



# Shapoorji Pallonji Group's Afcons Infra files DRHP for ₹7,000 cr IPO

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By [CHITRANJAN KUMAR](#), Mar 29, 2024 4 min read

Shapoorji Pallonji Group's flagship infrastructure firm Afcons Infrastructure Limited (AIL) has filed a draft red herring prospectus (DRHP) with the market regulator Securities and Exchange Board of India (SEBI) to raise funds through an initial public offering (IPO) route. The engineering and construction company, which competes with Larsen & Toubro, KEC International, Kalpataru Project International, and Dilip Buildcon, looks to raise ₹7,000 crore by public listing of its shares on the domestic stock exchange, which is touted to be the largest IPO in a decade.

The IPO is a mix of fresh issue of shares up to ₹1,250 crore and an offer for sale (OFS) of up to ₹5,750 crore by Goswami Infratech Private Limited. The offer includes a reservation for subscriptions by eligible employees.

As per the DRHP, the infrastructure company may consider undertaking a further issue of equity shares through a preferential issue or any other method for a cash consideration aggregating up to ₹250 crore as a "pre-IPO placement.". If such placement is completed, the fresh issue size will be reduced, the document noted.

The offer document showed that the Mumbai-based company has reserved half of the issue for qualified institutional buyers, up to 15% for non-institutional bidders, and up to 35% for retail individual bidders.

Afcons Infrastructure has a proven track record of successfully delivering a wide range of complex and challenging engineering, procurement, and construction (EPC) projects both domestically and internationally. According to the Fitch report, Afcons is recognised as one of India's leading international infrastructure firms, as per the 2023 rankings by

Engineering News-Record (ENR) based on international revenue for the financial year 2023.

Afcons operates across five major infrastructure business verticals - marine and industrial, surface transport, urban infrastructure, hydro and underground, and oil and gas. It ranks among the top international contractors globally in marine and port facilities, bridges, transportation, and transmission line segments based on international revenue for the financial year 2023, according to the Fitch Report.

As of September 30, 2023, Afcons was actively involved in 67 active projects across 13 countries. Its order book increased at a CAGR of 7.6% from ₹26,248.46 crore in the financial year 2021 to ₹30,405.77 crore in the financial year 2023. As of September 30, 2023, it stood at ₹34,888.39 crore.

On the financial front, the restated consolidated revenue from operations during the fiscal year 2023 increased 14.69% to ₹12,637 crore from ₹11,019 crore in FY22. Profit after tax grew 14.89% from ₹358 crore in FY22 to ₹411 crore in FY23. The revenue was driven by spurt in construction contract revenue, rise in business in its urban infrastructure and hydro and underground segments, both in India and overseas.

For the six months ended September 30, 2023, revenue from operations stood at ₹6,505 crore, and profit after tax was at Rs 195 crore.

According to the Fitch report, India's infrastructure industry has grown at a compounded annual growth (CAGR) rate of 11.4%, from ₹5.04 lakh crore in the financial year 2018 to ₹7.75 lakh crore in the financial year 2022. Further, the agency estimates the industry to grow at a CAGR of 9.9% from ₹8.56 lakh crore in the financial year 2023 to ₹13.72 lakh crore in FY28.

ICICI Securities Limited, DAM Capital Advisors Limited, Jefferies India Private Limited, Nomura Financial Advisory and Securities (India) Private Limited, Nuvama Wealth Management Limited, and SBI Capital Markets Limited are the book-running lead managers, and Link Intime India Private Limited is the registrar of the issue.