4th February 2025

BSE Limited	**National Stock Exchange of India Limited**
Phiroze Jeejeebhoy Towers	Exchange Plaza, C-1, Block G
Dalal Street,	Bandra-Kurla Complex, Bandra(E)
Mumbai – 400001	Mumbai -400051
Scrip Code: 544137	**Symbol: INDUSINVIT**

Subject: Transcript of the Earnings Conference Call on the Financial Results of Indus Infra Trust *erstwhile* Bharat Highways InvIT ("Trust")

Dear Ma'am / Sir,

In furtherance to our intimation dated 30th January 2025, please find enclosed Transcript of the Earnings Conference Call on the Financial Results of Indus Infra Trust, which was held on Thursday, 30th January 2025. The same is also uploaded on the website of the InvIT at www.indusinvit.com.

You are requested to take the same on your record.

Thanking you,

Yours sincerely,

For Indus Infra Trust *(erstwhile Bharat Highways InvIT)*
Acting through its Investment Manager
GR Highways Investment Manager Private Limited

Mohnish Dutta

Digitally signed by Mohnish Dutta
Date: 2025.02.04 16:52:43 +05'30'

Mohnish Dutta
Company Secretary & Compliance Officer
M. No. FCS 10411

CC:
IDBI Trusteeship Services limited
Ground Floor, Universal Insurance Building
Sir P.M. Road, Fort, Mumbai, Maharashtra – 400001

Encl: as above

"Indus Infra Trust Q3 FY '25 Earnings Conference Call"

January 30, 2025

MANAGEMENT: **MR. AMIT KUMAR SINGH – CHIEF EXECUTIVE OFFICER – INDUS INFRA TRUST**
MR. HARSHAEL SAWANT – CHIEF FINANCIAL OFFICER – INDUS INFRA TRUST

Moderator: Ladies and gentlemen, good day, and welcome to the Indus Infra Trust Q3 FY '25 Earnings Conference Call.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amit Kumar Singh, the Chief Executive Officer of the Investment Manager. Thank you. And over to you, sir.

Amit Kumar Singh: Thanks, Sejal. Hi. And a very good afternoon, everyone. At the outset, on behalf of Indus Infra Trust and GR Highways Investment Manager Private Limited, I welcome you all to the third quarter of FY '25 Earnings Conference Call of the Indus Infra Trust.

I would like to take this moment to inform all of you that as per regulator's advisory, we have changed the name of our InvIT from Bharat Highways InvIT to Indus Infra Trust. The name Indus Infra Trust embodies our continuous commitment to comprehensive infrastructure development across India and leveraging the opportunities in the Indian infrastructure sector.

You all must be wondering why the name as Indus Infra, the term Indus resonates pretty well with our rich heritage of connectivity and economic progress and also mirrors our mission to drive infrastructure advancement with sustainability and innovation at its core.

I will now take you through operational highlights of the Trust for the quarter, followed by financial highlights, and at the end we will move on to the Q&A session.

As of December 31st, 2024, the Trust had eight HAM road assets with an average balance of approximately 11.4 years. For the same period, the outstanding annuities of the project SPV stood at Rs. 6,729-odd crores and 53 of the total 240 annuities have been received on time.

An update on the acquisitions front. We continue to evaluate the ROFO as well as third party assets. We have received one proposal from GR Infra to acquire one of their HAM assets and we have already initiated our necessary diligence on that. We will keep you all informed with respect to those acquisition developments.

If we get in to our financial performance, we have successfully optimized our operational efficiencies and have maintained a robust financial position with our current usage at around 27%. This reflects our commitment of creating a long-term value for our investors.

The Board of Directors of the Investment Manager in yesterday's Board meeting approved a DPU of Rs. 2.75 for Q3 FY '25. Further the breaking into interest and dividend, interest of Rs. 2.51 per unit and dividend of Rs. 0.24 per unit. Including the current announced DPU of Rs. 2.75 per unit, our cumulative DPU at the end of the third quarter stands at Rs. 11.95 per unit. I am very pleased to inform you that we have already surpassed the guidance given at the time of listing of our InvIT in the nine months itself.

Also, a quick update on the road sector. The Cumulative award for the year 2025 to-date, that is up to December 31st, 2024, is 3,100 kilometers. And cumulative construction for the same period is 5,853 kilometers. The Ministry of Road Transport and Highways has incurred almost Rs. 2,25,000 crores till December 2024.

The budgetary support for the roads and highways sector has grown almost 8 times in the last decade, and allocation grew at a CAGR of almost 22% following the announcement of Bharatmala Pariyojana, with the same enthusiasm, we also expect the center to increase the allocation for the sector in the coming budget too, reaffirming its commitment to NIP, which is National Infrastructure Pipeline.

It's my firm belief that InvITs are expected to play a greater role to garner private capital for the development of national highways in the short as well as medium and long term. If you see, as per the industry's reports, the assets under management of road sector of InvITs is expected to rise from Rs. 1.9 trillion, which is almost Rs. 1,90,000 crores in September '24 to Rs. 3.2 trillion which is Rs. 3,20,000 crores by March '26. So, there is a huge opportunity available for the InvITs to acquire road assets which are set to become operational in the next two to three years. And we as Indus Infra Trust strive to add a decent chunk of high-quality road infrastructure projects to our portfolio.

As we move forward, Indus Infra Trust remains steadfast in this mission to contribute to nation's infrastructure growth while delivering a growing and steady returns to our unit holders. Our strategic rebranding, our healthy balance sheet, our ROFO and non-ROFO asset pipeline, and the immense opportunity we see around positions for sustained success in the years to come.

Now, without taking much of your time, I will now pass it on to Harshael, who will take you through the financial details before we open up for questions. Thank you. Over to you, Harshael.

Harshael Sawant: Thanks, Amit. Coming to Q3 FY '25 performance on a standalone basis, the interest income on the loan extended by the Trust to the SPVs was Rs. 179 crores approximately, as against Rs. 147.8-odd crores in quarter two FY '25. The increase in the interest income was an account of acquisition of Aligarh Kanpur project which contributed around Rs. 34.8 crores during the quarter as against a contribution of Rs. 3 crores during the second quarter.

The dividend received during the quarter form SPVs was Rs. 26.75 crores, which was utilized for distribution during the last quarter. Further, on the EBITDA front, EBITDA for the quarter was around Rs. 204.81 crores, adjusted for the diminution in value of investment. The diminution was on account of difference between the fair value and book value of investment and primarily was on account of the amount of cash which was upstreamed by the SPV.

The total external borrowing at the Trust level stands at Rs. 1,789 crores. And the interest cost on the same was around Rs. 37 crores during the quarter. The increase in interest cost by approximately Rs. 12.8 crores was on account of additional borrowing availed for refinancing of external debt of Aligarh Kanpur during the month of September '25. With respect to the tax outflows, tax outflows on the other income, which is earned by the Trust at the rate of 42.74%.

On a consolidated basis, the total income for the quarter was Rs. 224.5 crores, consisting of Rs. 210 crores of revenue from operations and other income of around Rs. 14-odd crores. The increase in the total income was primarily on account of the increase in finance income on account of acquisition of Aligarh Kanpur project. The EBITDA for the period was around Rs. 163 crores.

In relation to NDCF at the Trust level, the project SPVs have declared a dividend amounting to Rs. 17.1 crores for Q3 FY '25, and interest income received for the quarter was around Rs. 179-odd crores, resulting in total cash upstream to the InvIT of around Rs. 196 crores. Post existing for finance cost, debtor and Trust level expenses, which is given on Slide 8 of the presentation, the NDCF works out to Rs. 122.69 crores.

The Board has declared, as Amit mentioned earlier, the Board has made a declaration of distribution of Rs. 2.75 per unit. Break up of which comprises of Rs. 2.51 in the form of interest and Rs. 0.24 in the form of dividend. As per the recent amendment in SEBI InvIT regulation, the distribution has to be made within five working days from the record date. The record date for this particular distribution will be February 3rd, 2025, that is Monday. Thank you. And we are open to questions now.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Arya Mehta from Maximal Capital. Please go ahead.

Arya Mehta: Good afternoon, sir. So, sir, of this Rs. 9.2 which has been distributed, I think some portion would be attributed to March '24 month also, right? So, for this year, how much should we factor in as distributed for this year for the nine months?

Amit Kumar Singh: See, actually for March, because we got listed on the 12th of March, right? So, if you see in our calculation what we see that basically since basically we have started enjoying or using the capital on 12th March, '24, onwards, so we see from that that 12th March, '24, onwards till 31st December, 2024, which is nine months and maybe a tad above nine months, basically we have distributed already or we have announced to distribute already Rs. 11.95. Which was of course higher than the guidance what we had given at the time of InvIT. For the quarter, which is one quarter pending, of course, we need to see how much basically SPV streams, how much we are going to receive in the form of interest, and then we will decide, because there are may be other expenses also with respect to acquisitions and all. So, that we will see, and then maybe we will decide and formalize it post the end of the quarter.

Arya Mehta: Yeah. So, if we annualize the thing including, let's say, two-third of March, then it is coming to around Rs. 11.4. So, that's a fair assumption, right, for the year?

Harshael Sawant: Yes. So, I think guidance was Rs. 11. Even if you see that pay, the guidance was Rs. 11.5, and maybe for the nine months itself Rs. 11.4 is done already, right?

Arya Mehta: No, Rs. 11.4 is the annualized number if we take into account 20-odd days for March.

Harshael Sawant: Okay, you are saying that maybe 20 days of March you set aside and then Rs. 11.95 for the nine months, I think the annualized number will be more, not Rs. 11.4. Because March was only 20 days out, right, and then we have nine months, and we have already got Rs. 11.95. So, it's like nine months, 20 days if you are getting Rs. 11.95 annualized, even you take the 20 days aside, I think that definitely is going to be more than Rs. 11.4.

Arya Mehta: Okay, so that is. And secondly, any guidance on what we can do next year in terms of distribution?

Amit Kumar Singh: See guidance, while the guidance what we had given at the time of IPO, which was I think 11.5%, right, we will stick do that guidance. I am not changing that guidance as of now.

Arya Mehta: Okay. And how much more AUM can we expect to add like in this financial year and next financial year as things stand now?

Amit Kumar Singh: See, we are, as I mentioned in my call, right, there's a one basically proposal which we have already received from GR for one of the HAM asset. I think there we have already started our diligence and only thing is, as per InvIT you can take asset only once its revenue generation crosses one year revenue generation history. The second annuity of that asset is expected around the first half of April. So, definitely we are going to acquire that asset during the month of April, which we had thought that we may acquire in March itself.

We have already applied, I think NHAI NOC and Lenders NOC has already been applied by GR. So, that should be on time. But I think this year's six, seven days here and there, I think that March may become the first half of April. For the next year, we have almost definitely three to four assets of GR, which is lined up for the acquisition. And for the non-GR assets, of course, we will keep you guys updated as we forward in that range. I think we can say safely for the next year, four to five assets acquisition of GR, non-GR we will let you know once we significantly move ahead in those direction.

Arya Mehta: And each of these effects, we should assume Rs. 700 crores, Rs. 800 crores of AUM addition?

Amit Kumar Singh: AUM addition, yes, you can say on a ballpark basis average, yes, maybe Rs. 600 crores to Rs. 800-odd crores in terms of AUM. Because all these others are north of Rs. 1,000 crores, but it's like 40% NHAI, and only 60% what you have to do, right? So, I think, yes, you can say on the safer side Rs. 600 crores to Rs. 700 crores, yes.

Arya Mehta: Okay. And in terms of our debt to AUM, where do we stand now? And have we been able to reduce the debt cost in these three months?

Amit Kumar Singh: See, debt to AUM I had mentioned, currently as we speak, it stands at around 27%. Our debt cost, we could not reduce because the volume what we did at InvIT level was linked to repo, and you see right in the last one-year repo has not changed, RBI has kept it same. So, that's why the spread was fixed and there's nothing changing so that we can go to lenders and ask for that. So, as of now, it remains at 8.1%, which we had borrowed. So, two times we borrowed, one at a time of InvIT when we acquired the asset, and second time when we bought this eighth asset of ours which was GR Aligarh Kanpur. But our cost is 8.1% only which has not changed, because its linked to repo and RBI has not changed that.

Arya Mehta: Okay. These are in the form of NCDs or what's the nature of it?

Amit Kumar Singh: This is in the form of loan only.

Arya Mehta: Okay. Understood, sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Anant Mundra from MyTemple Capital. Please go ahead.

Anant Mundra: Hello. Good afternoon, sir. Thank you for the opportunity.

Amit Kumar Singh: Hi, Anant.

Anant Mundra: Sir, approximately Rs. 137 crores has been retained at the SPV level, what is that for?

Harshael Sawant: Yes. So, Anant, there are current liabilities sitting in the books of the SPV, so that's why there is a retention at the SPV level to meet those obligations.

Anant Mundra: Okay, that's against current liabilities, all right.

Harshael Sawant: Yes.

Anant Mundra: And sir, by the end of this year anything, in the earlier call you had mentioned that you were looking to acquire around two assets. So, one you said you already received one interest from GR Infra, this other asset was also a GR asset or non-GR asset?

Amit Kumar Singh: That was non-GR asset, and basically we will be disclosing about that at the opportune time.

Anant Mundra: Okay. So, sir, when it comes to non-GR assets, how would you take care of, say, the maintenance risk and the other contingent liabilities that are there on the assets? And what kind of IRR would you look for when it's a non-GR asset?

Amit Kumar Singh: See, I think there's a very defined framework. IRR, if you remember, we have been maintaining an our call that, whatever yields we will create, the asset what we acquire at IRR should be at IRR which actually provides an uptick of my yield. So, my acquisition rather should become yield accretive with every incremental asset acquisition. So, suppose we are tending at currently say 10.5%, 11%, I will try to make an acquired IRR of course which is north of 11%, which could be 11.5%, and which could be 12% so that my currently basically yield becomes or maybe my price becomes yield accretive, that acquisition rather becomes yield accretive. So, non-GR assets course we will be looking to acquire basically higher to where we were acquiring.

In terms of O&M, actually if you see what we are doing is that whenever we do, after giving MBO suppose we will go ahead, there's a proper diligence. So, in terms of we will appoint a third-party technical consultant. So, first when we go, of course, we have in-house team as well which we take and basis that we give a non-binding, it's when a non-binding will get signed. Post that we appoint basically a technical, and that will be of refute, so a reputed technical consultant who will give to their technical number and suppose O&M number and major maintenance number. Those numbers, and then of course because ultimately GR has to do the O&M and major maintenance to Aadharshila, so they will also do their internal numbers, right. Those numbers have to match, or maybe if there's any issue those have to reconcile.

Finally, the O&M numbers, what's given by the consultant or whatever the GR decides is the final number. That number gets put inputted in our model, and then finally whatever value arrives that value, subject to of course the target IRR we have, we basically go and final, we will do the delay at that value. So, this is the framework what we have. And of course, other than technical, you will do all the others, like whether it is tax, whether it is DT, whether it is FDT, everything will be done, insurance, legal. So, everything will be done, and generally we do not cut corners, all the Big 4s and all maybe the reputed ones are there who are doing our DTs. In terms of O&M, yes, that's the framework and we are following that framework.

Anant Mundra: So, even if it's a non-GR asset, the maintenance will be managed by Aadharshila only, that understanding is correct, right sir?

Amit Kumar Singh: Absolutely. Aadharshila, and of course through Aadharshila then GR will do it.

Anant Mundra: Okay, through Aadharshila, got it. And sir, so next year we have guided for maybe say four asset acquisitions, so where do you see the debt level? So, debt by AUM, like will we reach the 49% next year? I am just trying to understand when is it that we would require a next round of fund raise, when will we exhaust our limit?

Amit Kumar Singh: See, I will tell you, directly coming to your second part, because right I am 27 and then I will take say two, three more assets, I will be at 44, 45. But in terms of my fund raise, it will be towards the latter part of the next half, which will be say, September to December quarter. We may come further, because we have four assets and those four assets I think in terms of AUM will be somewhere around Rs. 3,000 crores. So, if I do Rs. 3,000 crores and if I do a debt equity say even of 16%, I will have to have Rs. 1,800 crores of debt. So, with Rs. 1,800 crores I will be Rs. 3,600 crores. So, of course my AUM will also increase. But I think I may have to come, and depending on the non-other GR assets also I may have to come to the market next year, depending on how I am able to conclude those acquisitions, I think maybe either third or fourth quarter of next year. That's what the timeline I think ballpark, tentatively what I look at.

Anant Mundra: Got it, sir. And sir, there's a recently listed competitor, so I was just looking at the cost of debt, their cost of debt is around 7.8%, whereas we are at 8.1%. So, it's a big gap. I mean, are the terms different for us versus them? I mean, how is there are such a big differential?

Amit Kumar Singh: See, Anant, to be honest, I would not want to comment on the competition's cost of debt or competition's framework because it's not only cost of debt, a lot of things will be different. So, actually I would want to focus on my performance and bettering my operational highlights. But one thing I can tell you is that the 13 years, 14 years loan what I am taking, and the tenor what I am taking, 8.1% which is spread of 160 over the repo, I doubt that very few people in the market would have been getting that kind of rates. Of course, when I can go and do the bond, I can get it at a cheaper rate which is one year, two year, three years. So, you cannot compare actually a one year, two year bond with a 13 years loan or a 14 years loan. And I actually cling to repo, right, once my repo will get reduced, so my rate will be also start coming in. So, with a 25 bps cut I will directly come down to 7.85%.

Anant Mundra: Okay. Got it.

Amit Kumar Singh: But in the bond in the three-year structure you get stuck with that pricing, right?

Anant Mundra: Yes.

Amit Kumar Singh: So, a lot of deliberation was done before InvIT itself. And I think the pricing what we got with our thought process, our estimation of the rate cut, our estimation of the repo movement, our estimation of how US is behaving, how US is sneezing and India catching the cold because of that. I think with all that we thought of going ahead with this. And I still think that my pricing is one of the best pricing we enjoy in the industry.

Anant Mundra: All right, got it. So, there are other deals also that are happening, so like Ashoka's recently sold its HAM portfolio I think to KKR or Macquarie or someone, I am not sure who.

Amit Kumar Singh: Sekura.

Anant Mundra: Sekura, okay. So, I mean, typically what are, I mean there are a lot of deals that are happening in the market, so typically what equity IRR are these deals happening at?

Amit Kumar Singh: Difficult to attribute any value, Anant. We may have to check with those guys, because it's all the confidential data which does not get shared in the market.

Anant Mundra: Okay. So, I mean, were we not involved in these kind of discussions? Did we try to bid for these assets?

Amit Kumar Singh: I was. Which one you said, of course we had bidded for that. But of course there were some valuation mismatch, so that's why we could not go. But we were like the one who had looked at this asset, the entire 11, 12 assets almost one, one and a half years back.

Anant Mundra: Okay. So, I am just trying to understand, because I mean given the InvIT structure that we have and given our cost of capital, it will be difficult for anyone to beat that. So, just want to understand where, I mean, are we very off from the market? I mean, I cannot imagine why someone would not, why would an InvIT not get the deal versus someone else bidding more competitively, given that our structure is far, far better and more efficient?

Amit Kumar Singh: Anant, there are a lot of reasons for that. If I will start outlining the results, it will take longer. But one thing I can tell you is that, if your InvIT will take an asset, of course one thing, we would want to be very sure of the quality, right, because we already have eight assets from a guy who's literally a good quality player. So, we actually what we do is, we benchmark that quality with every incremental asset which we plan to take. Now, what happens is that the moment you would want to compromise the quality of one asset, whatever the return you would have made on the eight or nine or 10 other assets will get equalized. So, that's why we are not very fancy of, say, acquiring a portfolio because when you acquire a portfolio you might get good assets, may not get so good assets also. So, we actually maybe do more diligence, I would say, we take more time. We remain a little conservative. And we think that maybe in the long term that conservatism will play off more, and will play out better.

Anant Mundra: Got it, sir. That explains it quite well. That's it from my end. Thanks a lot.

Moderator: Thank you. The next question is from the line of Vivek Agrwal from DV Investments. Please go ahead.

Vivek Agrwal: Sir, good afternoon.

Harshael Sawant: Hi, good afternoon.

Vivek Agrwal: This question was regarding this retention of Rs. 137-odd crores, you told it is against current liabilities. These SPVs will have this amount of current liability or it is earmarked for some other purpose? Why because SEBI has also told that you have to distribute 90% of your cash flows and we are retaining a significant amount, it's like 3 bucks per unit.

Harshael Sawant: So, Vivek, there are certain prior period claims also which were received during this period and which has not been paid out yet, so that's why the number is looking a bit on the higher end. For the nine months period, whatever is the O&M expenditure, the billing happens on a six monthly basis. So, for the nine months the entire provision is sitting in the books. So, that is the reason the number is appearing a bit higher.

Amit Kumar Singh: Maybe you can see in the next quarter, Vivek, in the next quarter this will get balanced out. So, this is just you can say timing mismatch, yes.

Vivek Agrwal: Fair enough, sir. And we have done a retention of Rs. 60 crores or Rs. 59.2 cores in Q2 last quarter, that should have got reversed and it could have got distributed this quarter? Or that becomes cash renewal?

Harshael Sawant: So, that was towards, because there was a debt service requirement in Aligarh Kanpur where we had not received the no dues certificate from the lenders. So, that's why that amount was blocked. Unfortunately it was encumbered, and that has been subsequently leased and that particular SPV, as I mentioned, has contributed towards the interest income during this quarter. So, because the annuity is not received in that particular SPV during this period post activation.

Vivek Agrwal: Okay, so that cash has been used in that way?

Harshael Sawant: Yes, right.

Vivek Agrwal: Okay. And again, DESA we have retained this quarter, we have not taken any fresh borrowing. And last quarter we have taken some DESA. Again, there is some DESA requirement or this is like some --?

Amit Kumar Singh: No, this is not retained, so there is a repayment profile based on which for the ensuing three months we keep on creating DESA.

Vivek Agrwal: Which is why it's going up and down?

Amit Kumar Singh: Yes. So, that is the reason why there was an additional outflow required in this particular quarter.

Harshael Sawant: So, Vivek, as of now it's only eight assets. The moment you will require more assets, right, DESA requirements may go up down, so basically depending on the revenue.

Vivek Agrwal: No, that I understood. I was just thinking that in the quarter if you do not raise any debt, then there shouldn't be any further DESA unless the repayment profile changes.

Amit Kumar Singh: Yes.

Vivek Agrwal: That's why repayment profile would have changed and therefore you are bringing.

Amit Kumar Singh: Yes.

Vivek Agrwal: And going forward on the taxability part, is there any view that you guys are taking?

Amit Kumar Singh: Sorry, Vicky, you are not coherent, can you just come again?

Vivek Agrwal: I was asking how to make the distribution….

Moderator: Mr. Vivek, I would request you to please use your handset.

Vivek Agrwal: I am using handset only. Am I better now?

Moderator: Sir, your voice is breaking, we can't hear you clearly.

Vivek Agrwal: No, sorry. Leave it then.

Amit Kumar Singh: No, you can try again, we are happy to, maybe let's give a try one more. Please ask Vivek.

Vivek Agrwal: So, taxability are you guys thinking in some way how to make the distributions more tax efficient as you go forward?

Amit Kumar Singh: Yes, definitely Vivek. I know where you are coming from. So, initially what happens, because your SPVs and all would have the positive balance, right. So, of course, you basically distribute the surplus which actually gets distributed in the form of dividend. And of course, the interest what you are charging, which goes as is. But I think going forward, I think this will change definitely. And then you will start seeing more as a capital repayment, I think which will take care of your taxability portion.

Vivek Agrwal: Okay. Thank you so much.

Amit Kumar Singh: Yes, you are welcome.

Moderator: Thank you. The next follow-up question is from the line of Arya Mehta from Maximal Capital. Please go ahead.

Arya Mehta: Good afternoon, sir. So, just a couple of follow-us. One is, what is NAV right now?

Amit Kumar Singh: Arya, NAV bases the September valuation which was done was in the range of around Rs. 114, Rs. 113-odd or something, Rs. 113, Rs. 114.

Arya Mehta: Okay. And on the further acquisitions part in terms of pricing and yield accretion, just wanted some more clarity. So, see, right now on the Rs. 11.5 sort of a distribution you are trading at let's say 10% yield for the unit holders, right? And your cost of debt is 8%. So, now when you acquire an asset, how are you looking at it? There are project IRRs, are you looking at 10% project IRRs which will give us maybe 12% sort of an equity IRR because you will be acquiring using 8% debt? Or are you looking at equity IRRs itself to be 10% or maybe 10.5% in that range?

Amit Kumar Singh: So, we do not look at project IRRs first, we look at equity IRR only. And equity IRR, what we are looking right now, if you see, take the example of the last asset acquisition, it was from GR only. So, we did an acquisition and we had told them, we have mentioned on the call as well that that acquisition actually held us to take the yield from 11.5% to almost 11.9% to around range of 11.9% to 12-ish-percent. Almost 45, 50 bps was the yield, basically the yield went up because of those activations. So, it's not that I am right now, say for example I am trading at say 10%, 10.5%, I will do 10.5% only. Of course I will strive for the best, right, whether it will be 11.5%, it could be 12%, it could be 13%, it could be 14%, whatever that number be. But the point what happens is that, once my repo moves down, right, comes down, of course I will have some impact of that as well. So, keeping that thing in mind, that's why we say that our acquisition at any point of time is going to be yield-accretive. Reason being that whether even I get 11.5%, 11%, because we also do lot of sensitive data acquiring, right, that how the interest rate movement will happen, so basically then overall this asset will give me how much.

Arya Mehta: Interest rate movement sir we understand, but right now you are trading at 10%, Rs. 11.5 divided by 1,100, 1,300, 1,400 so that is 10%. So, you are looking at 10% to 10.5% sort of equity IRR? Or are you looking at --

Amit Kumar Singh: No, I think just more than that, not that.

Arya Mehta: Okay. And in terms of the debt itself, like any particular reason why we have taken repo-linked debt instead of maybe trying to get fixed rate long tenure debt? Because on the distribution side we have HAM assets which are basically fixed. So, then there can be a mismatch between the two should the interest rates go up.

Amit Kumar Singh: No, it's very interesting question, I think we had, at the time of when we were doing the IPO, we had explained it. So, in a HAM asset, maybe I will just take a minute to explain to you again. HAM asset what happens is that Rs. 100 say is the cost, authority gives you Rs. 40 during construction, and Rs. 60 authority gives you during the operation period, which is 15 years, right. And then authority also pays interest on that Rs. 60. So, the eight assets what we have now, they are basically authorities is paying me interest on annuities which is linked to base rate. Base rate is nothing but repo plus 25 bps. So, what I am getting actually the interest from authority on those outstanding annuities is at the rate of repo plus 325 bps. While what we could negotiate from lenders is, okay, so why did we linked it to repo? Because what I am getting from authority is linked to repo, or linked to base rate, which is again repo plus 25 bps, 325 bps. So, we thought that let's take loan which is underlined linked to repo itself so that my inflow and outflow gets linked to the same benchmark, which is repo.

Arya Mehta: But does it nullify fully, does it nullify the impact fully?

Amit Kumar Singh: No, it's not entire because it will nullify to the extent of my leverage. But the point is that suppose my leverage goes to 60%, 65%, so my two-third of that will get nullified. Second thing is, if I take a fixed, I do not know we can deliberate on that, but maybe whether this is a proper time to say, take something like three years, five years, seven years fixed when can see that maybe in the next, I mean, I cannot forecast, but maybe you can see that our interest rate cut down over this next three to six months. So, should we basically lock ourselves by taking, say, a longer-term loan or maybe we should keep it flexible. And then when suppose interest rates move down and we are reasonably say subdued interest cycle, that time we should take something which is fixed for, say, five years, seven years, and get outflows locked. So, that is the viewpoint we have taken. And that time we had a discussion with rating agencies, investors, and they liked it, that okay I think your inflow gets linked with the same, so I think then what happens is it takes care of your variability.

Arya Mehta: Understood sir, thank you and all the best.

Moderator: Thank you. The next question is from the line of Ankit from Kotak Bank. Please go ahead.

Ankit: Yes. Hi. I just have two questions. One is on the incremental activities on which you want to do from third party assets and from GR. Will the indemnity clause will remain, which was there for initial assets? Because we have seen in Varanasi Sangam that there was deduction in payments. So, how are we taking care of it?

Amit Kumar Singh: Yes, so I think most of the clauses which were there earlier will remain as same.

Ankit: Third party assessment as well?

Amit Kumar Singh: Yes.

Ankit: Okay. And since we are planning to acquire four more assets, so just want to check, so after execution it can increase our leverage more than 49%. So, with these four to five acquisitions where will our leverage be? And at what point and at what level we will be looking to raise another equity?

Amit Kumar Singh: See, so it depends. SEBI has floated a consultation paper where they are saying that basically you may increase your leverage from 49% to 70% if you would have completed your six quarterly distributions. In our case, I think we have already completed our four quarterly distributions. So, with March and June we will be completing six, so it's that the consolidation paper say. I do not know; I am just saying that. If say it gets formalized, then maybe after June itself we should be able to raise our leverage on 49% to 70%. So, in that case, I can still acquire almost Rs. 6,000 crores, Rs. 7,000 crores of the value of the asset without raising an equity. So, I think I had given the answer of this as well that depends what time I am acquiring what value of the asset. But if everything goes as well as planned, we may look to raise equity sometime maybe September, December, early March quarter next year, not September, December, March quarter next year.

Ankit: No. So, my question was specifically is there an internal threshold that we will maximize up to 60% and after that we will go for equity raise? Or can we raise below that level? That was the question.

Amit Kumar Singh: See, the criteria is 49% and 70%, but since we are a listed player, you do not want to have some threshold that tomorrow if anything happens, say for example your price moves down, right, or maybe basically because of that some AUM comes down because if anything happens, you should have some threshold, you may want to keep say 5% to 10% of some safe thing on your thing. So, maybe once you have touched 65% you should not take more. The moment you touch 45%, 46% you should not take more leverage, that's kind of the threshold we have now.

Ankit: Okay. Thank you. That's from my side. Thanks a lot.

Amit Kumar Singh: Sure.

Moderator: Thank you. The next follow up question is from the line of Anant from MyTemple Capital. Please go ahead.

Anant Mundra: Hello. Thank you for the follow-up. Sir, you just explained that how through the acquisition of one asset, our payout has actually increased from 11.5% to 11.85%, 11.9%. So, just wanted to understand, assuming everything else remains the same and we acquire new assets at the same equity IRR of about 12% that we have done for the first asset, and we leverage up to 60%, 65%. What do you think this yield that's is currently at 11.8%, 11.9% that can go up to?

Amit Kumar Singh: See, so Anant, every asset acquisition cannot be at 12%, to be honest. Because I always maintained that it will be incremental to the yield I am trading. So, first I could negotiate 12 does not mean that everything I will be negotiating at 12%, it could be lesser. So, depending what the best I can negotiate, because when we negotiate with GR it's like a third or complete on the arm's length basis. So, what finally I could negotiate with GR and could get the final rate, that will only decide basically what kind of yield it will be. So, it's not that every asset acquisition will keep increasing 40 bps, 50 bps, otherwise then with the four assets, five assets we will cross 14%, 15%. That is very highly unlikely case. But yes, as I said, I have been maintaining that, whatever yield we are trading, we will ensure that my incremental asset acquisition becomes yield accretive. But that 12% should not be taken as a benchmark.

Anant Mundra: Okay. But sir, equity IRR of 12% is not a very big ask from the 30%, because the project IRR then becomes, I mean, shouldn't 12% be our internal benchmark as well at least?

Amit Kumar Singh: Anant, again I would say that it's a function of that you are buying. So, I agree with you that internal benchmark should be 12%. Answer is yes, it should be. But then, will you get every asset at 12%? Answer is, I do not know. So, that's why I am cannot say that 12% should be, because today I may negotiate 12%, tomorrow maybe it could be 11.5%, it could be 11.25%, could be 11.75%. That's why I am not saying that it should be 12%. But yes, if the interest rate moves down even I will do at 11.5%, that will also become good yield accretive. So, that's why I said to you guys that if the incremental asset acquisition will be yield accretive, that will ensure for sure.

Anant Mundra: Okay. Got it. Alright. Thank you, sir.

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

Amit Kumar Singh: So, thanks Sejal. And I again thank all of you, all the unit holders, for joining this call, all the investors for joining this call. And we affirm our commitment to keep growing this platform and keep delivering the desired returns to all our unitholders. Thank you so much. Thanks.

Moderator: Thank you. On behalf of Indus Infra Trust, that concludes this conference. Thank you for joining us. And you may now disconnect your line.