



SP Group may upsize Afcons Infrastructure IPO plan to Rs 8,500 crore

Shapoorji Pallonji (SP) Group is considering increasing the size of the initial public offering of Afcons Infrastructure Ltd, aiming to raise Rs 8,000 - 8,500 crore, amid strong demand from institutional investors, people familiar with the matter said.

The revised plan could see the SP Group raise as much as Rs 3,500-4,000 crore in a pre-IPO round, through a secondary sale of shares to foreign and domestic institutional investors, as well as family offices and wealthy people, the people said, requesting anonymity. The company earlier targeted a fundraising of Rs 7,000 crore, including a Rs 5,750-crore secondary share sale by SP Group entity Goswami Infratech and a primary fundraising of Rs 1,250 crore.

"Afcons has attracted significant interest from both global and domestic institutional investors for its upcoming IPO. Feedback from the investors also included increasing the overall offering size to accommodate the demand," one of the people said. "To manage this high demand, the company can plan to conduct a pre-IPO round. If the company does the pre-IPO round, the overall deal size can increase, however, the IPO size is likely to be lower than the original anticipated size."

The offer size could be reduced to around Rs 4,000-4,500 crore, depending on the size of the pre-IPO round.

Afcons Infra didn't immediately respond to *Moneycontrol's* emailed queries.

Bigger Afcons fundraise to help liquidity situation of SP Group

The plan to change the offer size comes at a time when SP Group is in talks with multiple lenders to refinance its debt.

A bigger Afcons fundraise will mean that the SP Group will have more money to manage its debt, which will also provide comfort to its lenders.

Moneycontrol reported on September 30 that SP Group has received approval from its lenders to postpone to December 31 the deadline for a large interest payment on the Rs 14,300 crore NCDs (non-convertible debentures) issued by the group last year.

In June 2023, Goswami Infratech raised Rs 14,300 crore through rupee-denominated zero-coupon NCDs from a group of investors, including Cerberus Capital, Varde Partners, Canyon Capital, Davidson Kempner, as well as existing lenders Deutsche Bank, Edelweiss Special Opportunities Fund and Ares SSG.

SP Group had to make an interest payment of close to Rs 1,800 crore on these NCDs by September 30.

The request for an extension of payment timeline was necessitated because the sale of certain assets —Gopalpur port in Odisha — as well as the pending IPO of Afcons has taken longer than anticipated.

In January, Shapoorji sold the Dharamtar port to JSW group and Rs 250 crore received from the sale was paid to the NCD holders.

On March 26, SP Group said it entered into an agreement with Adani Ports and Special Economic Zone to sell a 95 percent stake in the Gopalpur port for Rs 1,349 crore. Adani Ports will purchase a 56 percent stake in the port from SP Group and 39 percent from Orissa Stevedores.

In its notice to the NCD holders earlier this month, the group said the Odisha government approved the change in shareholding of the port and a formal approval was expected soon. SP Group will receive Rs 850 crore from this sale.

The group expected the sale of the port assets to fetch approximately Rs 1,500 crore but the targets fell short.

Simultaneously, SP Group is also looking to part refinance a loan taken against shares of Tata Sons, held by Sterling Investment Corp Pvt Ltd, which owns a little more than 9 percent of Tata Sons.

Moneycontrol reported on May 6 that SP Group has begun talks with Power Finance Corporation (PFC) to secure as \$1.2 billion to refinance part of the Rs 20,000 crore debt availed against Tata Sons shares.

The funds, according to SP Group's corporate filings, were raised by the Mistry family through Sterling Investment Corp Pvt Ltd (SICPL), which owns a little more than 9 percent of Tata Sons.

The bonds, with a maturity of 3.5 years, were sold in 2021 and were primarily subscribed by alternative investment manager Ares SSG and hedge fund Farallon Capital.