

Afcons Infrastructure: A Comprehensive Review

Afcons Infrastructure, the flagship infrastructure arm of the Shapoorji Pallonji Group, has established itself as a prominent player in the global infrastructure space. With decades of experience, a rich project portfolio, and an ever-expanding global footprint, the company is gearing up for its much-anticipated IPO. Let's dive deeper into what makes Afcons Infrastructure a company worth analyzing in the current economic landscape.

Key Highlights:

1. Strong Track Record:

Afcons Infrastructure has successfully executed 79 projects across 12 countries over the last seven years. As of June 2024, the company has 65 active projects with a cumulative order value exceeding INR 3,17,600 crore.

2. Global Presence:

Afcons has built a strong foundation not only in India but also across Asia, Africa, and the Middle East, mitigating country-specific risks and tapping into multiple growing markets.

3. Noteworthy Projects:

Afcons has been involved in some of the world's most complex and challenging projects, including:

- The Chenab Bridge in Jammu & Kashmir, the world's highest railway bridge.
- Mumbai-Ahmedabad High-Speed Rail, Kolkata Metro, and Delhi-Meerut Regional Rapid Transit System.
- International projects such as the Zambia-Lusaka City Decongestion Project.

4. Diverse Business Segments:

Afcons operates across five major segments: Marine and Industrial, Surface Transport, Urban Infrastructure, Hydro and Underground, and Oil and Gas Projects.

Financial Performance:

Particulars (in cr)	FY24	Fy23	Fy22
Revenue	13646	12844	11269
Cost of material consumed	4012	3851	3176
Cost of construction	5293	5200	4939
Employee benefits expense	1383	1298	1084
Other expenses	1212	976	881
EBITDA	1746	1519	1189
Finance Cost	577	446	424
D&A	494	471	355
PBT	672	600	406
Tax	222	188	48
PAT	450	412	357

Industry Outlook:

According to a Fitch Report, the Indian infrastructure sector is expected to grow from INR 8,90,000 crore in FY23 to INR 14,28,000 crore by FY28, at a CAGR of 9.9%. Afcons is poised to benefit from this growth due to its strong project pipeline and market presence.

Strengths and Competitive Advantages:

- 1. Diverse Portfolio:** Afcons' presence across various sectors provides resilience and opportunities for growth.
- 2. Execution Capabilities:** Afcons is known for delivering complex projects on time, maintaining high standards.
- 3. Strategic Partnerships:** Being part of Shapoorji Pallonji Group offers financial backing and strategic advantages.
- 4. Strong Order Book:** With an order book of INR 31,760 crore as of June 2024, Afcons has solid revenue visibility for the upcoming years.

Peer Comparison

Particulars in (cr)	Sales	3Y Sales Growth	EBITDA	OPM(%)	PAT	3Y PAT Growth	NPM(%)	EV	EV/EBITDA	P/E
Afcon Infra	13646	10.40%	1583	11.60%	449	12.15%	3.29%	18000	11.37	37.86
L&T	221000	18.85%	29865	13.51%	15540	21.79%	7.03%	594559	19.9	37
Dilip Buildcon	12000	12.01%	1421	11.84%	201	NA	1.68%	13450	9.47	42
KEC Intl.	19900	20.38%	1353	6.80%	347	2.23%	1.74%	29000	21.4	66

IPO Valuation:

Afcons Infrastructure's IPO pricing is set at INR 463 per share, with a post-IPO market cap estimated at INR 17,000 crore. Investors can expect steady returns based on the company's strong financials and the growing infrastructure market in India.

Conclusion:

Afcons Infrastructure's IPO offers investors an opportunity to invest in a proven company with a diverse portfolio and strong presence in both domestic and international markets. Its solid financial performance, growing infrastructure sector, and proven execution capabilities make it a compelling choice for long-term investors.