

IPO-bound Afcons Infra sees record order inflow in H1

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MUMBAI

IPO-bound Afcons Infrastructure Ltd received record orders in the first half of FY25—more than the previous highest annual business inflow—as the Shapoorji Pallonji (SP) Group firm expands business on the back of higher credit lines from lenders.

The company has booked new orders worth ₹11,400 crore in the six-month period ending 30 September, as per publicly available information and two people in the know. It has emerged as the lowest bidder for another ₹7,600 crore worth of orders, which it is yet to sign formally. Put together, this translates to about ₹19,000 crore of order inflow in the first half of FY25 compared to about ₹7,783 crore in FY24 and ₹7,924 crore in FY23, as per its draft prospectus and annual report.

The company's highest-ever annual order inflow previously was in FY22, when it booked contracts worth ₹16,883 crore.

With this, the firm's orderbook is expected to breach the ₹40,000-crore milestone for the first time.

Its pending orderbook stood at ₹30,961 crore at the end of FY24.

Afcons did not respond to *Mint's* request for a comment.

The surge in fresh orders was due to the company being able to give more bank guarantees given its enhanced credit lines, the persons said. A consortium of 13 banks led by SBI increased Afcons' non-fund-based long term facilities to ₹17,490 crore in November 2023 from ₹13,250 crore earlier.



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This has increased the firm's ability to give bank guarantees, allowing it to bid for more projects, the persons said. Typically, firms like Afcons are required to give various bank guarantees often adding up to 15-20% of a contract's value. These include performance guarantees, bank guarantees to receive advance payment and guarantees against retained dues.

"For the last two years, the company has been calibrating its growth. They did not want to be in a position where they win a project and then are unable to execute because they couldn't give bank guarantees," said one of the persons. The person requested not to be named as the details were shared in private discussions.

With the company's non-fund-based bank limits going up toward the end of FY23, it bid for projects more aggressively, resulting in record order booking so far this year.

Among the orders won by the company are Jamrani Dam in Nainital, the second phase of Kochi Metro, and Dharavi-Ghatkopar water conveyance tunnel in Mumbai.

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