest income was partially offset by debt repayment of INR118.3 crores made by the existing portfolio during the June quarter.

Details of loans on-lent to the SPVs during the quarter and the half year are provided in the statement of related party transactions in the stand-alone financials. As SPVs have upstreamed cash flows in the form of interest and dividend during the quarter, the dividend was upstreamed by new SPVs fundamentally, as Amit mentioned earlier, primarily Bilaspur Urga, Ena Kim, KNR Palani, Ramagiri, and ULCCS Kasaragod on account of the release of the encumbered cash, which was released post refinancing of the debt.

You can refer to the related party transaction note for the details of dividend upstreamed by each SPV. Further, EBITDA for the quarter was INR414.77 crores, which includes an impairment of INR34.89 crores. The impairment was on account of the difference in the fair value and book value of investments on account of the amount upstreamed to the Trust. The total external borrowing at the Trust level as on 30th September 2026 stands at INR6,181.80 crores as against INR5,622 crores during the last quarter.

During the quarter, we had availed an additional borrowing of INR639 crores to refinance the external debt of KNR Guruvayur project, which was acquired during the September quarter. Accordingly, the finance cost during the quarter increased to INR100.07 crores from INR72.17 crores on account of the additional borrowing of INR1,436 crores, which we had availed during the last week of June 2026, wherein the impact was not getting factored in, in the Q1 results.

Further, the impact of additional borrowing of INR639 crores will be reflected in the next quarter as the borrowing was done on September 21, 2026. The total tax outflow at the rate 42.74% is on the other income earned by the Trust, and the profit for the quarter stood at INR303.52 crores. During the quarter, we had completed the acquisition of KNR Guruvayur project and details of which are provided in the investor presentation.

Coming to the consolidated financials. During the quarter, the total income was INR472.09 crores, which consisted of INR434 crores from revenue from operations and other income of INR37.92 crores. The revenue from operations include finance income of INR323.13 crores as against INR220.78 crores in Q1 FY27.

The increase in the finance income was on account of the assets acquired during the last quarter. The revenue from contracts for the quarter stood at INR111.05 crores, which included a change

of scope and utility shifting cost of INR36.5 crores as against INR63.98 crores, which was there during the last quarter.

The total expense during the quarter was INR220.92 crores as against INR162.31 crores in the last quarter, which has increased primarily on account of the additional debt which we had borrowed, resulting in an increase in finance cost by approximately INR36 crores. Further, the subcontractor charges had also gone up because of the asset addition by INR22.41 crores. As there is no external debt at the SPV level, the consolidated debt is same as what it is at the trust level of INR6,181.80 crores.

In relation to the NDCF at the SPV level, the cash flow from operations and the other income of the SPV was INR676.59 crores. Considering the reserve creation for MM obligations and finance cost at SPV level, the total SPV level NDCF was INR434.58 crores, which was upstreamed to the trust. Post adjusting for finance costs, Trust level expenses, DSRA creation, payment of deferred consideration for existing assets and release of surplus cash, which has been given on the Slide 10 of the presentation.

NDCF for the quarter worked out to INR233.58 crores, out of which INR216.91 crores is proposed to be distributed. The form of distribution, as Amit mentioned earlier, is INR2.50 per unit in the form of interest and INR1.05 per unit in the form of dividend. The record date for the distribution will be November 6, 2026. Thank you, and we are open to questions.

Moderator: Thank you, sir. We will now begin with the question and answer session. We have the first question from the line of Hiten from Maximal Capital.

Hiten: So first question, just wanted to understand this NAV increase which has happened. So if you can throw some light on that, because this was a little bit unexpected given the interest rate movements and also because the quantum of increase is quite high in the 6 months period.

Amit Singh: Yes. So see, the last NAV disclosed, as on 31st March, if I'm not wrong, was INR116.81 crores, right? After that, we acquired, basically, you can say, four assets, right, which was basically your KNR Guruvayur, then your KNR Palani, KNR Ramagiri, and ULCCS, okay? So these four assets had given us a decent bump. So what you're seeing, currently what we see, NAV is around INR124.85.

This jump is on account of increase of those assets, addition of those assets. And the second thing is, your interest rate increase anyway happened on 8th of October, which we have factored, and 25 bps -- actually, the increase has, as you are aware, I think still predominantly majority of the assets, by value also, are linked to basically bank rate, which is repo plus 325 bps.

So in HAM construct, and we have explained it earlier as well, that increase in repo actually benefits us, because still a larger portion of our borrowing is still linked to repo. Now, of course, last quarter, last to last quarter, we took some T-bill linked also, but still, I think the larger portion is -- or a substantial portion is linked to repo only.

So actually what we are getting, a hike on the INR100, and what we are paying, say, around INR47, which is our leverage, right, on a net basis, around 37%, 38%. So that's why it becomes a little incremental for us. So a rate increase actually is beneficial for an InvIT like us, as of now, given the 100% of HAM assets and predominantly of that is linked to repo. That's why you can see this NAV increase.

Hiten: Yes. And sir, I understand that point that you have some benefit on the numerator of the cash flows, and then there will be some denominator negative because of the interest rate on the WACC. But net-net, do you have a thumb rule, let's say, for every 100 basis point increase, what is the net impact on our DPUs and NAV because of that?

Amit Singh: So you can see that the leverage is 47%, right? If I'm getting a 25 bps increase on my INR100, INR47 is what I'm paying to my lenders. So that INR53 is a positive absorption, which will be done by NAV. Actually, that's the math. So for example, if you see, 25 bps should give me a bump of around, say, 15, 17 bps.

Hiten: Okay. So roughly half because half...

Amit Singh: Yes, 13 to 14 bps, you can say that, 13 to 14 bps.

Hiten: Okay. So slightly more than half because the entire portfolio gets higher repo rate.

Amit Singh: Out of 25, you can say around 12 I'll end up paying, 13 will be something which I'll be getting.

Hiten: Okay. Understood. And secondly, one more thing is that like last 2, 3 quarters, you were going heavy on the capital repayment mode. And this quarter, there is almost like no distribution component on that. So what is causing this volatility? And how should we assume for the future?

Amit Singh: There's no volatility per se. See, this is the capital structuring which we do. So when we acquired new assets, as you know, as per the company's rule, if your net worth becomes negative, you can't pay dividend. When we take any asset, basically loan at the asset level gets refinanced from InvIT, right? So InvIT takes loan and then basically drops that loan to SPV level at a higher cost.

So eventually, after InvIT taking out the asset, maximum 1 or 2 years, there's no positive net worth. So then you have to start. Then you do your modeling and you start doing that paying in form of interest, because anyway you have to pay interest, which InvIT has on-lent to SPV. And then you see whether capital is getting paid or not, because InvIT will expect the entire percentage of the capital also to get paid, right? So that's how you do.

But when you take new assets, of course, you have some positive cash lying. Your net worth is positive that time. So then you see that how much you would want to pay in the form of dividend. And also basically government now giving this thing that basically dividend, anything which is in the form of dividend, which is getting paid from InvIT to unitholders will be tax-free. That is also something it's a positive.

And then we saw that yes, if we can pay dividend, then why shouldn't we. So there's no volatility per se. This is like we need to see. We need to keep modeling, this is an interest impact, this is a cash flow impact, everything we have to put together and then accordingly, this gets decided.

Hiten: Okay. Sir, coming back to that acquisition, so I think when KNR had also reported the valuation multiples that they had sort of sold these assets to, and those were looking typically quite rich compared to the other transactions. And then at the same time, you are saying that despite acquiring at that multiple to book, you were able to get a decent bump up in your NAV. So I mean, if you can throw some light on that, like how did that -- I mean, were they really below the fair value for us to get that sort of NAV bump up? Or -- if you can throw some light on that?

Amit Singh: So first thing is, it may happen that a transaction can be beneficial for both the parties, not that one party will benefit and another will be lost. I think that is first point. Second thing is what KNR has reported, we didn't see that. But I think KNR, what they would have reported would have included cash. So those cash is something which is lying in the book, right?

So that cash also gets added to the overall value. That they would have taken away, maybe example. So what we would have got is then a little less of cash. So that's why when we value the cash, it doesn't make sense to take cash and then give it back, right? So when you value SPV, the underlying cash at SPV gets added to the overall value.

And of course, that is what the reporting they would have done, which is also correct. And when we take, we take net of cash. Of course, until and unless what is basically mandatory, which is, say, DSRA or something which is as per the requirement of the lender. So that's something which you know -- and after that what we would have paid is money which we would have discounted.

So that's why you would have seen the difference in value maybe in the reporting, but it's not that money got evaporated in between somewhere. This is what we took and what is -- basically, everything is like what we have taken, we have given a certificate. It has been certified.

So maybe they would have added cash, and that's why maybe their numbers would be looking a little high. But otherwise, I think both the numbers are correct only what we have reported and what they would have reported.

Hiten: Okay. And now there has been a lot of increase in the bitumen prices. So I think the center gave a relief to the EPC guys for a limited period starting April because of that. So for you, you will have these operation and maintenance activities, which will be done by the sponsor. So what is the impact of bitumen price increase on your O&M cost, including major or minor maintenance that you will have to do every year?

Amit Singh: Yes. So I think first thing, when we entered with a GR, that was a fixed time, fixed price contract. Okay? And of course, it's not that we have taken that much cushion, but generally, as we have been maintaining, we are a little conservative. And that way, we provide for a decent major maintenance.

Then I don't know how others do, but that's why we are not able to take up or lap up 15, 20 assets till date. And we could have evaluated more than 70, 80 assets, because we are a little conservative that way. So our provision amount that time what was there, it was evaluated by a third party, which was agreed between us and GR. It was not that we had played with the number. I think that number is sufficient.

So two of our projects, which is GR for Mahabubnagar and GR Varanasi India, actually, major maintenance is due this year and next year. And of course, GR has started also. One of the project which is going to complete somewhere in December, Jan, and another project will start this maybe last quarter, and it will go up to the next year first quarter, 6, 7 months.

But it's not that we are breaking or maybe we are surpassing the number what we have kept provision. That will happen within that number only. So there's no recourse on the cash flow because of this increased bitumen price. However, because this is a fixed price, had it like gone more ahead, maybe that would have been absorbed by GR.

That is the understanding. But what I understand is that if you would have started the work before 31st March and there was a price, and I think GR can claim some amount out of that also. So that is something also we need to see how much NHAI finally agreed. But for us, there's no recourse on our cash flow because of these two major maintenance which are being undertaken this year and next year.

Hiten: No, that is -- Okay, understood for GR, but two questions. One, is GR getting the, even for O&M, it is getting that bitumen price relief from NHAI? And secondly, how does it work for third-party assets like KNR, for example? And now going forward, maybe third-party assets will also become substantial?

Amit Singh: KNR major maintenance is not due now, to be honest. This is a temporary phenomenon what we understand. So it's not that bitumen price is going to INR70,000, INR80,000 for the next 5 years. That is very highly unlikely. And there's no major maintenance which is due for the KNR assets now, currently.

However, for two of the KNR assets, again, same agreement has been entered with GRT. And the two Kerala ones, we are still evaluating who to be done with. So we don't see basically that risk in those projects also.

Hiten: So KNR will be done through GR?

Amit Singh: Two of the KNR projects getting done through GR. And your first question, whether GR is getting rebate on those O&M bit, I think they are. That's what I have been given to understand. And I think that's how they are managing.

Hiten: Okay. And these are also fixed price contracts with GR for KNR assets, or these are variable price contracts?

Amit Singh: For two of the KNR assets, yes.

Hiten: Variable or fixed?

Amit Singh: Fixed.

Moderator: We have the next question from the line of Nikhil Bagadia from Equicorp.

Henil Bagadia: Just a correction, my name is Henil, not Nikhil. Sir, with respect to the repo increase, as you said that it increases -- for every 10 basis points, it has an impact of about close to 50 bps on the increase in revenues. So if you can give some more understanding on what also plays with respect to the new project acquisition on the project IRR, that is the unlevered part; and also the post-levered part on the equity IRR, how does the valuation actually change?

Amit Singh: No. So I think generally what we look at is equity IRR, and I think we had mentioned this in the last call also, the projects what we have acquired over the last -- these 4 plus 5 projects, that is north of 13%, 13.5% of the equity IRR that is working out.

And what repo increase is basically, that's a function of leverage. Today, suppose ballpark we are at 50%. So that benefit is maybe 12.5 bps, 13 bps. Tomorrow, if we go up to leverage to 60%, that benefit will be 10 bps. So that's how exactly it will work.

Henil Bagadia: So going forward, do you actually see increasing the debt funding, because I think so we can go up to 70%, although for a realistic basis, a lot of companies don't prefer going up to 70%. So what's the reasonable estimate we can consider as ceiling for the debt with respect to the projects?

Amit Singh: So generally, we have said during our fundraise round also that we generally wouldn't want to cross 65%, and we don't want to limit ourselves to 90% of 70% which is 63%. However, when the moment we cross 61%, 62%, rather cross 60%, 61%, we'll start thinking about raising the fund. That's what basically, you can say, thought process, which has been communicated to all our stakeholders or the majority of the unitholders while doing our fundraising round last time.

Henil Bagadia: So with respect to -- one of the previous participants actually alluded that the bitumen prices have shot up. So if I believe, the NHAI rule mainly says about the smoothness index. So has there been any concession related to smoothness index, or is it just related to the government asking you guys to be okay with the players to actually defer it by a few quarters once the bitumen prices and also the availability normalizes?

Second, since we are actually in a fixed price, fixed term contract with the EPC player, so in the next round of renewals, do you actually see an increase in the prices for contract negotiations considering the volatility that we face right now?

Amit Singh: See, generally, how they work, I don't want to get into that, because that's the purview of EPC. Generally, what I understand is, first thing is, just to give answer to your question, of course, if

the road is really bad, and you have to do it, compulsory, then you will do it, okay? Where the road situation is decent -- and, of course, in HAM concession there is no time line which is given that you have to do a major maintenance at the fifth year or sixth year or seventh year.

This is like you estimate while buying the asset that, okay, this is a bitumen asset, I should do it at the end of 6th, 7th year, then 13th, 14th year, and then I'll hand over to NHAI in a good condition.

Now suppose your asset is in good condition till the 6th, 7th year, and bitumen prices are high, you maybe just basically would want to delay by a couple of quarters, so that bitumen prices ease up and then you'll do your -- basically undertake your maintenance activity. And second thing is how they will manage is up to their purview.

But what we understand that they will also try to delay -- try to see what is very critical thing which can be done now, what can be delayed, say, by a quarter. They'll also, as an O&M contractor, they would want to do it to manage, so that it doesn't shoot their cost, because they also wouldn't want to take a hit on this activity in terms of their own P&L. So that's how they would want to manage.

My thing is my road is getting managed properly and I'm getting annuities on time. How they manage is fine so long as I'm not getting any damages from NHAI, a; of course, road condition is good, there's no, basically, untoward activity or incident which is happening on the road, so long as things -- and anyway, this is being monitored by NHAI on a very closely basis on now the fortnightly and monthly basis. As an InvIT, we are fine with that.

Henil Bagadia: And with respect to the ROFO assets that will actually increase in the portfolio, what kind of time lines do you actually see for them being added in the portfolio? And is there a formula for the valuation of all these ROFO assets? You say that's about upwards of a 12%, 13% IRR on equity side and a price-to-book of around 2x?

Amit Singh: There's no asset in the market which is available at a price-to-book of 2x. Those days are gone, by the way. Second thing is it's very difficult to get a price-to-book of 1x, even lots of assets which are available in the market. So price-to-book, 2x; first thing, just get that math correct. It is not a function of any multiple.

It's a function of how much money you are leaving in SPV, because at the end of the day, as a buyer, you were just doing nothing but discounting those cash flows. So the cash flows are high. Whatever equity you are putting, you might get a multiple of that. If cash flows are not high, you have taken the money out in form of EPC contract, EPC money, maybe EPC numbers were higher. So that means you have already taken out money from the SPV.

So you may not get even 1x. So there's no formula fixed per se, which is 12% or 13%. We have been maintaining that we would endeavour to acquire any asset from anyone, including GR, and it should be yield accretive. So you can see today's price, you can see what was the guidance we

have given. Of course, we would want to acquire at a price where it becomes yield accretive from existing unitholders.

Because at the end of the day, we will have to go and take the approval from all the unitholders like you. So until and unless it's yield accretive, you will not give me approval for that. So that's the thing, and that we have been maintaining. And till date, for all the 18 assets what we have acquired, or maybe all the 11, rather, what we have acquired post our IPO, since our listing, those all the assets have been yield accretive, and we want to maintain that.

Moderator: We have the next question from the line of Hitaindra from Maximal Capital.

Hiten: So this INR13,000-odd crores of portfolio that we have as on 30th September, so what is the kind of asset addition that we want to do in this second half and next FY28? And if you can split it up between sponsor and third party?

Amit Singh: See, third party we are evaluating. We are nowhere where I can give any guidance on. We are just evaluating. In this change scenario of bitumen prices and all, we need to be very cognizant about the O&M cost and major maintenance cost which we have to incur over the next 13, 14 years. So till the time these things get a little bit stabilized, I may not be able to tell you any guidance on the third-party assets.

Of course, we are bidding for TOT, big annuity assets. So if those come, then, of course, that we can't say that's a bid, so that we don't know. For ROFO assets, we are targeting 5, 6 assets, not this quarter, maybe in the next quarter. Put together, ballpark EV should be around INR4,700-odd crores. And we have already started process for that in terms of NHAI NOC and all.

And once that happens, then of course, there's a process, we need to do a Board meeting, then Board approval, then we need to send for unitholders' pre-approval, and then we run those process. Most likely that is going to happen in maybe December or next quarter itself. Ballpark what I see is, the value should be around somewhere INR4,700-odd crores. FY28, same amount.

I would say, somewhere around INR4,500 crores to INR5,000 crores. The size of the assets are getting a little smaller. So we may look at acquiring, say, 7, 8 assets next year, maybe 6, 7 assets, and the ballpark EV will be around same, INR4,500 crores to INR5,000 crores.

Hiten: So roughly, we can reach like INR22,000 crores, INR23,000 crores by end of FY28 basis the ROFO asset. And if we do any third party, then it will be on top of that?

Amit Singh: That's right. That understanding is correct.

Hiten: And then we want to acquire any BOT also?

Amit Singh: Yes, yes. We have started. Now the ecosystem has changed. There's not much good HAM assets which are left. So if you want to grow, and even as a part of the changed ecosystem, you have

to start looking at the BOT or TOT, basically toll assets, and we have already started evaluating those.

So we'll be participating in TOTs. We'll be looking at if some good BOTs come. Even as a ROFO, GR has one Agra-Gwalior, not very early, but that will also come. So we're looking at acquiring those assets also.

Hiten: And in a rising interest rate environment, like on the BOT assets, sir, how does that impact on the probable cash flows and NAV calculations, if you can throw some light on that also?

Amit Singh: So basically, there, how you run the model is something because, see, my toll is an inflation-adjusted growth story, right? So of course, if I acquire something, basically the beauty and flip side of the toll is that it may not happen that in the first year itself, you start getting a 12%, 13%, 14% on that. But yes, you start getting something, a decent number on that. That will grow. And then most of the things are basically linked to WPI.

So this is rate plus 40% of WPI. So that is the inflation what's there. And when you model, of course, you don't model very aggressively there, you model with a little conservative that, okay, you take some cushion in your model, so that even the inflation rate goes up, at least your calculation doesn't go for a toss. So that's how you try to basically take care of those, you can say, blips or maybe some variations.

Hiten: Okay. But there, I think in the revenue, you get only 40% of WPI or something like that?

Amit Singh: Yes, yes. But generally, there are two things. So on a toll, you have a traffic growth and you have an impact of WPI, right? So that's how you get the overall toll growth. So traffic growth, you assume something, WPI you assume something. We have to see that, okay, on the lower side, how much -- basically, even suppose, on a long tenure basis.

WPI plays out to X number, your traffic growth plays out to Y number, cumulative as what is the growth you are basically underwriting. Against that, what could be the interest? So if you model accordingly, if you model in a more conservative way, I think you are sort of protected from that side. So that's not a very worrying thing. What you should not do is, of course, you should not go wrong on the traffic expectation.

Good thing is, with these TOT assets and all, there's already history of 5, 7, 10 years of tolls getting collected on those assets. So generally, the idea of getting wrong on the traffic is a little less.

Hiten: But generally, the size of those assets are also bigger, right? I mean, just the value. So would that mean that if you acquire even 2, 3 of them, then the overall mix of the portfolio will tilt significantly towards it, because we...

Amit Singh: No, no, not really. Those are bid-related information. I wouldn't be able to divulge those details, but it doesn't change my mix significantly. Of course, not.

Moderator: We have the next follow-up question from the line of Henil Bagadia from Equicorp.

Henil Bagadia: Sir, a clarification that you actually said that you're also looking for the TOT projects. So if I'm not mistaken, NHAI had actually released a circular with respect to about 14 to 17 projects on the highway bundles. If you give some more understanding when do you expect this to -- when the bids would actually be invited? And is this going to be over and above the ROFO assets that we actually plan to acquire?

Amit Singh: That will be very difficult to provide here, because as a process, we will evaluate. But like this TOT 2021-22, which is coming for the bid now, the tender had come 1.5 years back. So this is a function of NHAI when they want actually the money. So we are expecting these 2021-22 bids to be bidded, they would want the money before 31st of March. That's how the balance sheet will look better. But how -- they have given the dates, but how exactly that will pan out in terms of bidding, that will be very difficult to say.

Henil Bagadia: Okay. Sir, what kind of valuations do we actually factor in if -- I actually don't want to get into the bid price, as you said, that it's confidential.

Amit Singh: I'm saying it's difficult to divulge those details on the call.

Henil Bagadia: Okay. Sir, with respect to the WPI, I think, sir, the NHAI is actually changing from WPI to CPI. So is it going to be effective anytime soon? And what kind of changes do you actually see in the formula for the toll hike from WPI to CPI?

Amit Singh: No, we don't see that changing WPI to CPI very soon.

Henil Bagadia: Okay. Sir, with respect to the WPI part, I think so for a few players in the past, the kind of inflation that was there in cost versus the kind of increase that they got on toll was not sufficient. So are we going to factor that as a part of a bidding cost? And how would actually this work? Because as you said, traffic is one of the missing element, which a lot of players cannot factor in with respect to the new projects.

But for an existing project, it becomes easier. And second is the toll revenue increase part, which actually is a factor of either ad hoc plus WPI or just WPI. So some more understanding that you can give out here?

Amit Singh: See, I can't give more understanding on this here on the call, because nobody would want to basically disclose their calculations or their strategies on the call. You need to appreciate that. Just one thing I told, as mentioned earlier, that we'll be conservative, so that the WPI thing what we would have factored in the model, even if it goes here and there, on a long-term basis, we will not be aggressive.

And that factor we -- two things, we take basically care through, one is the WPI assumption and second is my interest rate cost. So if those two assumptions you are on a conservative side, you will still be able to manage even if the costs are higher than what you have envisaged.

Moderator: We have the next question from the line of Anant Mundra from Mytemple Capital.

Anant Mundra: Sir, I just wanted to confirm on the repair expenses on the O&M side, all…

Moderator: Sorry to interrupt in between, Anant, your voice was not audible.

Anant Mundra: Am I clear now?

Moderator: Yes, please use your handset mode to speak.

Anant Mundra: Sure. Is this better?

Moderator: Yes, this is better.

Anant Mundra: Okay. So just wanted to understand, on all the road assets that we have, we have a fixed cost agreement on the O&M side with GR, right?

Amit Singh: Not on all the roads. As of now, of the 17, we have with 16 or maybe 15, 15.

Anant Mundra: 15. So the 2 KNR don't have. Like out of the 4, 2 KNR…

Amit Singh: Your voice is cracking, Anant, yes.

Anant Mundra: Okay. Just wanted to understand, so only on the 2 KNR assets we don't have a fixed agreement, right?

Amit Singh: One KNR and one ULCCS, we don't have fixed.

Anant Mundra: Okay. And wherever it is fixed, it's fixed for 5 years?

Amit Singh: Okay. So with ULCCS, that is fixed for the entire thing. It's not with GR. So out of 17, just to clarify, 15 we are fixed with GR. One ULCCS, we have fixed time price contract with ULCCS for the entire tenure of the contract. One KNR, as I said on the call, we are still evaluating. We need to close with someone.

We've not yet closed. We think that somebody, a local guy, who has a decent presence here and workforce, who can manage at the state of Kerala, it's better to go with that guy than GR, because GR has not been so-called very active on the Kerala side. So that's why we haven't closed. So ULCCS, one Kerala we have closed.

The 2 KNR one, which is in the Kerala, that we haven't closed, that we'll be closing with anybody very soon. And maybe the next call, we should have closed by then, so that we would have a

decently either fixed price or maybe fixed time or whatever item, some formula enshrined there, so that we'll be able to give more clarity during our next call.

Anant Mundra: Got it. And wherever it's fixed, it's fixed for 5 years?

Amit Singh: Actually, it's fixed for the entire life. But the first 7 years, and then a right to review for after first major maintenance cycle, that was what we had agreed with GR. But generally, the cost and everything has been fixed for the entire balance 13, 14 years.

Anant Mundra: Okay. And currently, what is our cost of debt? I mean, the incremental cost of debt and the average cost of debt on the portfolio?

Amit Singh: Average cost will be around 7.25% ballpark, because the recent ones what we raised, of course, with the hike of that, we could not get that sub-7% cost what we had got. So these came a little expensive. But with 25 bps increase of repo, we are somewhere around 7.25% now, and it will be somewhere around, say, it will go to around 7%. You can say how it goes, but yes, we can touch, say, 7.50%, 7.60%, 7.75% type with this hike what we are envisaging in the year.

Anant Mundra: Okay. And the incremental cost of debt in the last quarter was how much?

Amit Singh: So we borrowed something from Union, which was in the range of around 7.20%, 7.25%, which was, of course, before this rate increase. Then there was something which was raised from HDFC, which was, again, I think 7.20% -- 7.15%, 7.20%. So that's all. But this is a rate increase, and maybe some of the benchmark is gone, maybe our average cost has gone up a little bit. But they're still in the range of around 7.25%, 7.30% now. But yes, what we are envisaging, it might go up, it might jump.

Anant Mundra: But -- I mean, why is the valuer taking your debt at 8.05%, there's a big differential, and yet our NAV has gone up substantially from the first -- I mean, from March till now in spite of, I mean, the assumption being very high.

Amit Singh: NAV escalation we had done, right? How it had gone?

Anant Mundra: Yes, yes.

Amit Singh: And why valuer has taken, because generally, the valuer always doesn't see my cost. Valuers generally see that if an SPV goes -- without any undertaking and all, goes for this kind of rate scenario and then they price it. They won't listen to my -- basically, cost, what we have. That's why they are called independent valuers. They take their independent view.

So it's not something which they'll see, my 7.25%, 7.30%. They will see, if SPV would have gone with no sponsor undertaking in the market on this increasing rate scenario, how much they would have gone. So that's how they have taken 8.05%.

Anant Mundra: Okay. So that way, our real NAV would still be even higher if the valuer has to take our real cost of debt, because that's below 7.5% as on date, whereas their assumption is 8.05%, which would ideally be higher, right?

Amit Singh: No. But then there are a lot of things there. Valuers take leverage on the higher side, which we are not leveraged to that. So let's not get into...

Anant Mundra: Of course, yes, yes, that's -- okay.

Amit Singh: Let's go by what valuer is doing. He's doing fair. And what we are reporting is properly audited, so don't worry on that.

Moderator: As there are no further questions, I would like to hand the conference over to Mr. Amit Kumar Singh for the closing comments. Thank you, and over to you, sir.

Amit Singh: Thank you. Thanks, Swapnali. And I would again want to thank all of you who joined the call. We'll keep you all posted with the developments, what we do, what we are doing, what we are undertaking. And before we leave the call, I want to wish all of you and your families a very bright, happy and prosperous Diwali and a new Samvat. And see you guys again on the next quarterly call. Thank you so much.

Moderator: Thank you, members of the management. On behalf of Indus Infra Trust, we conclude this conference. Thank you, everyone, for joining with us today, and you may now disconnect your lines.