

IRB

IRB InvIT Fund

(An irrevocable trust set up under the Indian Trusts Act, 1882, and registered as an infrastructure investment trust with the Securities and Exchange Board of India)

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SPONSOR

IRB INFRASTRUCTURE DEVELOPERS LIMITED

INVESTMENT MANAGER

IRB INFRASTRUCTURE PRIVATE LIMITED

INITIAL PUBLIC OFFER OF UP TO [•] UNITS (THE “UNITS”) REPRESENTING AN UNDIVIDED BENEFICIAL INTEREST IN THE IRB INVIT FUND (THE “TRUST”) CONSISTING OF A FRESH ISSUE OF UP TO [•] UNITS AGGREGATING UP TO ₹ 43,000 MILLION BY THE TRUST (THE “FRESH ISSUE”) AND AN OFFER FOR SALE OF UP TO 34,761,770 UNITS, AGGREGATING UP TO ₹ [•] MILLION, BY IRB INFRASTRUCTURE DEVELOPERS LIMITED (THE “SPONSOR”), MODERN ROAD MAKERS PRIVATE LIMITED, ARYAN TOLL ROAD PRIVATE LIMITED, ATR INFRASTRUCTURE PRIVATE LIMITED AND IDEAL ROAD BUILDERS PRIVATE LIMITED (COLLECTIVELY, THE “SELLING UNITHOLDERS”) (THE “OFFER FOR SALE”, AND TOGETHER WITH THE FRESH ISSUE, THE “ISSUE”). IRB INFRASTRUCTURE PRIVATE LIMITED (THE “INVESTMENT MANAGER”), IN CONSULTATION WITH THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS (THE “GCBRLMS”) AND THE BOOK RUNNING LEAD MANAGER (THE “BRLM”), RESERVES THE OPTION TO RETAIN OVERSUBSCRIPTION OF UP TO 25% OF THE ISSUE SIZE IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (INFRASTRUCTURE INVESTMENT TRUSTS) REGULATIONS, 2014, AS AMENDED, TOGETHER WITH ANY GUIDELINES, CIRCULARS, CLARIFICATIONS AND NOTIFICATIONS ISSUED THEREUNDER, INCLUDING SEBI CIRCULAR NO. CIR/IMD/DF/55/2016 DATED MAY 11, 2016 (“INVIT REGULATIONS”). THE ISSUE WILL CONSTITUTE AT LEAST 25% OF THE TOTAL OUTSTANDING UNITS ON A POSTISSUE BASIS IN TERMS OF REGULATION 14(1A) OF THE INVIT REGULATIONS.

ADDENDUM – NOTICE TO INVESTORS

This is with reference to the Offer Document dated April 20, 2017 (the “Offer Document”), filed with the Securities and Exchange Board of India, BSE Limited and the National Stock Exchange of India Limited in relation to the Issue. All capitalised terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Document.

In accordance with the InvIT Regulations, the Valuers have issued a valuation report dated March 29, 2017 (the “Valuation Report”), included as Annex A to the Offer Document, which sets out their opinion as to the fair enterprise value of the Project SPVs as on March 31, 2017 (“Valuation Date”). Investors should note that with respect to the fair enterprise value and fair equity value of one of the Project SPVs as on the Valuation Date, namely IRB Jaipur Deoli Tollway Private Limited, as set out on page A-6 of Annex A to the Offer Document and the valuation analysis of IRB Jaipur Deoli Tollway Private Limited as set out on pages A-28 to A-29 of Annex A to the Offer Document, the following information in relation to the discounted cash flow workings of IRB Jaipur Deoli Tollway Private Limited stands included as Page A-42A of Annex A to the Offer Document:

Quote:

Appendix IV - IRB Jaipur Deoli Tollway Private Limited

Discounted Cash Flow Analysis

DISCOUNTED CASH FLOW ANALYSIS (Free Cash Flows to Firm or FCFF Model)	Financial Year Ending 31 March						
	FY18	FY19	FY20	FY21	FY22	FY23	FY24
No of days operational	365	365	366	365	365	365	366
Net Sales (a)	1,401.8	1,547.1	1,710.9	1,909.4	2,132.4	2,384.2	2,677.3
		Growth Rate					
		10.4%	10.6%	11.6%	11.7%	11.8%	12.3%
Earnings Before Interest, Depreciation & Amortization and Tax (a)	1,271.8	1,407.1	1,076.7	1,224.5	1,392.7	2,194.2	2,477.3
		Margin					
		90.7%	62.9%	64.1%	65.3%	92.0%	92.5%
Less: Depreciation & Amortization	150.5	166.1	183.7	205.0	228.9	256.0	287.4
Earnings Before Interest and Tax	1,121.3	1,241.0	893.1	1,019.5	1,163.8	1,938.3	2,189.9
		Income Tax (b)					
		243.3	290.1	190.6	226.9	285.2	562.5
Gross Free Cash Flows to Firm	878.0	950.9	702.5	792.6	878.6	1,375.8	1,722.5
		Add: Depreciation & Amortization					
		150.5	166.1	183.7	205.0	228.9	287.4
		Less: Capex					
		-	-	-	-	-	-
		Less/(Add): Increase/(Decrease) in DSRA					
		-	-	-	-	-	-
		Less/(Add): Increase/(Decrease) in Working Capital					
		-	-	-	-	-	-
Net Free Cash Flows to Firm	1,028.5	1,117.0	886.1	997.6	1,107.5	1,631.7	2,009.9
		Present Value Periods in Years (Mid Year Discounting)					
		Present Value Factors (c)					
		10.5%	0.9514	0.8620	0.7808	0.7072	0.6405
		10.4%	0.9514	0.8620	0.7808	0.7072	0.6405
Present Value of Free Cash Flows to Firm	978.6	962.9	691.9	705.5	709.4	946.7	1,056.2
Gross Enterprise Value	23,114.58						
Add: Cash balance (Excluding bank balance held as DSRA) (d)	114.21						
Less: Bank balance held as DSRA	(350.00)						
Add/(Less): Net current assets (including investments) (e)	12.68						
Add/(Less): Net cash impact of long term assets and liabilities (e)	(1.10)						
Less: External bank debt (f)	(9,426.73)						
Add/(Less): Net dues from /(to) related parties (e)	(510.79)						
Less: Interest Free Subordinate debt from Related Parties (e)	(3,952.50)						
Equity Value of Jaipur-Deoli (INR Mns.)	9,000.35						

Footnotes:

INR: Indian Rupees; Mns.: Millions; FY: Financial Year; Jaipur-Deoli: IRB JAIPUR DEOLI TOLLWAY PRIVATE LIMITED

(a) Projections for the Financial Years of FY18 to FY41 based on the expected tenure of the project, as provided by the management of IRB Infrastructure Private Limited (“Management”).

(b) Effective tax rate has been applied after considering 80IA benefits and applicable MAT credit (if any) in the projected period as confirmed to us by the Management.

(c) Present Value factors have been considered based on the WACC of the Project. Please refer to Exhibit 3 for detailed calculation.

(d) Based on the provisional balance sheet as on the 31 December 2016 and adjusted for the debt repayment for the period 1 January 2017 to 31 March 2017 as provided by the Management.

(e) Based on the provisional balance sheet as on the 31 December 2016 as provided by the Management.

(f) Based on the debt repayment schedule provided by the Management as on the Valuation Date.

Unquote

The Offer Document stands supplemented to the extent stated hereinabove and the above notice is required to be read in conjunction with other disclosures in the Offer Document. The Offer Document, the Bid cum Application Form, the abridged version of the Offer Document and all Issue-related advertisements shall be read in conjunction with this Notice. Annex A in the Final Offer Document to be filed with the Securities and Exchange Board of India, BSE Limited and the National Stock Exchange of India Limited in relation to the Issue shall be suitably amended to reflect this Notice.

IRB Infrastructure Private Limited
(Investment Manager to IRB InvIT Fund)

Place : Mumbai
Date : May 3, 2017

Sd/-
Compliance Officer

IRB INVIT FUND, acting through its Investment Manager is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of units representing an undivided beneficial interest in the Trust (“Units”), and has filed an offer document dated April 20, 2017 (“Offer Document”) with the Securities and Exchange Board of India (“SEBI”), the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”). The Offer Document is available on the website of SEBI at www.sebi.gov.in, the BSE at www.bseindia.com, the NSE at www.nseindia.com as well as on the websites of the GCBRLMs at www.idfcbank.com, www.credit-suisse.com and www.icicisecurities.com and the website of the BRLM at www.iflcap.com. Investors should note that investment in the Units involves a degree of risk, and for details relating to the same, should refer to the Offer Document, including the section “Risk Factors” on page 17 of the Offer Document, and the section “Forward-looking Statements and Financial Projections” on page 15 of the Offer Document.

These materials are not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia). These materials are not an offer of units for sale into the United States, Canada or Japan. The units referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of units is being made in the United States.