IRB Infra 2QFY27

TP: Rs22

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Steady toll rise; trading at a discount to average P/B valuation

1. EBITDA rose 14% yoy – BOT rose 18% yoy, EPC (including O&M contacts) dipped 18% yoy & Invit & related assets rose 21% yoy.
2. **EPC segment:** Despite 6.7x OB/sales in Mar 25, FY26 sales dipped 20% yoy as 92% of Mar 25 OB was O&M contracts with an execution period of ~15 yrs. OB/ sales in 2QFY27 is 13.5x, with 95% of the OB from O&M. We factor in Rs28bn/ Rs26bn sales from O&M in FY27F/ 28F. New orders are imperative to drive construction sales.
3. Reported toll revenue (IRB & Pvt InvIT: Rs19.3bn) rose 16% yoy. Three projects were added to the private InvIT in 4QFY26-1QFY27. Three projects were transferred to public InvIT in Nov 25. On Sep 30, 2026, IRB transferred Solapur–Yedeshi and CG Tollway to IRB InvIT for Rs46bn EV. Like to like toll rise was 13% yoy. IRB (ex-InvIT) toll revenue (Rs7.3bn) rose 15% yoy. Private InvIT distribution to IRB Infra was Rs 1.2bn in 2Q.
4. Attractive valuation; TP Rs22: We value (a) EPC business at 3.5x FY28F EV/EBITDA, (b) IRB Infra Trust (pvt InvIT) at 1.1x FY27F P/BV, (c) IRB Infra's stake in IRB InvIT at CMP, and (d) IRB Infra's BOT projects using DCF. IRB is trading at attractive valuation of 0.9x P/BV FY27F, 15% below 12-yr median.

Figure 1: Quarterly financials

(Rs. m)	2QFY27	2QFY26	% Chg	1QFY27	% Chg
Net Sales	18,971	17,510	8	21,373	-11
EBITDA	**10,546**	**9,246**	**14**	**11,526**	**-8**
Other income	474	493	-4	354	34
Depreciation	3,290	2,621	26	3,334	-1
Interest	3,877	4,510	-14	4,010	-3
Extraordinary income/ expense	0	0		-272	
Tax	1,250	1,200		1,201	
PAT	**2,603**	**1,408**	**85**	**3,063**	
Adjusted PAT	**2,603**	**1,408**	**85**	**3,335**	**-22**
EBITDA margin (%)	**55.6**	**52.8**	**279bps**	**53.9**	**166bps**

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Segmental breakdown

(Rs m)	2QFY27	2QFY26	% chg	1QFY27	%chg
Sales	**18,971**	**17,510**	**8**	**21,373**	**-11**
EPC	8,206	8,201	0	9,672	-15
BOT	7,205	6,275	15	7,333	-2
Invit & related assets	3,559	3,034	17	4,367	-19
PBITDA	**11,049**	**9,731**	**14**	**12,156**	**-9**
EPC	1,198	1,456	-18	1,406	-15
BOT	6,515	5,522	18	6,653	-2
Invit & related assets	3,336	2,753	21	4,097	-19
% EBITDA margin	**58.2**	**55.6**		**56.9**	
EPC	14.6	17.8		14.5	
BOT	90.4	88.0		90.7	
Invit & related assets	93.7	90.7		93.8	

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Toll performance

(Rs m)	2QFY26	1QFY27	2QFY27	QoQ growth	YoY growth
Mumbai - Pune	4,309	4,998	4,919	-2	14
Ahmedabad-Vadodara	2,040	2,386	2,361	-1	16
Total IRB Projects	**6,349**	**7,384**	**7,280**	-1	15
Private InvIT	10,323	12,152	12,026	-1	16
Pvt InvIT ex projects added in 1QFY27 & Sold in 3QFY26	8,481	9,511	9,516	0	12
Grand total	**16,672**	**19,536**	**19,306**	-1	16
Grand total ex projects divested to Public InvIT and new added in 1QFY27	**14,830**	**16,895**	**16,796**	-1	13

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Order book

(Rs bn)	2QFY26	3QFY26	4QFY26	1QFY27	2QFY27
Total Order book	320	373	449	441	433
Total OB/ TTM sales (x)	7.8	9.8	13.1	13.7	13.5

SOURCES: INCRED RESEARCH, COMPANY REPORTS

*P.S. As it's a Quick Take, the document is not edited/formatted.

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Thanks and Regards,

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