

Gaining momentum

Afcons Infrastructure is geared up to be a part of the big league, even as it celebrates its golden jubilee



From its beginning way back in November 1959, Afcons Infrastructure Ltd has come a long way in its progress as a civil construction entity. The company, known primarily for its strong presence in foundation engineering, has entered its 50th year of operation this month. Buoyed by its recent success, the management is all set to celebrate this major achievement, with specific plans in place to double its current turnover (Rs2,213 crore) in the next three years. The milestone has also coincided with the Shapoorji Pallonji group company bagging the International World Quality Commitment Award 2009 at a convention held in September this year in Paris.

"Afcons is one of the few Indian companies, which have been conferred this award. In fact, ours is the only fifth Indian company, after RIL, Tata, L&T and IOC, to receive this honour," says K. Subrahmanian, managing director, Afcons. The company was incorporated in 1959 as Rodio Hazarat & Co, a joint venture (51:49) between the global leader in civil foundation space, Rodio Foundation Engineers, Switzerland, and Mumbai-based Hazarat & Co, having multiple business interests.

As Rodio Hazarat & Co, the company was involved in the foundation work of a majority of the office buildings in Mumbai's central business district of Nariman Point. Following the Foreign Exchange Regulation enacted in 1973, the Swiss partner exited the

venture in 1976, with the employee-led consortium buying out the stake. This also saw the company being rechristened as Asia Foundations & Constructions Ltd (AFCONS) in the same year.

While foundation engineering continued to be its mainstay, the company decided to broaden its sphere of construction, by adding marine works such as jetties, docks and harbours, as also transportation, particularly bridges and roads, to its portfolio during the 1970s and '80s. The following years witnessed the company consolidating its business model further in the infrastructure space. Finally, in 1997, the management decided to rename the company to its present avatar - Afcons Infrastructure Ltd.

The company was bought over by the Shapoorji Pallonji group in 2000. Of the 53.96 per cent picked up by the group, 47.37 per cent was acquired from ICICI and the remaining 6.59 per cent from the Hazarat family which, over the years, had diluted their stake in the company. Out of the total stake of 47.37 per cent, 20 per cent shares came under the ICICI fold in 1993 and the remaining in 1998. Both the times, Afcons issued fresh shares for meeting its funding needs.

Subsequently, the 140-year-old Shapoorji Pallonji group enhanced its stake in the company, and currently, it holds 97 per cent stake, while the rest is held by Afcons employees and their trust.

Backed by a strong group, the

company has made big strides ever since. For the past five years, the company has grown at a CAGR of 47 per cent. In the last financial year, it clocked a turnover of Rs2,213 crore, netting a profit of Rs60 crore. "Even during the tough times last year, we managed to stage a growth of more than 25 per cent," avers S. Paramasivan, executive director. The company is at present, sitting on an impressive order book of around Rs6,000 crore.

As part of its recent strategy, the company has built up this order book quite meticulously, by giving more emphasis on high margin businesses in the fields of marine projects, such as jetties, wet basins, wharves and dry docks, tunnelling for hydro works, specialty bridges and foundation works. The company has also entered into offshore oil and gas segment, where it is currently executing an order worth \$366 million for building an offshore process platform for ONGC in a joint venture with Gunanusa of Indonesia.

Recently, Afcons has bagged a prestigious order worth Rs1,500 crore from the Border Roads Organisation. The company will be constructing an 8.8 km long highway tunnel at Rohtang Pass, for providing all-weather-connectivity between Manali and Leh and Ladakh for defence forces. This longest tunnel, will be built in partnership with Strabag, Austria.

In the past, Afcons has been involved in the execution of several interesting projects, among others, the Thane creek railway bridge and the Airoli bridge in Navi Mumbai; underground metro railway station at Barakhamba Road, New Delhi; jetties at Dahej, Hazira and Dabhol; as also pipeline projects for ONGC, HPCL, IOCL. The company is credited to construct around 150 marine projects and 100 bridges/flyovers.

While, on the one hand, Afcons has gradually diversified its business mix and moved into the high-margin areas of construction, on the other, it has also spread its wings to overseas markets, executing projects in countries like Mauritius, Madagascar, Oman, Abu Dhabi, Algeria. At present, foreign projects contribute almost 25 per cent to its overall business.