Management Discussion

Abhishek Chhajer - Chief Financial Officer, Virtus Infrastructure Trust
Thank you, Sagar. Good afternoon everyone. Welcome to Q1FY27 earnings call of Vertisync Infrastructure test. I trust you have had opportunity to review or look at the presentation which we have uploaded on website few days back. As part of this call, I would like to take you through the key performance during the quarter covering operational and financial performance, distribution and other updates. Let me begin with key highlights of the quarter in Q1. Q1 was very strong quarter for Vertex in spite of geopolitical headwinds.

Portfolio Traffic grew at 9.1% year on year compared to projected growth of 4.1%. Growth in toll revenue was 16.4% demonstrating the operating momentum across the portfolio. Please note the growth revenue growth includes the NTPL toll rate increase for toll plaza 5 menorah bus as per the concession agreement which was scheduled to be effective from January 26th subject to completion of ongoing six training works. Since the six training work is still underway, we have been compensated by authority for resultant revenue loss in accordance with concession provisions.

Operating revenue for the quarter was INR11.46 billion with EBITDA of approximately 10.15 billion representing EBITDA margin of 89%. Our annuity assets continue to perform in line with expectations with nine annuity payments aggregating INR4.36 billion received during the quarter. Important is these payments were received on an average 6.1 day weighted days ahead of their scheduled date. This continued to demonstrate assurance with respect to predictability of our annuity cash flows at GRICL.

The Government of Gujarat has awarded tender for 8 laying of end our Nasana Road from existing 4 lanes. The existing concession remains operational during the transition and Grickle will continue to collect the toll for balance of its concession period up to March 38. While the widening work are undertaken by hand concessioners, we have also undertaken a prudent decision to defer the planned major maintenance works to H2FY27. Given the uncertainty around availability and pricing of bitumen arising due to Middle east conflict, we declared a quarterly distribution of INR3.25 per unit.

Cumulative distribution since inception of the standard INR60.34 per unit. On a regulatory side, there is an important positive resolution on WPI linking sector. NHA had proposed a reduction in linking factor for translating from series 2011-12 to from two core files used for toll rate computation. Following the representation from the industry, the matter has been resolved in favor of concessioners with existing linking factors continue to apply. This removes what could otherwise have been an adverse impact on future tool revenue.

From an operational perspective, we are pleased to receive recognition from authorities for improvement in maintenance, safety and overall operating performance at MN and BM projects. Now I am moving to slide number 6 portfolio snapshot coming to the portfolio Vertis continues to operate skilled and balanced Portfolio consisting of 28 assets across nine states with AUM of around INR273 billion or INR27,000 crores. Portfolio consists of 40% of toll effects, 31% of downsize protected toll assets which is COT 16 and 29% annuity assets based on AUM.

Net debt to AUM stands at 40.65% which provides adequate headroom for the future acquisition. Moving to slide number seven Traffic and Revenue Performance Turning to traffic and revenue performance quarter demonstrated continued strength in underlying portfolio AUM retail address traffic was 9.1% against 4.1% projected in valuation Report. The performance was broad based with

several of our larger assets recording healthy growth. Traffic growth ntpl, gepl, utpl, grhicl, Ahmedabad, Mesana and Bahrain and ETAL were among the assets that performed strongly during the quarter.

At the same time there were some portfolio assets headwinds at dbcpl. Commercial vehicle traffic was impacted in April and May due to weaker industrial activity in Chitanpura region partly linked to Middle east conflict. However, we see the recovery beginning in the June continuing July. On this stretch at Griclbh, traffic was affected by diversion following the commissioning of Delhi Mumbai Expressway in April 26 while this impact was already part of the valuation assumption, but the impact and magnitude of diversion have resulted in uptrending of the impact.

Similarly, STPL NI has experienced diversion following the commissioning of Suryapet Khamman Devarpalli Greenfield highway in April 26. Again, the impact was encoded in valuation assumptions. Overall, we remain comfortable with our operating performance of the portfolio and believe first quarter traffic output provides positive start to the year. Moving to the next slide HEM Realization Status as mentioned in the highlights, during the quarter one we received nine annuities payments aggregating to 4.36 billion ahead of schedule by 6.1 days.

This performance is particularly encouraging given the significant expansion of our HEMP portfolio following the acquisition of 11 HEM assets in FY 2526. The ability of these assets to realize contracted cash flow in timely manner remains important contributor to overall stability of Virtual distribution profile. Now I will move to balance sheet and debt position slide number nine as on June 30 virtual has a gross debt of 114 billion with net debt to AUM ratio of 40.65%. The average cost of debt was approximately 7.3% which continues to be remain lowest among scale inlets.

During the quarter we raised INR7 billion loan from international Bank Credit Agricole at a very competitive rate to refinance the existing facility which resulted in reduction of overall cost of debt by cwps. This is also an important factor in further diversifying our funding sources. Going forward, our approach will continue to focus on diversifying funding sources, managing the cost of debt while insuring adequate liquidity. Get headroom for future acquisition Moving to the next slide on distribution the trust declared distribution to the tune of INR3.25 per unit equivalent to 4.91 billion for quarter one.

With this distribution, cumulative distribution stands at INR60.34 per unit. Now before concluding let me also brief upon few important industry and regulatory developments. NHI monetization program continues to provide potential avenue for future growth under NMP2. NHI has identified 16 assets aggregating 1,631km that may be offered through TOT route or to NHIT during FY27 on multi lane free flow MLSS. NHI has commenced the pilot implementation at Ayurvedol plazas with the total 25 toll plaza to be implemented for FY26 at this stage, actual performance data is not yet available.

Therefore, financial and operational implications for tolling operations remain to be assessed for MLFs. On regulatory side, there has been amendment to NDCF framework relating to debt funded major maintenance expenditure released in August 14, 2026. Currently, the major maintenance expenditure funded through external warrants is not eligible to add it back in MDCF calculation. The proposed change would provide greater flexibility in funding the major maintenance requirement while reducing the impact on distributable cash flows.

To conclude, Q1 FY27 has been strong quarter for Vertis. We delivered traffic growth of 9.1%. Our annuity portfolio continues to deliver contracted cash flows ahead of schedule. We further diversified our debt profile and by optimizing the cost of debt at three steps. Importantly, we continue to maintain a diversified portfolio across the toll downside protected toll annuity assets

supported by strong operating platform and disciplined financial management. We remain grateful for trust placed in us committed to compounding infrastructure capital responsibly over long term.

With that, I would like to thank all the investors Cherduru for their continued confidence in Vertex. Now I'm happy to take any questions.

Questions & Answers

Operator
Thank you very much. [Operator Instructions]

Abhishek Chhajer - Chief Financial Officer, Virtus Infrastructure Trust
Can we conclude the call?

Operator
Sure. As there are no further questions from the participants,[Operator Closing Remarks].

Abhishek Chhajer - Chief Financial Officer, Virtus Infrastructure Trust
Thank you everyone for joining this call. For any further questions. If you ask, please get in touch with us. Thank you very much.

Operator
Thank you members of the management on behalf of Votis Infrastructure Trust. That concludes this conference. Thank you everyone for joining us and you may now disconnect your lines. Thank you.