

CO YET TO FIX PRICE BAND FOR ₹7,000 CR OFFER

Afcons Infra to Use IPO Funds to Reduce Debt

Our Bureau

Mumbai: Afcons Infrastructure is looking at a substantial reduction in debt after its initial public offering, the company's senior management told **ET**.

The diversified engineering, procurement and construction company – promoted by the Shapoorji Pallonji group – is looking at a ₹7,000 crore IPO, which will be a mix of an offer-for-sale and a fresh issue of shares.

The company had filed a draft red herring prospectus with market regulator Securities and Exchange Board of India earlier this year. It is yet to announce the dates and the price band for the public issue.

Afcons Infrastructure had a gross debt of ₹2,844 crore, and a net debt of ₹2,140 crore as on September 2023. The company has earmarked ₹500 crore for repaying debt, implying that its debt will come down by nearly a fourth. The company has also decided to use ₹350 crore for its working capital requirements, and ₹150 crore for its capital expenditure, while ₹250 crore will be utilised for general cor-

porate purposes. It will be getting ₹1,250 crore from the IPO, with the rest going to the sole shareholder selling shares - Goswami Infratech. Afcons Infrastructure operates in five segments – urban infrastructure, surface transport, oil and gas, marine and industrial and hydro and underground. Of these, the urban in-



Shapoorji Pallonji group's unit had a gross debt of ₹2,844 cr and a net debt of ₹2,140 cr as on Sept 2023

frastructure segment – consisting of metros, bridges, flyovers and elevated corridors – is seeing the maximum traction. Of the company's total order book of around ₹34,888 crore, as much as half comes from metros and bridges, while the hydro segment brings in another fourth, the management shared.

About a fourth of the company's total order inflows are from overseas markets, with domestic markets accounting for the rest. It had consolidated operating margins of 10.6% as on September 2023, while net working capital stood at 73 days.