kotak Securities

Dated: 17 Nov 2025

IRB Infrastructure (IRB) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.43	**Rs.53**

Rationale:

- Q2FY26: Steady execution, aided by better-than-expected margins.
- NHAI's focus shifting toward TOT monetization—IRB is a key player.
- Rs45600cr BOT pipeline provides near-term visibility (awarding yet to pick up).
- We revise estimates for FY26-28 by 2-5%, given the better-than-expected performance in Q2FY26.
- We incorporate the initial impact of the TOT-17 award and the sale of three assets
- We retain our ADD rating, with an FV of Rs53 (unchanged).

Positives:

- IRB's revenue, at Rs1751cr, came 3% ahead of expectations.
- EBITDA margins came in at 52.8% versus our estimates of 46%, primarily driven by the higher-than-expected INvIT margins at 90%.
- Reported PAT, at Rs140.8 cr, came in 33% ahead of expectations.
- This resulted in 6% of the 12% beat in Q2FY26, with the rest of it driven largely by a transitory factor.

Negatives:

- Road awarding was pretty weak in FY25; the competitive intensity remains high.
- Due to ballooning debt levels, NHAI shifted its focus toward asset monetization.
- Construction segment's execution was soft yoy due to a declining order book.

(EBITDA: Earnings before Interest, tax, Depreciation and Amortization, PAT: Profit After Tax, ToT: Toll Operate Transfer, INvIT: Infrastructure Investment Trust, BOT: Build Operate Transfer)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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