

IRB Infrastructure Developers Limited

October 05, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long Term Bank Facilities	RBI	459.00	CARE AA; Stable	Assigned
Short Term Bank Facilities	RBI	50.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of IRB Infrastructure Developers Limited (IRBIDL) derives comfort from IRBIDL's established position in the road infrastructure sector, sizeable order book with a high proportion of operation and maintenance (O&M) contracts providing recurring income visibility, comfortable capital structure, and demonstrated ability to recycle capital through the monetisation of operational assets.

The ratings draw comfort from the strong financial flexibility of IRBIDL, underpinned by its investments in IRB InvIT Fund, a public Infrastructure Investment Trust rated 'CARE AAA; Stable', IRB Infrastructure Trust (IRBIT), a private Infrastructure Investment Trust, and the operational Mumbai-Pune Expressway asset. The assets under Public InvIT have been largely matured pool of assets and assets under Private InvIT have all operationalised thereby providing strong cashflow visibility and holding company earnings for IRBIDL.

IRBIDL is transitioning from a conventional highway developer, which historically developed build-operate-transfer (BOT) projects on its balance sheet and subsequently monetised operational assets through InvIT platforms, to an asset-light sponsor and O&M platform. Under the revised strategy, new road projects are proposed to be housed primarily under the Private InvIT, while stabilised assets may be transferred to the Public InvIT under Right Of First Offer (ROFO) or monetised to third parties (if declined by Public InvIT) facilitating capital recycling. This strategy is expected to reduce development and execution risks at IRBIDL. The amount raised at Private InvIT shall support financing of new projects. The equity commitments for existing development portfolio is also largely met.

The transition shall also result in moderation in EPC revenue and standalone operating profit. However, the decline in EPC earnings is expected to be progressively offset by recurring distributions from the Public and Private InvITs, cash upstreaming from project special-purpose vehicles (SPVs), and income from project management and O&M activities. Distributions from the Public and Private InvITs aggregated approximately ₹136 crore in Q1FY27, compared with ₹207 crore during FY26. Apart from distributions from the InvITs, IRBIDL is expected to receive significant cash upstreaming from the Mumbai-Pune Expressway asset. On aggregate basis, holding company inflows/earnings is expected to be received ₹1,200 crore plus.

Net debt to adjusted PBILDT moderated in FY26 from FY25 due to lower profit before interest, lease rentals, depreciation, and taxation (PBILDT) for the EPC business and deployment of surplus cash towards equity investment in the IRB Public InvIT. However, with no new projects proposed at the IRBIDL level, incremental investment and borrowing requirements are expected to remain limited. Increasing distributions from the Public and Private InvITs and cash upstreaming from operational SPVs are expected to support deleveraging and improvement in debt coverage indicators over the medium term. CARE Ratings Limited (CareEdge Ratings) do not expect any large incremental borrowings at IRBIDL and the company is expected to be net debt free by FY30, in line with management articulation. Net debt/PBILDT (including Holdco earnings and cash upstreaming) is expected to remain slightly elevated in FY27 and thereafter improve and remain below 2x level. Any higher than envisaged borrowings and/or lower than expected adjusted PBILDT shall be a key rating sensitivity.

The rating also factors in the satisfactory financial performance IRBIDL (combined with Modern Road Makers Ltd, its subsidiary). The combined total operating income stood at ₹4,028 crore, with a PBILDT margin of approximately 16%. The capital structure remained comfortable, with total outside liabilities to tangible net worth (TOL/TNW) at 0.75x as of March 31, 2026, compared with 0.77x as of March 31, 2025.

CareEdge Ratings takes note of the moderation in IRBIDL-MRM's PBILDT margin in Q1FY27 as compared to Q1FY26, primarily due to higher costs pertaining to projects nearing completion. The impact is expected to be one-off, with margins likely to recover over the subsequent quarters and remain in the range of 16%-18% over the medium term.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

The rating strengths are, however, tempered by the exposure to arbitration-related recoveries, moderate executable EPC order book, liabilities in the form of corporate guarantees, and inherent traffic risk associated with toll-based projects. There is also a sizeable repayment of the foreign currency borrowings during FY31 and FY32 which entails a refinancing risk. IRBIDL is expected to maintain sufficient liquidity for the repayment of such debt. The rating also remains constrained by sizeable receivables from the Private InvIT. The recoverability of these receivables is dependent, to a large extent, on the receipt of arbitration claims relating to cost overruns incurred in the underlying projects. Timely realisation of arbitration claims and consequent recovery of receivables by the group will remain a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in net debt/adjusted PBILDT (including Holdco earnings) to 1x or below on a sustained basis

Negative factors

- Weakening of net debt/adjusted PBILDT (including Holdco earnings) above 2x on a sustained basis
- Significantly higher-than-expected equity/cost overruns support group companies towards ongoing and future projects.
- Higher-than-envisaged built-up of current assets impacting the working capital position.

Analytical approach: Combined financials of IRBIDL (standalone) and MRM.

IRB Infrastructure Developers Limited (IRBIDL) has a wholly owned subsidiary, Modern Road Makers Private Limited (MRM). MRM executes EPC work for all IRBIDL SPVs. Both companies share common management and treasury functions, and cash flows are fungible between them. IRBIDL has also extended an unconditional and irrevocable corporate guarantee for the bank facilities availed of by MRM. CareEdge has therefore combined the financials of IRBIDL and MRM, and the analysis presented in this note is based on their combined financials.

CARE Ratings factors in distributions from the InvIT platforms and surplus cash flows available from operational SPVs as a part of Adjusted PBILDT. Also, the cash outflows towards equity infusion and financial support required for under-construction and operational SPVs have been factored in.

Outlook: Stable

IRBIDLs risk profile is expected to remain stable given the financial flexibility from the InvITs platform, outstanding order book position providing revenue visibility, satisfactory leverage and liquidity profile supported by the adequate surplus generation from the majority operational SPVs.

Detailed description of key rating drivers

Key strengths

Shift from EPC-Led Revenue to Recurring Revenue Streams

IRBIDL is strategically transitioning from a conventional highway development model, wherein BOT projects were developed on its balance sheet, generating significant EPC revenue before being monetised through InvIT platforms, to an asset-light sponsor, asset-management and O&M platform. Under the revised strategy, new projects, primarily operational TOT projects along with select BOT assets, will be housed under the Private InvIT, while mature assets will be transferred to the Public InvIT under ROFO or monetised to third parties (if declined by Public InvIT) facilitating capital recycling. Although this transition is expected to moderate EPC revenue, it will reduce development and execution risks, limit maintenance capital expenditure and increase the contribution from relatively stable and recurring income streams. Regular InvIT distributions, cash upstreaming from operational assets, and project-management, asset-management and O&M income are expected to offset the decline in EPC earnings, while improving revenue visibility, cash-flow stability and the overall business risk profile over the medium term.

In line with its monetisation strategy, the Private InvIT transferred three assets to the Public InvIT during FY26 and completed acquisition of two additional assets on September 30, 2026. Further, IRBIDL monetised the VM7 Expressway HAM asset through transfer to the Public InvIT in February 2026, while two HAM assets are expected to be transferred upon achieving COD in FY27. The amount raised at Private InvIT shall support financing of new projects.

Well-established promoters with significant experience in road construction; presence of strategic investors

The promoter Virendra D Mhaikar (Chairman and Managing Director of the group), has over three decades of experience in the infrastructure sector, especially roads. He is well-supported by experienced professionals, having over a decade's experience in their respective fields. IRB group is one of the largest road developers in India with a road network of 17,355 km (16,575 km operational and 780 km under construction) across 13 states. IRB Group's project portfolio (including Private and Public InvITs) has 28 road projects comprising 18 build-operate-transfer, six toll-operate-transfer and four hybrid annuity model (HAM) projects.

In FY22, IRBIDL received an equity infusion from Cintra INR Investments BV (a subsidiary of Ferrovial S.A) and Bricklayers Investment Private Limited (an affiliate of GIC). As on June 30, 2026, promoters held 30.81% shareholding, followed by Cintra at 19.86% and GIC affiliates at 16.94 % in IRBIDL.

Financial flexibility derived from InvITs and surplus-generating assets

IRBIDL is the sponsor of two InvITs: IRB InvIT Fund, a public InvIT rated 'CARE AAA; Stable', in which it holds a 16.57% stake, and IRB Infrastructure Trust, a private InvIT in which it holds a 51% stake. As of September 30, 2026, the market value of IRBIDL's stakes in IRB InvIT Fund and IRB Infrastructure Trust stood at ₹1,711 crore and ₹13,170 crore, respectively, providing significant financial flexibility. Both InvITs are expected to generate recurring distributions and surplus cash flows for IRBIDL. Additionally, its operational Mumbai-Pune Expressway asset is expected to generate significant cash surplus and support cash upstreaming

Moderate order book

IRBIDL has an order book of ~₹44,858 crore. As a policy, the work orders are secured by IRBIDL from the Public InvIT and Private InvIT and passed on a back-to-back basis to MRM. MRM executes the work on its own and through sub-contracts. The outstanding order book comprises 5% EPC works and 95% O&M work. The O&M contracts are from different SPVs (including TOT) of IRBIDL and road SPVs of public and Private InvIT funds. Long term O&M order book provides assured revenue visibility. EPC order book as on March 31, 2026, stood at ₹2,059 crore (~5%). The EPC order book and the O&M order book for the next two years stands at ~₹4,300 crore.

The order book is skewed heavily towards O&M, with recent expansions from new TOT projects providing strong long-term revenue visibility, while the EPC portion has declined amid the absence of fresh BOT awards and is now limited to minor redevelopment works under TOTs.

Satisfactory financial performance

The total operating income of MRM and IRBIDL, on a combined basis, stood at ₹4,028 crore in FY26, compared with ₹4,806 crore in FY25, and stood at ₹982 crore in Q1FY27. The moderation in revenue during FY26 was primarily attributable to lower EPC income following IRBIDL's strategic transition towards an asset-light model, with new projects being housed under the InvIT platform. The PBILDT margin moderated in FY26 as compared to FY25 and further moderated in Q1FY27 as compared to Q1FY26, primarily due to higher costs arising from changes in scope for projects nearing completion. PBILDT margins are expected to improve and remain in the range of 16%-18% over the medium term.

Comfortable leverage with expected improvement in debt coverage metrics

Overall gearing and total outside liabilities to tangible net worth (TOL/TNW) remained comfortable at 0.42x and 0.75x, respectively, as of March 31, 2026, compared with 0.47x and 0.77x, respectively, as of March 31, 2025. Net debt to adjusted PBILDT, however, moderated in FY26 as compared to FY25, primarily due to lower PBILDT following the gradual completion of EPC projects and deployment of surplus cash towards equity investment in the Public InvIT. Going forward, growth in recurring distributions from the InvITs, cash upstreaming from operational SPVs, and ongoing deleveraging initiatives are expected to support improvement in debt coverage indicators. Management has articulated its intention to achieve a net debt-zero position by FY30 and does not envisage availing additional borrowings, as existing liquidity, surplus cash flows from the SPVs and InvITs, and proceeds from asset monetisation at the InvIT level are expected to be sufficient to fund future projects.

Net debt to Adjusted PBILDT (including interest income, dividend income from SPVs) moderated in FY26 as compared to FY25. Net debt/adjusted PBILDT is expected to remain slightly elevated in FY27 and thereafter improve and remain below 2x level. Any higher than envisaged borrowings and/or lower than expected adjusted PBILDT shall be a key rating sensitivity.

Key weaknesses

Significant exposure to group companies

There is corporate guarantee liability exposure towards SPVs given by IRBIDL for any shortfall funding. Besides, receivables of ~₹3,853 crore as on March 31, 2026 (including deferred receivables), are pending from Private InvIT. This is expected to be received through claims settlement.

For IRB Ahmedabad Vadodara Super Express Tollway Limited (IRB AVTL), the traffic was lower than expected, primarily due to the existence of a competing road. In response, IRB AVTL has initiated arbitration proceedings against NHAI, addressing concerns related to the competing road, deferment of premium payments, and force majeure claims. IRB AVTL is paying the premium per the Premium Deferment Scheme following the escrow waterfall mechanism to the extent of the surplus available. The accumulated deferred premium and unpaid premium are due to be paid and accrued interest at a bank rate of +2% once the debt servicing is completed and essentially one year before the completion of the concession period including extension thereof. Hence, no support is expected from IRBIDL towards this project. Any deviation from the above, necessitating support from IRBIDL shall be critical.

Inherent traffic risk, intense competition, and other inherent challenges of construction sector

IRBIDL is exposed to the inherent traffic risk considering the large operational and under-construction toll road portfolio. There has been lower than envisaged collections in the newly operational toll road asset of Ganga Expressway and the performance going ahead remains to be seen. However, higher than envisaged performance at TOT assets have been supporting the overall cashflow profile.

The thrust of the government on infrastructure especially roads augurs well for the group's prospects. Competition has intensified in the road sector with the foray of mid-sized players, having a moderate credit profile in the last few years. Profitability is also exposed to disproportionate hikes in commodity prices over the wholesale price index and bidding aggression owing to intense competition.

Liquidity: Strong

The cash accrual generation adequately covers the repayment obligations. Liquidity is supported by free cash and bank balance of ~₹1,400 crore as on March 31, 2026. The company holds a 16.57% unencumbered stake in the public InvIT and 51% in Private InvIT (March 31, 2026), supporting liquidity. Working capital utilisation stood at ~22% for 12-month ended March 2026.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environment

The group is exposed to environmental risk emanating from the disruption of economic resources, while construction activities are in progress. The risk is mitigated by presence of a well-established ESG framework, which encompasses sustainable procurement, occupational health and safety, energy consumption and carbon emission, among others.

Social

With labour intensive operations, social risks emanate from the safety issues in construction-related activities. IRBIDL has in place safety policies to ensure work safety of employees. This apart, IRBIDL has Corporate Social Responsibility (CSR) programmes with emphasis on education, healthcare, and women empowerment.

Governance

The board comprises of adequate mix of executive and non-executive/independent directors reflecting prudent corporate governance practice.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

[Consolidation & Combined Approach](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

IRB Infrastructure Developers Limited (IRBIDL), incorporated in 1998, is an established integrated surface transportation infrastructure company with expertise in the development of BOT Toll Road Projects. The company's business segments are toll roads, construction, airport development and real estate. The company operates as a holding company, while the construction activities are carried through its EPC arm, Modern Road Makers Private Limited (MRM) (Rated CARE AA; Stable/CARE A1+). IRBIDL has a vast portfolio of BOT/TOT/HAM projects on its books as well as through 2 InvITs (Public InvIT and Private InvIT).

Combined Financials of IRBIDL and MRM (₹ crore)	March 31, 2025 (UA)	March 31, 2026 (UA)	Q1FY27 (UA)
Total operating income	4,806	4,028	982
PBILDT*	961	658	83
Profit after tax (PAT)	5,682 [#]	950	276
Overall gearing (x)	0.47	0.42	0.40
Interest coverage [#] (x)	1.76	1.31	1.80

UA: Unaudited, as CARE has combined the audited standalone financials of IRBIDL and MRM; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

[#]PAT for FY25 includes ₹4,795 crore exceptional items.

[#]Adjusted PBILDT includes dividend income and interest income.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	30-06-2029	459.00	CARE AA; Stable
Fund-based/Non-fund-based-Short Term	-	Simple	-	-	-	-	50.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024
1	Fund-based/Non-fund-based-Short Term	ST	50.00	CARE A1+				
2	Fund-based - LT-Term Loan	LT	459.00	CARE AA; Stable				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-5: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	IRB Ahmedabad Vadodara Super Express Tollway Pvt Ltd	Moderate	Financial linkages
2	IRB Infrastructure Trust	Moderate	Financial linkages
3	Chittoor Thachur Highway Pvt Ltd	Moderate	Financial linkages
4	Pathankot Mandi Highway Pvt Ltd	Moderate	Financial linkages
5	IRB MP Expressway Private Limited	Moderate	Financial linkages
6	IRB Sindhudurg Airport Pvt Ltd	Moderate	Financial linkages

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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