Afcons Infrastructure Limited

25-October-24

SUBSCRIBE – Long Term

Shivam Gupta
shivamgupta@rathi.com

Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	54,300.0
Fresh Issue (No. of Shares in Lakhs)	270.0
Offer for Sale (No. of Shares in Lakhs)	902.8
Bid/Issue opens on	25-Oct-24
Bid/Issue closes on	29-Oct-24
Face Value	Rs. 10
Price Band	440-463
Minimum Lot	32

Objects of the Issue:

- **Fresh issue: ₹12,500 million**
  - Capital expenditure towards purchase of construction equipment.
  - Funding long-term working capital requirements.
  - Prepayment or scheduled repayment of a portion of certain Outstanding borrowings.
  - General Corporate purposes.
- **Offer for sale: ₹41,800 million**

Book Running Lead Managers
ICICI Securities Limited
DAM Capital Advisors Limited
Jefferies India Private Limited
Nomura Financial Advisory and Securities (India) Private Limited
Nuvama Wealth Management Private Limited
SBI Capital Markets Limited
Registrar to the Offer
Link Intime India Private Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	10,000.0
Subscribed paid up capital (Pre-Offer)	3,407.4
Paid up capital (post-Offer)	3,677.4

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	99.0%	67.2%
Public – Selling Shareholders	1.0%	32.8%
Total	**100.0%**	**100.0%**

Financials

Particulars (₹ In million)	3M FY 25	FY24	FY23	FY22
Revenue from operations	**31,543.60**	**132,675.0**	**126,373.8**	**110,189.7**
Operating expenses	28,008.9	119,024.8	113,267.8	100,829.0
EBITDA	**3,534.7**	**13,650.2**	**13,106.1**	**9,360.7**
Other Income	591.1	3,793.8	2,067.1	2,505.8
Depreciation	1302.3	4,945.3	4,715.8	3,553.7
EBIT	**2,823.5**	**12,498.6**	**10,457.4**	**8,312.9**
Interest	1469.1	5,772.6	4,466.6	4,247.3
PBT	**1,354.4**	**6,726.0**	**5,990.8**	**4,065.5**
Tax	438.6	2,228.7	1,882.2	489.5
PAT	**915.9**	**4,497.4**	**4,108.6**	**3,576.1**
EPS	**2.5**	**12.2**	**11.2**	**9.7**
Ratios	**3M FY 25**	**FY24**	**FY23**	**FY22**
EBITDAM	11.2%	10.3%	10.4%	8.5%
PATM	2.9%	3.4%	3.3%	3.2%
Sales growth		4.9%	14.7%	

Company description

Afcons Infrastructure Limited is the flagship infrastructure, engineering and construction company of the Shapoorji Pallonji group (i.e., the group's leading engineering and construction company), a diversified Indian conglomerate, and have a legacy of over six decades. They have a strong track record of executing numerous complexes, challenging and unique engineering, procurement and construction ("EPC") projects both within India and internationally.

According to the Fitch Report, they are one of India's largest international infrastructure companies, as per the 2023 ENR (Engineering News-Record, US) Top International Contractors rankings, based on International Revenue for the Financial Year 2023. During the period comprising the last eleven financial years and the three-month period ended June 30, 2024, they have successfully completed 79 projects across 17 countries with a total historic executed contract value of ₹563.05 billion. As of June 30, 2024, they have 65 active projects (i.e., ongoing projects) across 12 countries, aggregating to an order book of ₹317.47 billion. Among large infrastructure construction companies in India analysed in the Fitch Report, they had the highest ROCE and EBITDA margins and the second highest ROE and PAT margins for the Financial Year 2024, and their PAT has grown at the fastest rate between the Financial Years 2022 and 2024.

Valuation & outlook

Afcons Infra is a leading infrastructure construction company known for executing large and complex projects across India and internationally. They specialize in large, complex, and high-value projects, with a proven record in efficient project management, execution, and timely delivery across various sectors and locations. Most of their projects are completed on or ahead of schedule, and they have successfully undertaken numerous complex, challenging, and unique infrastructure projects, including several 'first of its kind' initiatives in India and globally.

The company is dedicated to pursuing high-value, complex projects that align with its project selection criteria and risk management framework. The company understands the importance of geographical diversification and aims to maximize opportunities in current markets while expanding its presence internationally, leveraging growth trends in both India and emerging markets worldwide. Afcons acknowledges the inherent risks in the infrastructure sector, both in India and globally, and employs a structured risk management system to identify, assess, and monitor potential risks in their operations.

At the upper band company is valuing at 37.9x its FY24 earnings along with being valued at 46.3x if we annualize FY25 earnings. Following the issuance of equity shares, the company's market capitalization stands at ₹1,70,261.8 million, with a market cap-to-sales ratio of 1.34 based on its FY24 earnings.

We believe that the issue is fully priced and recommend "**Subscribe – Long Term**" rating to the IPO.

Business Model

Over the years, the company has expanded their presence globally and in particular across Asia, Africa and the Middle East. They have undertaken many complexes, challenging, unique and 'first of its kind' infrastructure projects in India and the rest of the world. Some of their key completed and ongoing projects are set out below:

Ghana Rail Project: The largest railway project in Ghana, which involves construction of the longest railway bridge in Ghana over Lake.
Year of Completion: 2024, *Location*: Ghana.

Chenab Bridge: The tallest single-arch railway bridge in the world. This is one of the toughest bridge works undertaken in India due to geological and engineering considerations and was the first bridge designed for blast load.
Year of Completion: 2023, *Location*: Jammu and Kashmir, India.

Atal Tunnel: The world's longest highway tunnel is located 3,000 metres above sea level. It has reduced the distance between Kulu and Lahaul by 48 km and travel time by four hours and provides all weather connectivity.
Year of Completion: 2020, *Location*: Rohtang, Himachal Pradesh, India.

MG Setu Bridge: This project involved replacing the existing concrete superstructure with a new steel superstructure. This was the first time that such work was executed in India.
Year of Completion: 2022, *Location*: Patna, Bihar, India.

Fourth Container Terminal, JNPT, Mumbai: The Jawaharlal Nehru Port Trust is India's largest container port. Afcons constructed one 1000 m x 61 m suspended deck wharf (comprising five modules each of 200 m length) and five approach trestles (each of 97 m length). This terminal has the deepest berths at the Jawaharlal Nehru Port and a quay length of 1000 m (Source: Fitch Report).
Year of Completion: 2018, *Location*: Mumbai, Maharashtra, India.

Zambia – Lusaka City Decongestion Project: Afcons were engaged in the construction, rehabilitation and widening of 91 km of roads, 29 km of roads with dedicated bus lanes for Bus Rapid Transit and improvements along nine junctions, along with four new flyovers for the Ministry of Local Government and Housing, Zambia. As a part of this project, they built Zambia's first flyovers (Source: Fitch Report).
Year of Completion: 2021, *Location*: Lusaka, Zambia.

Kolkata Metro: Design and construction of tunnels below the Hooghly river forming part of the Kolkata Metro, which includes India's first underwater metro tunnel and India's deepest metro station, the Howrah metro station (Source: Fitch Report).
Location: Kolkata, West Bengal, India.

Male to Thilafushi Link Project, Maldives: Execution and design of the Greater Male Connectivity link. Valued at ₹40.27 billion, this is the biggest infrastructure project in the Maldives (Source: Fitch Report).
Location: Maldives.

Mumbai – Ahmedabad High Speed Railway (MAHSR-C-2): Construction of a 21 km long tunnel including India's first undersea rail tunnel (seven km long) for the Mumbai – Ahmedabad high speed rail corridor. India's largest tunnel boring machine ("TBM") will be used for this project. To construct this tunnel, TBMs with a cutter head of 13.6- meter diameter will be used. Usually, 5– 6-meter diameter cutter heads are used for urban tunnels used in mass rapid transit systems. The company completed a 394 m long additionally driven intermediate tunnel ("ADIT") at Ghansoli for this project in a short duration of six months (Source: Fitch Report).
Location: Mumbai, Maharashtra, India.

The company's projects cover five major infrastructure business verticals:

- *Marine and Industrial*, covering ports and harbor jetties, dry docks, wet basins, breakwaters, outfall and intake structures, liquefied natural gas tanks and material handling systems.
- *Surface Transport*, covering highways and roads, interchanges, mining related infrastructure and railways.
- *Urban Infrastructure*, covering elevated and underground metro works, bridges, flyovers and elevated corridors.
- *Hydro and Underground*, covering dams and barrages, tunnels (including large road tunnels) and underground works, water and irrigation.
- *Oil and Gas*, covering both offshore and onshore oil and gas projects.

Through their extensive and diversified experience and systematic knowledge management practices, they have developed a project management system that enables efficient planning, monitoring, control and timely delivery of the infrastructure projects that they undertake. Their continuous pursuit of excellence in knowledge management is reflected in the recognition accorded to them through the MIKE (Most Innovative Knowledge Enterprise) award at Global and India levels. This award is given by the International Global MIKE Study Group, comprising world experts in effective knowledge management and innovative practices. The company won the Most Admired Knowledge Enterprise (MAKE) award in 2016 and 2017. The MAKE award was at three levels – India, Asia and Global; and they were adjudged winner at all three levels in 2016 and 2017. In 2018, the MAKE award was replaced by the MIKE (Most Innovative Knowledge Enterprise) award. They won the MIKE award from 2018 to 2023 at India and Global levels (there

is no Asia-level MIKE award). They also won the Outstanding Global MIKE Award in 2023. They were also accorded the status of Five Star Export House in accordance with the provisions of the Foreign Trade Policy 2023 by the Indian government in 2023.

The company also benefits from the strong parentage of the Shapoorji Pallonji Group. The Shapoorji Pallonji Group has a legacy of over 150 years, and its strong reputation, global presence and extensive industry experience assists them in the growth of their business and operations. Additionally, they gain access to the Shapoorji Pallonji Group's network enabling strategic collaborations, business development opportunities and knowledge sharing. Further, they are strategically guided by their board of directors and the leadership of their management team, comprising five Key Managerial Personnel and 19 Senior Management Personnel. Their key management personnel have 35 years of average experience with an average of 23 years at their organization.

A list of operating and financial metrics for the Financial Years 2024, 2023 and 2022 and the three months ended June 30, 2024, and 2023, is set out below:

Particulars	As of / for the three months period ended June 30		As of / for the Financial Year ended March 31,		
	2024	2023	2024	2023	2022
Order Book (₹ in million)	317,474.27	352,402.15	309,609.90	304,057.67	328,048.34
Domestic Order Book (₹ in million)	240,036.56	261,013.10	224,015.91	212,459.38	233,125.34
Domestic Order Book (%)	76%	74%	72%	70%	71%
Overseas Order Book (₹ in million)	77,437.70	91,389.05	85,593.99	91,598.29	94,923.00
Overseas Order Book (%)	24%	26%	28%	30%	29%
Book to Bill Ratio (x)	2.52	2.78	2.33	2.41	2.98
Order Inflow (₹ in million)	29,892.10	61,799.30	77,836.41	79,238.30	168,830.40

Strengths

- **Strong Track Record of Timely Execution of Large-Scale, Complex and High-Value Projects**

Afcons Infra are one of the leading infrastructure construction companies involved in the execution of large and complex projects both in India and overseas (Source: Fitch Report). They focus on large, complex, and high-value projects and have a strong track record in efficient project management, execution and on-time delivery of projects across verticals and geographies, with a substantial majority of their projects being executed ahead of or on schedule. They have undertaken many complexes, challenging, unique and 'first of its kind' infrastructure projects in India and the rest of the world (Source: Fitch Report). According to the Fitch Report, they have a transnational presence in almost the entire spectrum of infrastructure activities. In the 2023 ENR (Engineering News-Record, US) Top International Contractors rankings, they were the 10th largest international marine and port facilities contractor in the world and the only Indian company in the top 25, the 12th largest contractor in the bridges segment and the only Indian company in the top 25, the 42nd largest contractor in the transportation segment and the only Indian company in the top 50, and the 18th largest contractor in the transmission lines and aqueducts segment, in each case based on International Revenue for the Financial Year 2023.

The company's track record showcases their ability to capitalize on their design and extreme engineering capabilities, management expertise, and robust internal systems. Their skilled workforce, complemented by an execution-driven culture, contributes to their success. Further, the company's ability to leverage their experience in executing projects in diverse geographies provides them with a significant advantage in project execution and timely delivery in India and overseas. During the three months ended June 30, 2024, and the Financial Years 2024, 2023 and 2022, they successfully completed three, seven, nine, and seven projects, respectively, aggregating to ₹39,345.65 million, ₹88,431.10 million, ₹63,403.90 million, and ₹75,674.17 million, respectively in contract value. These projects were delivered across 10 countries, and all of these projects were completed on or ahead of schedule. The table below provides an illustrative list of projects from the last ten years that were completed earlier than the scheduled project completion dates:

(₹ in million, except percentages)

Project	Business Verticals	Completed earlier than scheduled (in days)	Bonus earned for early completion (in ₹ million)
Jammu Udhampur Project Highway Project	Surface Transport	156	1,160.30
Nagpur Metro Reach 3	Urban Infrastructure	153	50.00
Nagpur Mumbai Samruddhi Expressway – Package 14	Hydro & Underground	121	996.40
Agra Lucknow Expressway – Package 2	Surface Transport	69	549.37
Agra Lucknow Expressway – Package 4	Surface Transport	68	577.77
Nagpur Mumbai Samruddhi Expressway – Package 2	Surface Transport	64	530.30
Zambia City Decongestion Project	Surface Transport	61	Not applicable

- **Diversified Order Book across Geographies, Clients, and Business Verticals, Longstanding Relationships with Clients Globally, and Strong Financial Performance**

In the industry, the order book holds significant importance as it represents the estimated contract value of the unexecuted portion of a company's existing assigned contracts and provides visibility on future revenues (Source: Fitch Report). Over the last three years, the company has expanded and diversified their order book, reflecting their commitment to organic and sustainable growth while pursuing a broader range of projects. As of June 30, 2024, and 2023 their order book amounted to ₹317,474.27 million and ₹352,402.15 million, respectively. As of March 31, 2024, 2023 and 2022, their order book amounted to ₹309,609.90 million, ₹304,057.67 million and ₹328,048.34 million, respectively. Subsequent to June 30, 2024, they have won projects worth ₹59,367.37 million until September 30, 2024. Additionally, as of September 30, 2024, they were an 'L1 bidder' in projects worth ₹107,323.59 million (Source: Fitch Report).

The company's order book is diversified across business verticals. Although their Urban Infrastructure business vertical forms the largest part of the order book, it has different components which ensure that their order book continues to remain diversified. The tables below set out details of their order book by business verticals, geographies, and types of clients, as of the dates mentioned:

(₹ in million, except percentages)

Business Vertical	As of June 30,			
	2024		2023	
Marine and Industrial	27,218.27	8.6%	28,930.69	8.2%
Surface Transport	30,912.74	9.7%	38,223.07	10.9%
Urban Infrastructure				
▪ Underground and elevated metro	117,428.03	37.0%	133131.29	37.8%
▪ Elevated corridors and bridges	35,757.83	11.3%	44248.8	12.6%
Hydro and Underground	88,194.42	27.8%	85728.41	24.3%
Oil and Gas	17,962.97	5.7%	22139.9	6.3%
Total	**317,474.27**	**100.0%**	**352402.15**	**100.0%**

(₹ in million, except percentages)

Geography	As of June 30,			
	2024		2023	
India	2,40,036.6	75.6%	2,61,013.1	74.1%
Overseas	77,437.7	24.4%	91,389.1	25.9%
Total	**3,17,474.3**	**100.0%**	**35,2,402.2**	**100.0%**

(₹ in million, except percentages)

Geography	As of March 31,					
	2024		2023		2022	
India	224,015.9	72.4%	212,459.4	69.9%	233,125.3	71.1%
Overseas	85,594.0	27.7%	91,598.3	30.1%	94,923.0	28.9%
Total	**309,609.9**	**100.0%**	**304,057.7**	**100.0%**	**328,048.3**	**100.0%**

(₹ in million, except percentages)

Types of clients	As of June 30,			
	2024		2023	
Government	221,602.4	69.8%	239,142.7	67.9%
Multilateral	63,723.7	20.1%	76,222.4	21.6%
Private Sector	32,148.1	10.1%	37,037.1	10.5%
Total	**317,474.3**	**100.0%**	**352,402.2**	**100.0%**

(₹ in million, except percentages)

Types of clients	As of March 31,					
	2024		2023		2022	
Government	204,295.5	66.0%	189,103.8	62.2%	206,620.2	63.0%
Multilateral	69,337.8	22.4%	76,163.7	25.1%	85,218.6	26.0%
Private Sector	35,976.7	11.6%	38,790.2	12.8%	36,209.5	11.0%
Total	309,609.9	**100.0%**	304,057.7	**100.0%**	328,048.3	**100.0%**

- **Collaboration among Internal Teams and with JV counterparties, and a Strategic Equipment Base leading to Strong Execution Capabilities**

Collaboration among the company's internal teams, including those relating to operations, design, human resources, and construction plant and equipment ("CPE"), is instrumental in facilitating strong execution capabilities. Further, to drive innovation and ensure efficient construction methodologies, they have established the Core Methods and Engineering Group ("CMEG"). Led by two senior management executives and comprising other senior-level personnel, the CMEG plays a pivotal role in assisting business units ("BUs") with the planning and development of innovative, construction-friendly, and cost-efficient construction methodologies. This collaboration extends to both ongoing projects and those under bidding. Furthermore, their project planning process involves close coordination between multiple teams, including BUs, CMEG, their construction plant and equipment, design and engineering, finance, supply chain management, human resources, and information technology teams. This collaborative approach ensures the development of comprehensive project plans with fixed timelines, dedicated resource allocation, detailed risk assessment, and budgeting.

In addition, the company executes certain projects through joint ventures, which further enhances their competitive position. Collaborating with established and respected companies in the industry allows them to leverage their expertise, networks, and credibility, facilitating smoother entry into new markets and enhancing their overall business reputation. Furthermore, they actively seek collaboration through technical partnerships, and they maintain longstanding relationships with various original equipment manufacturers, which helps in customization, technical support, technology sharing. These alliances allow them to gain access to specialized technologies required for the successful implementation of their projects and have helped them and continue to help them execute complex projects such as the Atal tunnel, Chenab bridge and Delhi Metro Phase IV underground projects.

- **Knowledge Management and Innovation Practices**

The company placed significant importance on procuring and harnessing knowledge from their prior projects in their ongoing and future projects. They have implemented an operational excellence model, which encompasses the pillars of people, process, technology, and relationships, on all their projects. They have established a dedicated department called the Knowledge Services Group which is responsible for driving knowledge management processes across the organization. They follow a "Learn Before", "Learn During" and "Learn After" framework which acts a pivot around which their knowledge processes are embedded into the project lifecycle. This model ensures that they constantly strive for improvement and fosters a culture of continuous learning. In 2023, they launched the Afcons Talent Management Academy which aims to enhance the knowledge and capabilities of their engineers. The company have received recognition for their knowledge management practices through the MAKE (Most Admired Knowledge Enterprise) and MIKE (Most Innovative Knowledge Enterprise) awards over the last several years, highlighting their commitment to fostering a culture of innovation and problem-solving. They are the only Indian infrastructure company to win the MIKE award six times in a row. They are also the only infrastructure construction company to have a Chief Knowledge Officer.

- **Strong Risk Management, Project Selection and Dispute Resolution Processes**

Afcons recognize the inherent risks prevalent in the infrastructure sector in India and globally and operate a systematic risk management system that assists in identifying, measuring and monitoring the various risks that may arise in their operations. Furthermore, the company has a risk-informed decision-making culture throughout their operations. To facilitate this approach, they have established a team of experienced senior management personnel within their company that is responsible for analyzing and evaluating all proposed new bids and investments. Their assessment includes a review of various aspects, including credit risk, market risk, and operational risk associated with such bids or capital expenditures. This evaluation ensures that their decision-making processes are well-informed and considers the potential risks involved. Their risk management processes span the entire project lifecycle. At the pre-tendering stage, the risks that they evaluate include country risk, client risk, project risk and joint venture risk (if any). The teams involved in analyzing these risks include business development executives, the tendering team and the strategy team. At the tendering stage, immediately after receipt of the tender, they prepare a 'bid or no-bid' analysis based on the scope of work, construction method, estimates of construction materials and equipment. This analysis is prepared by the proposal manager's team along with the risk management team and shared with the business unit head along with a risk pricing plan and a risk mitigation plan. If the risk associated with a project is beyond the limits set out in their risk review guidelines, these materials are also shared with the Executive Vice Chairman and Managing Director to allow them to make a risk-informed decision while approving the final bid. At the project execution stage, the risks they face include unknown site conditions, known operational risks, unknown construction methods, design risk, challenges in site access and logistics, and subcontracting risks. They aim to address these risks through periodic project reviews and risk monitoring at the project site by the project team.

Strategies:

- **Selectively Pursue Large Value and Complex Projects**

The company is focused on pursuing large value and complex projects that fit their project selection process and risk management framework. They typically do not pursue projects in which they anticipate a significant number of competing bids, since bidders tend to compete primarily based on their pricing for such projects. Further, they target technically complex projects in specialized areas since these projects offer better profit margins compared to less complex endeavors as there are fewer competitors. Only bidders that match specified eligibility criteria are permitted to bid for such projects. Such eligibility criteria, among other things, require previous experience in executing similar projects. In this regard, they significantly benefit from their experience of having executed multiple technically challenging projects across their business verticals. Their significant experience provides them with a steady stream of opportunities, leading to greater stability and visibility of revenues. Additionally, large, complex projects provide them with publicity and exposure to potential clients and allow us to distinguish themselves from other EPC companies. For example, they have been engaged for the execution and design of the Greater Male Connectivity link. Valued at ₹40.27 billion, this is the biggest infrastructure project in the Maldives.

- **Maximizing Opportunities in Existing Markets and Expanding Footprint in Overseas Markets**

The company recognizes the significance of geographical diversification in their operations and aim to maximize opportunities in the existing markets and concurrently expand their footprint in overseas markets, capitalizing on diverse growth trends both in India and developing markets abroad. Through this approach, they aim to effectively target growth opportunities, broaden their revenue base, and mitigate risks associated with market conditions and price fluctuations resulting from concentration in a specific geographic region. To manage diversification risks, their initial expansion efforts may focus on areas where they can deliver high-quality services, such as roads, marine and water projects, leveraging their strong experience in international markets. The company aims to expand their client base in East and West Africa, South Asia and Southeast Asia, Eastern Europe and Eurasia, and Saudi Arabia. Furthermore, they seek to leverage growth prospects and consolidate their market position in new geographies within developing markets. Gradual diversification of their portfolio will act as a safeguard against risks arising from specific areas or projects and protect them from the impact of concentrated business activities in limited geographical regions. These strategic differentiators, complemented by the expertise in business development, strategic planning, and strong relationships, empower them to fully exploit the potential of existing markets while continuously identifying emerging opportunities.

- **Focus on Cost Management**

Cost management is a fundamental aspect of their operational strategy. They aim to manage costs in three ways – following an "asset-right" approach, efficiently managing working capital, and ensuring that projects are priced correctly. Their "asset-right" approach is focused on investing and maintaining a strategic equipment base while leasing noncore equipment from external parties, which has helped them control costs and keep capital expenditure in check. This approach helps them maintain an optimal mix of assets through the project lifecycle, allowing them to unlock the full value potential of their assets. As a key component of their asset-right approach, they continuously expand their sub-contractor base. By strategically partnering with a diverse and reliable network of subcontractors, they can flexibly scale their resources based on project demands, ensuring optimal utilization of assets, and minimizing their capital expenditure. They typically do not bid for projects which will require them to incur significant capital expenditure. The company also aims to extend the useful life of their equipment through various initiatives undertaken by in-house and external expert teams. This allows them to

defer their purchases of new equipment, resulting in cost savings. They aim to strengthen their working capital cycle management through timely bill certifications and collections from clients. Their project selection process focusses on finding and winning projects in which they expect to have steady cash flows through periodic payments, which they expect will allow them to stay cash flow positive throughout the project lifecycle. They also generally negotiate escalation clauses in their contracts that help them pass cost overruns on to their clients. Further, they emphasize the importance of limiting costs to site-level project teams. Their progress is then monitored during project monitoring reviews, where they also monitor the overall budget for the project.

- **Optimizing Project Execution and Management**

Optimizing project execution and management has been instrumental to them in delivering complex projects in a timely manner and within budgeted margins. They aim to optimize project execution and management in three ways – optimizing project design, value engineering, and technical innovations. They have a small in-house design engineering team. Their design engineers are trained in both project designs and construction methods, which ensures that project designs are construction friendly. This avoids any back-and forth with the construction team after project designs are finalized. Their in-house design team also works with a network of external design consultants, ranging from start-ups to mid-size consultants, to large design firms. Collaborating with external consultants allows them to benefit from their experience and stay abreast of the latest, cost-effective cutting-edge designs. Additionally, before creating project designs, they spend considerable time understanding their clients' requirements and site analysis. Further, they use state-of-the-art design software to enhance design accuracy and facilitate quicker iterations. They aim to augment their in-house design team's capabilities and expertise through various skill development initiatives, and they also aim to expand their network of external design consultants. Value engineering is an integral aspect of optimizing project execution. Even as projects are being executed, their try to identify valuable engineering opportunities by devising design efficiencies which may not have been contemplated at the tendering stage, thereby reducing estimated construction times and resource requirements. This is achieved through collaboration among their project execution teams and their head office teams.

As part of their digitization strategy, they have identified areas where automation can replace manual intervention, thereby streamlining processes for enhanced efficiency. They have implemented an SAP-based dashboard which provides real-time insights to management teams for informed decision-making. This not only modernizes their approach but also contributes to a more streamlined and transparent budgeting process. By leveraging technology and optimizing processes, they aim to enhance cost-effectiveness while maintaining high-quality standards. For example, they have implemented Remote Monitoring System ("RMS"), an internet of things ("IOT")-based technology, for equipment fleet management across business verticals. They have a dedicated team in Nagpur which monitors their equipment on a 24x7 basis using the RMS. Through the RMS they can monitor various parameters such as utilization, productivity, and fuel usage, of light and heavy motor vehicles on a real-time basis.

- **Growing a highly skilled and motivated workforce and strengthening their equipment base**

The company aims to steadily grow their talent pool to enhance their project execution capabilities. Their total number of permanent employees increased to 3,972 as of June 30, 2024, from 4,041 as of March 31, 2024, 3,934 as of March 31, 2023, and 3,740 as of March 31, 2022. They are also focused on ensuring that their employees are trained in the latest construction methods and technologies. They do this by providing a range of training opportunities, such as civil training, mechanical training, electrical, electronic and instrumentation training, safety training, and fabrication programs. Further, executing technologically complex projects exposes them to several novel challenges, compelling their employees to devise innovative solutions, which are driven by collaborative efforts between their project-level and head office teams. They actively endorse and facilitate these innovations, offering essential support to their teams. Innovations at sites are recognized at their quarterly review meetings and disseminated across organizations through their knowledge management processes. They aim to build a culture that appreciates technical innovations, which will improve their ability to successfully deliver complex projects in the future. As part of their commitment to fostering a unique organizational culture, they are actively developing a framework that reinforces their core values and strengthens the organizational culture. This includes codifying employee expectations to create a cohesive and aligned workforce. They are committed to the development of their employees and have taken several initiatives towards employee training and development. A central development council ("CDC") consisting of top management and senior leadership executives of the company has been formed to oversee developmental programs for employees across all levels. The CDC is expected to ensure that employee development remains a key priority across their organization.

Description of their Business

The company designs and execute projects across five major infrastructure business verticals: (i) Marine and Industrial; (ii) Surface Transport; (iii) Urban Infrastructure; (iv) Hydro and Underground; and (v) Oil and Gas. They have extensive international operations and have a presence or have delivered projects in 30 countries since their inception. Set forth below are details of the number of projects they completed across their five infrastructure business verticals for the periods indicated and the contract value that such projects represented.

Business Vertical	Three months ended June 30,			
	2024		2023	
	No. of projects completed	Contract value (₹ in million)	No. of projects completed	Contract value (₹ in million)
Marine and Industrial	Nil	Nil	Nil	Nil
Surface Transport	1	29,936.85	Nil	Nil
Urban Infrastructure	1	7,457.60	Nil	Nil
Hydro and Underground	1	1,951.20	Nil	Nil
Oil and Gas	Nil	Nil	Nil	Nil
Total	**3**	**39,345.65**	**Nil**	**Nil**