

# “ We're Gearing Up To Explore All Opportunities Emerging In HAM And TOT Models ”

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**What are the company's expansion plans for the coming quarter? Which business segments are expected to be the most lucrative for the company?**

As you are aware, IRB Infra is India's leading and one of the largest highway infrastructure developers in the BOT model. Now, in view of the ample opportunities available, we have been gearing up for exploring various opportunities emerging in HAM and TOT models. However, considering the several benefits that the BOT model has brought to the sector till date, it will always remain a lucrative business model as it has a proven track record of creating a win-win environment for the government as well as for the developers.

**What are the key projects that the company is planning to execute in the coming quarter?**

The government has recently announced Bharatmala, one of its ambitious projects in the sector, which will be a bonanza for the developers. IRB Infra, being committed to create world-class highway infrastructure for our nation, would leave no stones unturned in exploring all opportunities available for the players.

**What are the major growth challenges faced by the company? What sort of profit growth can we expect in the coming 2-3 years?**

The challenges, such as changes in the business environment, etc., evolve for each and every business. IRB Infra envisages the challenges, none other than these ones. It's matter of pride that the company possesses rich domain knowledge and expertise supported by strong balance sheet to overcome any such challenge.

**What is your annual spend on CSR activities?**

IRB Infra believes in making meaningful and lasting contributions to the societies in which it operates. The company has a well-devised CSR policy in place and, in line with the same as well as statutory requirements, the company's CSR activities and annual spendings are focused primarily on education and healthcare initiatives. In addition, the company is also engaged in extending need-based support to various other initiatives of social interest, such as armed forces welfare, social and cultural development, etc.

**With interest rates not expected to go down further this fiscal, how are you preparing yourself for a scenario of rising interest rates? How will rising interest rate environment affect the profitability of your company?**

We operate in roads and highways

infrastructure segment and take up projects awarded by the government, which are regulated as per comprehensive concession agreements. Typically, in a rising interest rate or, what we call, an inflationary market scenario, two factors play a role:

- On the finance side, cost of funds goes up in tandem with RBI's benchmark rate. However, we received two notches rating upgrade last quarter to A+ and most of our projects are undergoing rate revision to the tune of 150-200 bps accordingly. So, even with hardening interest rates in the market, we will likely see net decrease of 100-150 bps on the interest cost.



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- On the operations side – for toll assets (BOT/TOT concessions), tariffs are linked to inflation (WPI) and with higher inflation, we get a higher tariff revision. For HAM projects, inflation is a pass through – hence it doesn't impact profitability.

So, in effect, structurally we have a natural hedge against the inflation/ interest movement. And considering our rating upgrade, on the whole, we will get a boost in profitability for coming fiscal - on the back of softer interest costs and higher tariff revisions.

