



# 20 YEARS OF **STEADFAST GROWTH**

DELIVERING VALUE  
THE B. E. S. T. WAY FORWARD

2017-18 ANNUAL REPORT





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## CORPORATE INFORMATION

### Advisor to the Board

Mr. Rajkamal R. Bajaj

### Bankers/Lenders to the IRB Group

State Bank of India  
Canara Bank  
IDFC Bank  
Union Bank of India  
Indian Overseas Bank  
Indian Bank  
Bank of India  
IDBI Bank  
HDFC Ltd  
Andhra Bank  
Corporation Bank  
Punjab National Bank  
Bank of Baroda  
Bank of Maharashtra  
IIFCL  
ICICI Bank  
Allahabad Bank  
YES Bank  
Oriental Bank of Commerce  
IFCI Limited  
UCO Bank  
HDFC Bank Limited  
Aditya Birla Finance Limited

### Auditors

B S R & Co. LLP  
Gokhale & Sathe

### Internal Auditors

Suresh Surana & Associates LLP

### Auditors of Subsidiaries

B S R & Co. LLP  
Gokhale & Sathe  
S R Batliboi & Co. LLP  
MKPS & Associates  
A. J. Kotwal & Co.  
R. K. Dhupia & Associates  
Pawar Kuvadia and Associates

### Registrar & Transfer Agent

Karvy Computershare Pvt. Ltd.  
Karvy Selenium Tower B,  
Plot 31-32,  
Gachibowli Financial District,  
Nanakramguda,  
Hyderabad - 500 032  
Tel.: +91-40-6716 1500  
Fax: +91-40-2300 1153

### Registered Office

IRB Infrastructure Developers Ltd.  
Office No. 1101, 11<sup>th</sup> Floor,  
Hiranandani Knowledge Park,  
Technology Street, Hill Side Avenue,  
Opp. Hiranandani Hospital, Powai,  
Mumbai - 400 076  
Tel.: +91-22-6733 6400  
Fax: +91-22-4053 6699  
E: info@irb.co.in  
www.irb.co.in

### Corporate Office

3<sup>rd</sup> Floor, IRB Complex,  
Chandivali Farm,  
Chandivali Village,  
Andheri (E),  
Mumbai - 400 072  
Tel.: +91-22-6640 4220  
Fax: +91-22-6675 1024



**20 years of IRB Infrastructure Developers Limited (IRB) have been all about value creation, pioneering initiatives and shaping India's road sector.**

Solapur-Yedeshi

In these 2 decades, we have delivered world-class highway projects, including a part of the prestigious Golden Quadrilateral project, setting new benchmarks of quality and execution excellence in every project. We also pioneered the country's first BOT, mega and ultra-mega highway projects, thereby creating value for shareholders and setting the stage for the evolution of infrastructure in the country. With multiple quality projects delivered, we have contributed towards strengthening India's highway network and help it move forward.

Most importantly, we strengthened our business model with our B.E.S.T. (Bid. Execute. Stabilise. Transfer.) strategy, which we believe, is the best way forward to deliver value for the stakeholders. To achieve this, we set up and listed the country's first Infrastructure Investment Trust (InvIT). This will enable us to monetise long-gestation BOT assets, deleverage balance sheet, reduce risks and interest costs, and improve credit rating. Besides, with higher funds availability, we can take up more projects, enhance revenue visibility and further improve margins with optimal capital structure and improved financial efficiency.

# SPEEDING AHEAD ON THE PATH OF VALUE CREATION

We are a young, steady and focussed organisation with two decades of incredible track record. Within the first 10 years, we steadied the organisation with our focused strategy and got it listed on the capital markets to kickstart the next phase of growth. And since then, there has been no looking back. In a decade of our listing, we transformed into one of India's leading and path-defining road infrastructure company, while delivering robust growth for all stakeholders.

## Comparison of key performance parameters in 11 years of listing

Revenue growth

**7.47x**

FY 2007-08

**₹ 7,847**  
Million

FY 2017-18

**₹ 58,628**  
Million

EBITDA growth

**6.14x**

FY 2007-08

**₹ 4,639**  
Million

FY 2017-18

**₹ 28,480**  
Million

PAT growth

**7.26x**

FY 2007-08

**₹ 1,266**  
Million

FY 2017-18

**₹ 9,197**  
Million

Net worth growth

**3.51x**

FY 2007-08

**₹ 16,207**  
Million

FY 2017-18

**₹ 56,925**  
Million

## Key achievements in 10 years

**13,400 Lane Km**  
of tolled road projects completed/  
under operations or development

**3,700 Km**  
of total Golden Quadrilateral  
road projects executed with  
20% share

**₹ 11,041 Million**  
of cumulative dividends  
paid-out to shareholders

**IRB InvIT Fund**  
created the country's first InvIT and  
transferred seven assets worth  
₹ 74,904 Million, reducing debt by  
₹ 42,917 Million and freeing up  
₹ 22,693 Million worth of capital

**₹ 5,015 Million**  
of taxes paid to the exchequer

Kaithal-Rajasthan

# 10 YEARS AND 12,000 PLUS LANE KMS, A JOURNEY WORTH CHERISHING

**FY 2007-08**  
Cumulative Lane Kms:

**2,104**

#### Key highlights

- Initial Public Offering (IPO) oversubscribed and ₹ 9,446 Million raised at an issue price of ₹ 185 per share



**FY 2008-09**  
Cumulative Lane Kms:

**3,506**

#### Key highlights

- Awarded:

  - First-ever Greenfield Airport Project in Sindhudurg, Maharashtra through a Project Development Agreement with MIDC
  - Surat-Dahisar Project, India's first mega highway project
  - Integrated Road Development (IRD) programme, Kolhapur

**FY 2009-10**  
Cumulative Lane Kms:

**4,768**

#### Key highlights

- Awarded three projects from NHAI:
  - Amritsar-Pathankot, Punjab
  - Talegaon-Amravati, Maharashtra
  - Jaipur-Deoli, Rajasthan



**FY 2010-11**  
Cumulative Lane Kms:

**5,452**

#### Key highlights

- Awarded Tumkur-Chitradurga Project, Karnataka by NHAI
- Financial closure of Amritsar-Pathankot, Talegaon-Amravati, Jaipur-Deoli and Tumkur-Chitradurga projects



**FY 2011-12**  
Cumulative Lane Kms:

**6,439**

#### Key highlights

- Awarded and achieved financial closure of the Ahmedabad-Vadodara Project, NHAI's first-ever Ultra Mega highway project in Gujarat



**FY 2012-13**  
Cumulative Lane Kms:

**7,472**

#### Key highlights

- Awarded Goa-Kundapur Project on NH-17 in Karnataka
- Acquired MVR Infrastructure and Tollways Pvt. Ltd.



**FY 2013-14**  
Cumulative Lane Kms:

# 7,867

#### Key highlights

- Awarded Solapur-Yedeshi Project, Maharashtra
- Financial closure of Goa-Kundapur Project



**FY 2014-15**  
Cumulative Lane Kms:

# 9,846

#### Key highlights

- Awarded:
  - Mumbai-Pune Phase II Project by MSRDC
  - Yedeshi-Aurangabad Project, Maharashtra by NHAI
  - Kaithal-Rajasthan Border Project, Haryana by NHAI
  - Agra-Etawah six laning project on NH-2
- Financial closure of Solapur-Yedeshi and Yedeshi-Aurangabad Projects
- Raised ₹ 4,400 Million by way of QIP

**FY 2015-16**  
Cumulative Lane Kms:

# 9,846

#### Key highlights

- Received registration for India's first Infrastructure Investment Trust – IRB InvIT Fund
- Awarded Agra-Etawah Project, Uttar Pradesh
- Commenced toll collection on NH-8 arm of Ahmedabad-Vadodara Project



**FY 2016-17**  
Cumulative Lane Kms:

# 11,828

#### Key highlights

- Commenced construction and tolling operation at the Agra-Etawah Project
- Awarded three projects in Rajasthan from NHAI:
  - Udaipur-Gujarat Border Project
  - Gulabpura-Chittorgarh Project
  - Kishangarh-Gulabpura Project
- Launched IRB InvIT Fund in May 2017



**FY 2017-18**

Cumulative Lane Kms:

# 12,800

#### Key highlights

- Strategic entry into HAM (hybrid annuity model) segment
- Awarded 1 BOT and 3 HAM projects from NHAI:
  - Hapur Moradabad (BOT)
  - Puducherry Poondiyankuppam
  - Poondiyankuppam Sattanathapuram
  - Vadodara Kim Expressway
- Financial closure of Udaipur-Gujarat Border, Chittorgarh-Gulabpura and Kishangarh-Gulabpura
- 5 new toll streams added – Chittorgarh-Gulabpura, Udaipur-Gujarat Border, Kishangarh-Gulabpura, Solapur-Yedeshi, Kaithal-Rajasthan



Kaithal-Rajasthan

# A COMPANY. A PATH-DEFINER. A NATION-BUILDER.



**IRB is one of India's leading and most respectable road infrastructure companies.** With strong competencies in road construction, project management and engineering, and interests in 14 BOT and 3 HAM projects, it is a proxy of India's road infrastructure sector.

**It contributes to the nation's socio-economic development, while building value for stakeholders.**

#### Legacy

IRB, incorporated in 1998, has a legacy of constructing India's first BOT project and mega and ultra-mega highway projects. Over the years, we have developed core competence in BOT segment and are credited with having one of the largest BOT portfolios in the country with a cumulative length of 12,800 Lane Kms, including operational and under implementation projects.

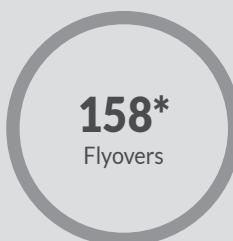
We are the first Indian Company to set up an InvIT, IRB InvIT Fund, and have transferred seven operational assets worth ₹ 74,904 Million to it. The Trust is listed in the BSE Ltd and National Stock Exchange of India Ltd. (NSE).

**Clientele**

- National Highway Authority of India (NHAI)
- Ministry of Shipping, Road Transport and Highways (MoSRT&H)
- Maharashtra State Road Development Corporation Limited (MSRDC)
- Public Works Departments
- Maharashtra Industrial Development Corporation

**The IRB differentiator**

- Amongst the largest road infrastructure BOT portfolio with 17 BOT/HAM projects (11 tolled and 6 under various phases of development)
- Strong balance sheet position and relationship with leading financial institutions
- High credit rating facilitating low debt costs
- Integrated and efficient project execution capabilities with experienced engineering team
- Professionally managed company with skilled employee base
- Perpetual opportunity to recycle capital and monetise assets with IRB InvIT Fund

**Steadfast focus reflected in track record** (as on March 31, 2018)

\*Includes projects under construction

# A MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR



**■ ■ In the 10 years since our listing, our revenues have grown 7 times, EBITDA 6 times and PAT 7 times. During this period, we completed a total of 12,800 Lane Kms of road projects and to our shareholders, we paid-out a cumulative ₹ 11,041 Million in dividends. ■ ■**

## Dear Shareholders,

FY 2017-18 was a milestone year for us. It marks the completion of 20 years of operations and the 10 years of listing on national exchanges. It is most satisfying to see the phenomenal growth that we have achieved during this period. In the 10 years since our listing, our revenues have grown 7 times, EBITDA 6 times and PAT 7 times. During this period, we completed a total of 12,800 Lane Kms of road projects and to our shareholders, we paid-out a cumulative ₹ 11,041 Million in dividends. Effectively, our planned growth and control on leverage has helped us in rewarding our shareholders with dividends every single year irrespective of the ongoing market and industry scenario.

The year also marks the successful listing of IRB InvIT Fund. Despite, a temporary slowdown due to Goods and Services Tax (GST), each of our transferred BOT assets to the Fund has shown a healthy growth in toll collections. Moreover, the Fund has delivered a resounding performance by generating high IRR (internal rate of return) of 12.1%, which is 10 basis points above the guidance given. On operational front, we expanded our presence to Hybrid Annuity Model (HAM) segment, adding 3 projects at good margins and returns totalling to ₹ 55,080 Million, other than one BOT project win of ₹ 34,200 Million.

## Performance review FY 2017-18

Our performance this year reflects the success of our evolution and future readiness, as we strengthened our business model with the formation of InvIT. We transferred seven operating assets to IRB InvIT and received upfront cash amounting to ~₹ 22 Billion and 15% stake in the trust. This strategic initiative has strengthened us in multiple ways.

First, it enabled us to deleverage balance sheet (by paying off debt totalling up to ~₹ 43 Billion) and release blocked capital, because of which we could target bidding and winning record orders worth ₹ 89.3 Billion. With these wins, the EPC segment gets strong visibility over the next three years, while building a promising Toll and Annuity pipeline over subsequent years. Comfortable net debt position, surplus cash available and successful execution of these projects will enable us to fund the equity requirement for the new wins through internal accruals itself.

Second, it improved our net profit margins. In effect the cost of debt, in capital structure of the seven assets, has reduced from 10.5%-11% (at IRB) to 8.15% (at IRB InvIT) through InvIT structure and it is this arbitrage that creates additional value for investors. Corresponding to the ~15% stake in the InvIT, we will continue to receive quarterly payouts, which amounted to a total of ₹ 674 Million in FY 2017-18 – of which ₹ 487 Million was interest income (reported as other income in P&L) and ₹ 187 Million capital reduction (adjusted against the investment value).