

# Business Standard

## Afcons Infra likely to opt for ₹4,000 cr pre-IPO placement

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Afcons Infrastructure, part of Shapoorji Pallonji (SP) Group, plans to conduct a pre-listing sale of ₹4,000 crore, according to sources.

This move will attract esteemed investors, enhancing the company's credibility and potentially scaling down the initial public offering (IPO) size ahead of its planned launch in October.

Notably, this IPO will coincide with several other major listings, including those of Hyundai India, Swiggy, and NTPC Green Energy.

"The pre-IPO placement is almost finalised. The participants have established a solid valuation floor for the IPO. The pre-IPO deal is worth close to ₹500 million," said a banker involved in the deal. He added that a large domestic mutual fund and a global sovereign fund will be among the allottees.

The company declined to comment on the matter.

Pre-IPO placements occur after filing the offer document. The amount raised through this route results in a reduction of the IPO size to that extent.

Afcons' ₹7,000-8,000 crore IPO is expected to enter the market during the second half of October. This offering is crucial for promoter Goswami Infratech (GIPL), a firm within SP Group, to fulfil its commitments to bondholders.

"Afcons is seeing strong demand from institutional investors. Some of these larger investors wanted a bigger allocation, which is not feasible at the time of the IPO, except during the anchor book to some extent," the banker added.

Afcons' IPO includes a fresh fund raise of ₹1,250 crore, which it plans to use to repay debt, purchase con-

## Sebi nod for mega IPOs paves way for bumper festival season



The Securities and Exchange Board of India (Sebi) has given green light to several mega initial public offerings (IPOs) last week, paving the way for bumper launches during the ongoing festival season.

According to the update on Sebi's website, Hyundai Motor India, which will be the country's largest IPO of nearly ₹25,000 crore, received the observation letter from the market regulator on September 24. The regulator also gave the final observations on the offer documents of Vishal Mega Mart and Swiggy.

Both the companies have opted for the pre-filings or confidential filings route. They will have to make their draft red herring prospectus (DRHP) public before they can launch IPOs.

The food delivery aggregator has already filed its updated DRHP. According to the updated DRHP, the company has planned a ₹3,750-crore fresh issue along with an offer for sale.

Supermarket player Vishal Mega Mart had in July opted for the confidential filing, making it among the few players apart from Oyo, Swiggy and Tata Play to go through this route where a pre-filing is made. According to sources, the company aims to mobilise ₹1 billion (around ₹8,400) through the issue.

Mamata Machinery and Acme Solar Holdings received green light from Sebi on September 27. Acme IPO's size is around ₹3,000 crore, with a combination of fresh equity and secondary share sale.

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struction equipment, and meet its working capital requirements. Sources indicate that Afcons plans to upsize its issue size due to demand for its shares. The remainder of the offering consists of a secondary share sale by GIPL, which will use the proceeds to repay bondholders.

GIPL has pledged Afcons shares to its lenders. The company has amended the pledge agreement to allow for the release of shares if it opts for pre-IPO sales, according to a source.

"As of the date of this draft red herring prospectus (DRHP), an aggregate of 330.9 million equity shares held by our promoters, including GIPL, Shapoorji Pallonji, and Floreat Investments, representing 97.11 per cent of our share capital,

remain pledged in favour of certain lenders and a debenture trustee. Of these, 75 million pledged equity shares held by GIPL have been released prior to the filing of the DRHP towards the minimum promoter contribution, pursuant to and subject to the terms and conditions set out in the consent... Further, the pledge on the remaining equity shares of the company, held by GIPL, which will be included in the offer for sale, will be released five business days prior to the filing of the updated DRHP with the Securities and Exchange Board of India," Afcons states as one of the 'risk factors' in its DRHP.

Afcons will be the second IPO from SP Group after Sterling and Wilson Renewable Energy in 2019.