

IRB Infrastructure Developers Limited
Q4 FY25 Earnings Conference Call
May 20, 2025

Moderator:

Good morning, ladies and gentlemen. Welcome to the IRB Infrastructure Developers Limited Conference call for discussing the financial results for the quarter and year ended March 31, 2025, along with the recent developments.

We have with us today on the call, Mr. Virendra Mhaiskar, Mr. S S Rana, Mr. Anil Yadav, Mr. Mehul Patel, Ms. Poonam Nishal and Mr. Tushar Kawedia.

As a reminder, all participant lines will be in the listen only mode and after the “Opening Remarks” by the management, there will be a question-and-answer session. Please note that the duration of the call would be 45 minutes and any queries left unanswered after the call can be subsequently mailed to the management for adequate response and resolution. Please note that this conference is being recorded.

I now hand the conference to Mr. Yadav to give you an overview of the significant developments during the quarter. Thank you and over to you, Sir.

Anil Yadav:

Thank you. Good morning, everyone. I welcome all the investors and analysts to our earnings call for Q4 results of financial year 2024-25. I trust you have reviewed our detailed number and presentation. I will briefly highlight the key points for the quarter and for the financial year.

We've achieved approximately 23% year-over-year toll revenue growth across our projects in Private InvIT and IRB for FY25, surpassing the national toll revenue growth rate of 12.5%.

Private InvIT is consistently generating positive cash flow from last financial year. For Q4 FY25, they've declared a distribution of approximately ₹54 crores, contributing to IRB's cash flow proportionally to its 51% holding. FY25 cumulative distribution totals around ₹243 crores.

Considering the immediate opportunity in the sector, IRB Infrastructure Trust has issued a revised non-binding offer for a subset of original offer, comprising 3 mature assets to IRB InvIT Fund, from 5 assets earlier. As of March 2025, these assets have an enterprise value of approximately ₹8,500 crores, as per the independent valuer's report of Private InvIT. The proceeds will be utilized towards upcoming growth opportunities.

Ganga Expressway Project has received four tranches of grant totaling ₹1,290 crores from UPEIDA, out of a total grant of ₹1,756 crores. The project is progressing according to scheduled timelines and is expected to be completed on time or even ahead of schedule.

We have applied for PCOD/COD for Vadodara-Mumbai Expressway (Package 7) HAM and Palsit Dankuni BOT as they near completion. Upon

completion of Palsit Dankuni, the tariff for the project is set to be revised from 75% to 100%, and it will also receive the escalation for three years additionally.

India Ratings has affirmed the Long-Term rating of the company which is AA- with stable outlook.

Our total order book now stands at approximately ₹31,000 crores, with an EPC order book of approximately ₹2,500 crores. The next two years' executable order book, including EPC and O&M, is close to ₹5,000 crores.

Now, I will request Tushar to cover the financial highlights for Q4FY25.

Over to you, Tushar.

Tushar Kawedia:

Yeah. Thank you, Sir. Now, I'll take you through the financial analysis of Q4 FY25 versus Q4 FY24.

The total consolidated income for Q4 FY25 has decreased to ₹ 2,218 crores from ₹ 2504 crores, a down by 11%.

The income from InvITs and related segment for Q4 FY25 has decreased to ₹307 crores from ₹ 399 crores, down by 23%.

The income from BOT segment for Q4 FY25 has increased to ₹ 641 crores from ₹ 619 crores registering a growth of 4%.

The income from construction segment for Q4 FY25 have decreased to ₹ 1,202 crores from ₹ 1,442 crores down by 17%. The other income for Q4 FY25 has increased to ₹ 69 crores from ₹ 44 crores, an increase of 55%.

EBITDA for Q4 FY25 decreased to ₹ 1,066 crores from ₹ 1,333 crores, down by 20%. Interest cost decreased to ₹ 458 crores in Q4FY25 from ₹ 615 crores, a decrease by 26%. Depreciation cost increased to ₹ 286 crores in Q4FY25 from ₹ 274 crores, an increase of 4%. PBT has decreased to ₹ 323 crores in Q4FY25 from ₹ 444 crores, a decline of 27% and PAT has increased to ₹ 215 crores in Q4 FY25 from ₹ 189 crores in Q4 FY24, an increase of 14%.

Now I request moderator to open the session for question and answer.

Moderator:

Thank you very much, Sir. We will now begin the question-and-answer session. Anyone who wishes to ask question may press '*' and '1' on their touchtone telephone. If you wish to withdraw yourself from the question queues, you may press '*' and '2. Participants are requested to use handsets while asking a question.

We have our first question from the line of Vishal Periwal from Antique Stock Broking. Please go ahead.

- Vishal Periwal:** Yes, Sir. Thanks for the opportunity, Sir. In your commentary, you mentioned we have executable order book of ₹ 5000 odd crores. So, is that fair to say ₹1200 is EPC and remaining O&M is ₹ 1800?
- Management:** No, this includes 2,400 of EPC and around similar amount for O&M as well.
- Vishal Periwal:** OK, OK. And O&M will be equally distributed between these two years. EPC will be for FY26 largely, that's fair to understand?
- Management:** Yeah, that's right.
- Vishal Periwal:** OK, got it Sir. And incrementally on this InvIT revenue that we have booked, quarterly basis though I mean on an annual basis there is a growth, but for quarter four, we are seeing the revenue from InvIT including dividend of almost like ₹300 odd crore which is down. So how do you how one should see this line item then the line item for 26 and 27 if you can just give some color?
- Management:** Yeah. So, if you see for Q4 because that's the normal quarter when we have introduced this segment from Q3? So, for FY26 and 27 we can assume a similar run rate considering Q4 as a normal quarter.
- Vishal Periwal:** OK. Quarterly basis.
- Management:** Yeah. Yeah.
- Management:** Vishal, last year there was one-time income due to an arbitration settlement in the corresponding quarter, making it non-comparable.
- Vishal Periwal:** OK, OK got it Sir. And then for understanding so in April month, we have reported a gross toll collection of increase of almost like 10% so X of toll rate high this number could be how much and then second related is like you know for the full year basis since I think in the media briefing it was mentioned large part of the growth will be in the second-half once the asset get commissioned, so it's fair to understand that toll increase will be like kind of 10 to 12% for the fully year basis?
- Management:** Vishal, you are absolutely correct that if you look at the traffic growth, we have witnessed very robust traffic growth around 6.5% to 7.5% kind of traffic growth and overall revenue of 10% growth because we have received the tariff revision from 1st of April around 3.5% to 3.6% and now coming to the as the Palsit Dankuni project is going to become operational that will be there will be increase in the revenue and plus second-half of this financial year Ganga project will also become operational. So, these two projects will be adding up. We can see that lower double-digit kind of growth on toll collection. This is without factoring any new project in overall portfolio. This is based on the existing portfolio what we have.
- Vishal Periwal:** OK. Sure, Sir. Got it. And maybe one last thing from my side is any color that you can provide on the sector? One is like, you know, how has been the last year's number of BOT projects – awarded, bided, any color on that front? And I think your presentation did mention like you know, the opportunity

remains so, so any outlook or past year if you can give some color that will be helpful. Yeah. Thanks so much.

Management:

Yeah. So, Vishal, I think as we all have seen the year gone by has a very muted order inflows across the sector primarily earlier part due to election and later part also, it has not picked up so much. So, I think the catch up should happen this year, particularly the focus looks to be BOT and monetization. So, we are also keenly looking at the opportunity as we have already announced. We are trying to do an asset rotation between Private InvIT and Public InvIT and trying to get ourselves ready to ride this particular way of bidding that comes up. So, we are equally hopeful that this year it should see a much better color compared to last year.

Vishal Periwal:

OK, Sir. Sir. According to you. What is the number of bids that are coming that is low or competition is there or anything that the government is looking? I mean any more color can be provided Sir?

Management:

EPC has seen significant competition and bids going as low as 40% below the Bid project cost. But on the TOT BOT side, not much has happened. Couple of BOTs we have seen so little to comment on how they will overall shape up, but the response received for BOT has been quite promising so 4 or 5 bidders have showed interest in most BOT projects that have undergone bidding, which I think should install significant comfort and confidence to the government that there are takers for BOT projects and monetization projects. So, I think the government will take that signal and try to expedite awards on that particular platform.

Vishal Periwal:

Oh, OK, sure. I'll come back in the queue more for more. Thank you.

Management:

Thank you.

Moderator:

Thank you. We have our next question from the line of Alok Deora from Motilal Oswal. Please go ahead.

Alok Deora:

Hi, Sir. Good morning. Just had couple of questions. One is on, you know similar to the previous question. I mean we have been you were expecting BOT projects to come by, but you know again FY25 has been muted or despite the elections being behind. So, you know when we speak to most other players, they are diversifying into other segments, saying that there's a lot of competition here and there are hardly any projects which are even expected to come by. So, just some thoughts whether we are also targeting some other segments now, that is first question. Second is how do we see this associate income moving ahead like for FY26 on a quarterly run rate basis?

Management:

So Alok, I think you are absolutely right. The order inflow has been muted or very soft and that is a matter of concern across the sector. And as I mentioned, you know. We feel the focus will shift towards more private participation projects be it BOT or asset monetization. But I think it is a wait and watch game at the moment as regards diversification is concerned, we do keep evaluating opportunities across allied sectors, but not something on our mind at this point in time to immediately pursue because we believe because we have in the last 25-30 years of history, we have seen such kind of cycles

play up and in the cycles gone by as well, we have currently waited and we were very well rewarded as a reason of waiting out so even this time around, we will not be in a hurry to start looking elsewhere and we will prudently want to wait out, prepare ourselves. We will use this time to prepare ourselves and whenever this cycle picks up, we are well capitalized to take benefits of that cycle. I think that is what we will use this time for rather than looking elsewhere.

Management:

Alok, regarding valuation, IRB's asset business contributes 80-85% of our value. Over the past two years, our O&M execution has consistently increased, with a 20-year visible order book. Our O&M segment has grown from 5-10% to 20-25% of overall execution and is expected to further improve in the next 2-3 years. With government-funded projects coming up for monetization, we will see additions to our TOT and O&M order book. We're positioning ourselves to capitalize on opportunities in the sector. Regarding InvIT-related income, we expect a similar quarterly run rate as Q4 in the coming year.

Alok Deora:

Got it, got it. Just one last question. So based on the order book, what kind of construction or revenue we expect for FY26?

Management:

So, from a construction order book, we have EPC 2400 which we expect to complete in FY26 and somewhere between 1000-1200 would be towards the O&M part.

Management:

Alok, considering the scope changes, we anticipate revenue of around ₹4,000 crore for FY26 from construction, excluding any new BOT projects. Although if we bag a TOT project with initial CapEx to be executed over the next 6-8 months, which may add to revenue, our current estimate stands at ₹4,000 crore.

Alok Deora:

Sure, that's also my thank you and all the best.

Moderator:

Thank you. We have our next question from the line of Mohit from ICICI Securities. Please go ahead.

Mohit:

Hi, good morning. Thanks for the opportunity. So, one question I have on the EPC of course to be in tariff 26, last year, we did ₹ 46 billion. How they see this in the revenue in F26 and F27 given the current order book? Yeah.

Management:

For FY26, we expect revenue of approximately ₹ 4,000 crore without any new orders. Our performance in FY27 will depend on the incoming orders we secure.

Mohit:

And so, my second question is of course we were looking to divest some of the move, some of the Private InvIT asset to Public InvIT, where are we right now and in that?

Management:

Yeah. So, with respect to the Private InvIT, now the assets which is offered by the Private InvIT, those has the EV of ₹ 8500 crores, 85 billion and expected equity realization is around ₹ 4800 to ₹ 5000 crores and in terms of approval, we will be moving for the unit holder for the approval of the asset

acquisition and also the capital raise. So, we are expecting to conclude these transactions from 2 to 3 months from now.

Mohit: Understood. The last question on the bidding pipeline, are there bids in the public domain where the bid submission is happening for the BOT or TOT in the next one or two months or somewhere we have put out if you have submitted the bid? Some clarity on this front will be helpful.

Management: There are two TOT bids which are up for bidding at this point in time.

Mohit: Has anything else submitted, Sir? Any bids?

Management: We will not be able to comment on that.

Mohit: OK, I understood that and anything, anything from the state, Sir, do you see any opportunity for the states or you know other for a ring road or something like that which something like that which happened in the Hyderabad? Any opportunity?

Management: Some BOT projects are in early stages, emerging from consultancy projects awarded to certain state governments. We are closely monitoring these developments, particularly where state governments have initiated Detailed Project Reports (DPRs) for road projects on BOT basis.

Mohit: Thank you, and all the best, Sir. Thank you.

Moderator: Thank you. We have our next question from the line of Vikas Agrawal from Primus Asset Management, please go ahead.

Vikas Agrawal: Yes, hi. Thanks for the opportunity. Few things just wanted to understand and there is you know when we look at the order book for the issue, it is obviously lower than your historical run rate. So, in that context, how should we think about the you know the whole core factors and I look at all the bonds, so you know I'm coming from that angle which is share some insights on how to think about the cash flows. That's my first question. The second question is the additional amount which you raised for dollar bond, is that still, you know, sitting as a liquidity buffer on hold for balance sheet. So, if you can, you know, throw some insights on these two questions.

Management: Vikas, you're aware that cash flows from Mumbai, Pune, and both InvITs are considered in calculating our ability to service the dollar bond. We don't foresee any challenges in meeting these obligations. Regarding the tap money, you've correctly noted that we have raised around \$200 million, which remains in cash reserves, awaiting future opportunities.

Vikas Agrawal: Sure. I mean I don't foresee any challenges, but I just wanted to understand how are you looking at the numbers or you know we can you know get in touch with later as well and to discuss more in detail, but yeah, I just wanted to understand after you think about the case should break up and the 3 components there.

- Management:** Vikas, considering cash flow, we discussed this during the bond issuance. With robust cash flows from Private InvIT, Public InvIT, Mumbai Pune project, along with increasing O&M revenue, we expect sufficient funds to service the bond. Our FY26 EPC revenue is projected to be ₹3,800-4,000 crore. Even in a worst-case scenario, O&M revenue and surplus from Mumbai and Pune & both the InvITs will cover bond payouts, as previously discussed.
- Vikas Agrawal:** Sure, sure. OK. Then that that sounds good. Thank you so much.
- Moderator:** Thank you. We have our next question from the line of Vaibhav Shah from JM Financials. Please go ahead.
- Vaibhav Shah:** Hi, Sir. Sir, we have seen quite muted activity on the BOT awarding for FY25 while the pipeline was quite strong at the mid of the year. So how is the pipeline shipping over 26 and how do you see the improvement in awarding especially on the BOT side for FY26?
- Management:** I think we keep looking at the bid calendar that is reflected on the government website. But with regard to sticking to those timelines, I think you should check with the government itself if they have a mind to bid out on those respective dates or there is likely to be any pushback further.
- Vaibhav Shah:** OK. And secondly on TOT side, what is the you mentioned that two products are active right now, but how is the overall pipeline shaping up? So, we expect more TOT projects in this year?
- Management:** That is what we hear from the government.
- Vaibhav Shah:** OK, OK. And so lastly, what could be the EPC other income for FY25 annual year?
- Management:** Interacted with the TOT in which government representatives specifically made out a case that they have a very clear objective of coming out with significant number of TOT's going forward.
- Vaibhav Shah:** OK. And Sir lastly, what will be the EPC other income for the entire year FY25?
- Management:** So, for EPC, other income was full year, it was ₹ 64 crores.
- Vaibhav Shah:** And for Q4?
- Management:** Full year, it was ₹ 190 crores and ₹ 64 crores for this quarter.
- Vaibhav Shah:** OK, so what are this sharp increase in Q4?
- Management:** The amount from our tap issue, which hasn't been utilized yet, and is currently held in fixed deposits, generating interest income.

- Vaibhav Shah:** OK. So just for clarity purpose, our revenue is ₹ 4,578 crores for EPC revenue for FY25. Does other include this 194 of other income or it doesn't include?
- Management:** No, it does not include. Construction revenue is ₹ 4,578 cr.
- Vaibhav Shah:** So, EBITDA of ₹ 1152 crores includes the other income?
- Management:** Operating EBIDTA is ₹ 1,152 crore excluding other income.
- Vaibhav Shah:** Yeah. Yeah. OK. Thank you, Sir those are my questions.
- Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Management:** Thank you everyone for taking time out for these quarterly results update call and look forward to catch up with you over the next quarterly earnings call. Thank you and have a great day.
- Moderator:** Thank you. On behalf of IRB Infrastructure Developers, that concludes this conference. Thank you for joining us and you may now disconnect your line.