



Afcons Infra IPO: Shapoorji Pallonji Group firm files draft papers with SEBI to raise ₹7,000 cr

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Shapoorji Pallonji Group-backed Afcons Infrastructure Ltd has filed preliminary papers with capital markets regulator SEBI to raise funds worth ₹7,000 crore through an initial public offering (IPO).

The proposed IPO is a combination of a fresh issue of equity shares worth ₹1,250 crore and an offer for sale (OFS) of ₹5,750 crore, Draft Red Herring Prospectus (DRHP) filed with SEBI showed.

Under the OFS, promoter Goswami Infratech Pvt Ltd will sell around ₹5,750 crore equity shares, as per the DRHP.

Going by the draft papers, the construction and engineering player may consider raising ₹250 crore in a pre-IPO placement round. If such placement is completed, the fresh issue size will be reduced.

The funds raised worth ₹150 crore will be utilised for capital expenditure, ₹350 crore will be used to fund long term working capital requirements and ₹500 crore will be used for repayment of

portion of certain outstanding borrowings and acceptance availed by the company.

The IPO, according to the sources, is likely to value Afcons Infra between ₹19,000 crore to ₹20,000 crore.

Afcons Infra has established an impressive track record in executing complex EPC projects, both domestically and internationally. Over the past decade and until September 30, 2023, the company successfully completed 76 projects spanning 15 countries, with a cumulative executed contract value of ₹52,200 crore.

Presently, they are actively engaged in 67 projects across 13 countries, with an order book totaling ₹34,888 crore. This includes a domestic order book of ₹26,093 crore and an overseas order book of ₹8,795.32 crore.

Notably, according to the Fitch Report's analysis of major infrastructure construction companies in India, the company achieved the highest margins for Return on Capital Employed (ROCE) and Return on Equity (ROE) in FY23.

On the earnings front, Afcons Infrastructure's total income stood at ₹6,655.35 crore for six month ended September 2023. The company reported a net profit for the period was ₹195.13 crore, compared to ₹410.86 crore in FY23.

ICICI Securities, DAM Capital, Nomura, Jefferies, Nuvama and SBI Capital are the book-running lead managers to the IPO, while Link Intime India Pvt Ltd is the registrar.

The equity shares are proposed to be listed on the stock exchanges, being BSE and NSE.