

Corporate Office :

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CIN : L65910MH1998PLC115967



Date: January 12, 2024

To,

Corporate Relationship Department, BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400001	Listing Department, National Stock Exchange of India Limited Exchange Plaza, C-1 Block G, Bandra Kurla Complex, Bandra (E), Mumbai - 400051
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Dear Sir/Madam,

Re - Scrip Code 532947; Symbol: IRB

Sub – Outcome of Audit Committee and Board meeting held on January 12, 2024

This is to inform you that the Audit Committee and the Board of Directors of the Company, at its meeting held today, i.e. January 12, 2024, has inter-alia approved the following:

1. Material Related Party contracts/arrangements/transactions as per Annexure I, on such terms and conditions as may be agreed, and on an arms-length basis and in the ordinary course of business, subject to approval of members of the Company and such other approvals as may be applicable.
2. Postal Ballot to be conducted in accordance with the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration), Rules, 2014 for below mentioned resolutions for approval of the Members of the Company –

Item No.	Description of Resolution
1.	To consider and approve material related party transaction in relation to four-lane Lalitpur - Sagar - Lakhnadon TOT Project (TOT-12 Project).
2.	To consider and approve material related party transaction in relation to Kota Bypass and Gwalior – Jhansi TOT Project (TOT-13 Project).

Please find enclosed a presentation in this regard.

You are requested to kindly take note of the same.

For IRB Infrastructure Developers Limited

Mehul Patel
Company Secretary

Annexure I

Details of Related Parties are as follows –

<p>Name of the Related Party and its relationship with the Company</p>	<p>IRB Lalitpur Tollway Private Limited (“IRBLTPL”), Project SPV of the IRB Infrastructure Trust (“Private InvIT”).</p> <p>The Private InvIT is an associate of the Company. The Company is the Sponsor and the Project Manager of the Private InvIT and holds 51% of the unitholding in the Private InvIT. The investment manager (MMK Toll Road Private Limited), an associate of the Company, and the trustee, a third-party, will act in their respective capacities on behalf of the Private InvIT.</p> <p>The RPTs are continuing arrangements.</p>	<p>IRB Kota Tollway Private Limited (“IRBKTPL”) and IRB Gwalior Tollway Private Limited (“IRBGTP”), the Project SPVs of the IRB Infrastructure Trust (“Private InvIT”).</p> <p>The Private InvIT is an associate of the Company. The Company is the Sponsor and the Project Manager of the Private InvIT and holds 51% of the unitholding in the Private InvIT. The investment manager (MMK Toll Road Private Limited), an associate of the Company, and the trustee, a third-party, will act in their respective capacities on behalf of the Private InvIT.</p> <p>The RPTs are continuing arrangements.</p>
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The details of Proposed Related Party Transactions:

S. No.	Particulars	Estimated aggregate value in Rs. Crore	
		IRBLTPL	IRBKTPL & IRBGTP
1.	<p>Initial Upgradation / O&M works:</p> <p>To provide works in relation to initial upgradation (including preliminary and preoperative activity)/ O&M works / project implementation to the IRBLTPL, IRBKTPL and IRBGTP (Project SPVs), including entering into a project implementation agreement with the Project SPVs, the investment manager of the Private InvIT and the trustee of the Private InvIT (acting on behalf of the Private InvIT) under which the Company will be appointed as project manager for the TOT 12 Project and the TOT 13 Project.</p>	<p style="text-align: center;">3,149</p> <p>(plus applicable taxes to be borne by IRBLTPL)</p>	<p style="text-align: center;">1,732</p> <p>(plus applicable taxes to be borne by IRBKTPL and IRBGTP)</p>

S. No.	Particulars	Estimated aggregate value in Rs. Crore	
		IRBLTPL	IRBKTPL & IRBGTPPL
2.	<p>Investment:</p> <p>To make investments in Private InvIT through subscription to units or such other securities, instruments or modes as may be permitted under applicable law, in one or more tranches for implementation of the TOT 12 Project and the TOT 13 Project from time to time.</p>	upto 1,028	Upto 404
	Estimated aggregate value:	4,177	2,136



IRB Infrastructure Developers Ltd

Necessity and Benefits of Related Party Transactions

January 12, 2024

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Overview

- IRB Infrastructure Developers Limited (IRB) is the leading player in the Indian Roads and Highways infrastructure sector with several pioneering initiatives to its credit. Marquee investors including Ferrovial S.E. (leading global infrastructure major) and GIC (Sovereign Wealth fund of Singapore) collectively own ~45% in the listed entity.
- Specializing in BOT, TOT, and HAM Projects, IRB typically secures concessions for BOT and TOT projects spanning approximately 20 to 30 years, with a customary funding ratio of 70:30 debt to equity.
- Upon winning bids, IRB is mandated to establish a Special Purpose Vehicle (SPV), a newly formed company, in alignment with bidding norms in India.
- The SPV then enters into an agreement with the relevant authority to implement the concession. In order to execute the concession, the SPV awards Construction and Operation and Maintenance contracts to IRB Infrastructure Developers Limited at arm's length prices, subject to scrutiny by an independent consultant appointed by lenders, who are major stakeholders contributing 65%-70% of the project cost as long-term debt.

Implementation of BOT/TOT Projects – Modus Operandi

■ Procedure and benefits

- The SPV awards construction contracts (spanning 2-3 years for BOT and around 1 year for TOT) and corresponding O&M contracts spanning the entire concession period, respectively, to IRB providing robust business and cashflow visibility to IRB shareholders
- These awards comply with lender requirements for fixed-price contracts, with prices determined at arm's length and vetted by an independent consultant

■ Benefits to IRB & its Shareholders

- EPC and O&M contract contributes to construction revenue for the IRB Group.
- In Financial year 2023, Construction segment contributed 68% to consolidated revenue and delivered an EBITDA margin of approximately 22 to 23%.
- Long-term O&M contracts enhance the order book and revenue for the construction segment. In the case of TOT 12 and TOT 13 projects, the total value of O&M contracts is ~ Rs. 50 billion.
- Leveraging over four decades of experience across projects and geographies, IRB can reliably estimate the long-term O&M requirement with sufficient escalation, ensuring margin protection.

Proven track record - Private InvIT

- In FY20, IRB formed the Private Infrastructure Investment Trust (InvIT), named IRB Infrastructure Trust, with shareholder approval owning a portfolio of 9 BOT assets.
- GIC affiliates from the Government of Singapore infused approximately INR 40 billion for a 49% stake, with IRB retaining 51%. Both partners, IRB and GIC, jointly explore infrastructure opportunities through this platform.
- By FY23, the 10th asset was transferred to Pvt InvIT, clearly establishing the track record of the entity.
- During FY23, this entity has been listed in accordance with regulatory norms. This also marked the first ever listing of a Private InvIT in India, further embellishing IRB Group's record of pioneering initiatives.

Rationale for Bidding / executing Projects through Private InvIT

- By bidding for projects through the Private InvIT, IRB's equity requirement reduces from 100% to 51%, with GIC affiliates contributing the remaining 49% of the equity.
- The reduction in proportion of equity required to be committed to a single project facilitates an increase in project bidding capabilities as the company can deploy the same resources towards larger basket of projects.
- As the Private InvIT is part of the group, IRB continues to receive contracts for construction and O&M of the assets on arms length basis.
- The Group continues to maintain high standards of Corporate Governance and the listing of the Private InvIT enhances the transparency and level of disclosures, ensuring protection of rights of minority investors.

Conclusion

- In business for over four decades, being integrated developer, IRB considers these transactions integral, necessary and effective in capturing long-term value economically.
- This approach enables IRB to build a growing portfolio of assets with robust pipeline of Construction and O&M business, optimizing value for shareholders within the Indian InvIT framework and receive income by way of distribution from Private InvIT.
- Collectively, these transactions fulfill the company's obligations as the Sponsor of the trust and the JV partner, contributing to the company's income through EPC, O&M revenue and distribution from Private InvIT.
- These transactions should be viewed from the lens of global best practices and business necessities creating wealth for stakeholders of IRB.



For Further information, kindly
Contact Investor relations:
Investors.relation@irb.co.in

Kota Chambal river cable bridge