



Afcons Infrastructure Ltd. 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. It has a legacy of over six decades with a strong track record of executing numerous complex, challenging, and unique engineering, procurement, and construction (EPC) projects both within India and internationally. Afcons is 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 FY23. During the period comprising the last 11 financial years and Q1FY25, Afcons has successfully completed 79 projects across 17 countries with a total historic executed contract value of ₹563.05 billion. As of June 30, 2024, Afcons has 65 ongoing projects across 12 countries, aggregating to an order book of ₹317.47 billion. The order book to bill ratio remains healthy at 2.52x, indicating a strong pipeline of projects.

### Investment Rationale:

**Diversified order book across geographies, clients, and business verticals, longstanding relationships with clients globally, and strong financial performance:**

- As of Q1FY25 and Q1FY24, the order book amounted to ₹317,474.27 million and ₹352,402.15 million, respectively. As of FY24, FY23, and FY22, the order book amounted to ₹309,609.90 million, ₹304,057.67 million, and ₹328,048.34 million, respectively.
- Subsequent to Q1FY25, Afcons has won projects worth ₹59,367.37 million until Q1FY24. Additionally, as of Q1FY24, Afcons was an 'L1 bidder' in projects worth ₹107,323.59 million.

### Selectively pursue large value and complex projects:

- Afcons is focused on pursuing large-value and complex projects that align with its project selection process and risk management framework.
- The company typically avoids projects with a high number of competing bids, where competition is primarily based on pricing. Instead, Afcons targets technically complex projects in specialized areas, which offer better profit margins due to fewer competitors.
- These projects require bidders to meet stringent eligibility criteria, including prior experience in executing similar projects.

### Maximizing opportunities in existing markets and expanding footprint in overseas markets:

- Afcons recognizes the significance of geographical diversification in its operations and aims to maximize opportunities in existing markets while expanding its footprint in overseas markets.
- To manage diversification risks, Afcons initially focuses on areas where it can deliver high-quality services, such as roads, marine, and water projects, leveraging its strong experience in international markets.
- The company aims to expand its client base in regions like East and West Africa, South Asia, Southeast Asia, Eastern Europe and Eurasia, and Saudi Arabia.

**Valuation and Outlook:** The global construction industry stood at approximately US\$5.7 trillion as of 2023 and is expected to grow to US\$7.8 trillion by 2029. Expanding construction investment in emerging markets will largely drive global construction industry growth. India is projected to remain the fastest-growing major economy, with a real GDP growth rate forecasted at 6.8% for FY27. The Indian construction industry value stood at ₹23,978.0 billion as of FY23 and is projected to be the fastest-growing construction market in the world, growing at a CAGR of 9.5% to 10% between FY23 and FY28 to reach a market size of ₹38,508.9 billion by FY28. The growth in Afcons' order book with selected large value complex projects has contributed to its strong financial performance. Afcons Infrastructure Ltd. demonstrated a robust financial performance in Q1FY25 despite a decrease in the order book. As of June 30, 2024, Afcons has 65 ongoing projects across 12 countries, aggregating to an order book of ₹317.47 billion. The order book to bill ratio remains healthy at 2.52x, indicating a strong pipeline of projects. Revenue from operations in Q1FY25 was ₹31,543.60 million, compared with ₹31,714.13 million in Q1FY24. The EBITDA for Q1FY25 was ₹3,716.93 million, compared to ₹3,140.55 million in Q1FY24, marking an impressive YoY growth of 18.34%. This improvement is also reflected in the EBITDA margin, which increased to 11.57% in Q1FY25 from 9.75% in Q1FY24. For FY24, Afcons Infrastructure Ltd. reported revenue from operations of ₹132,674.95 million, up from ₹110,189.66 million in FY22, achieving a CAGR of 9.85% over the 2 year period. The company's EBITDA in FY24 was ₹15,831.24 million, up from ₹10,685.99 million in FY22, representing a CAGR of 21.25%. The EBITDA margin for FY24 stood at 11.60%, compared to 9.48% in FY22, underscoring effective cost management and operational efficiency. Furthermore, Afcons maintained strong returns, with a ROE of 13.28% and a ROCE of 20.18% in FY24, demonstrating robust profitability and efficient capital utilization. We recommend to subscribe to the issue as a good long term investment given the unique number of projects the company has undertaken coupled with a strong order book and reasonable valuations.

### Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY22	110189.60	14.91	9360.70	8.5	3576.00	10.49	14.02	17.30
FY23	126373.80	14.69	13106.10	10.37	4108.60	12.06	13.96	20.04
FY24	132674.95	4.99	13,650.16	10.29	4497.38	13.20	13.28	20.18

### Issue Snapshot

Issue Open	25-October-24
Issue Close	29-October-24
Price Band	INR 440 - 463
Issue Size (Shares)	11,72,78,618
Market Cap (mln)	INR 170262

### Particulars

Fresh Issue (INR mln)	INR 12500
OFS Issue (INR mln)	INR 41800
QIB	50%
Non-institutionals	15%
Retail	35%

### Capital Structure

Pre Issue Equity	34,07,38,269
Post Issue Equity	36,77,36,109
Bid Lot	32 Shares
Minimum Bid amount @ 440	INR 14080
Maximum Bid amount @ 463	INR 14816

### Share Holding

	Pre Issue	Post Issue
Promoters	99.48%	67.63%
Public	1.00%	32.37%

### Particulars

Face Value	INR 10
Book Value	INR 97.83
EPS, Diluted	INR 13.2

### Objects of the Issue

- Purchasing construction equipment- INR 800 million
- Funding working capital requirement- INR 3200 million
- Prepayment of borrowings- INR 6000 million
- General Corporate Purposes

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research@smifs.com

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### Company orderbook:

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)¹	317,474.27	352,402.33	309,699.90	306,077.67	328,048.54
Domestic Order Book (₹ in million)	240,056.56	269,051.00	224,003.91	212,459.38	233,125.34
Domestic Order Book (%)²	75.63%	76.35%	72.33%	69.41%	71.06%
Overseas Order Book (₹ in million)	77,417.70	83,351.33	85,695.99	93,618.29	94,923.00
Overseas Order Book (%)²	24.37%	23.65%	27.67%	30.59%	28.94%
Book to Bill Ratio (x)³	2.32	2.78	2.35	2.41	2.06
Order Inflow (₹ in million)⁴	29,893.10	46,799.30	77,636.41	76,238.30	108,835.40
Revenue from operations (₹ in million)⁵	31,240.60	31,734.21	122,674.95	126,573.82	110,189.66
% Revenue from overseas projects⁶	26.23%	29.03%	24.89%	31.82%	32.27%
Total Income (₹ in million)⁷	32,134.70	32,713.81	126,408.74	128,440.90	112,097.49

### Industry Overview:

**Emerging market to drive Global Construction Growth, wherein India is projected to be the fastest growing construction market in the world:** Global construction growth will largely be driven by expanding construction investment in emerging markets, with emerging market construction industry value expected to grow by an annual average real growth of 3.9% YoY between CY2024 and CY2033. This will mark slower growth compared to average annual growth of 4.2% yo-y between CY2013 and CY2023. Emerging markets in the region will lead growth in the region with India, Indonesia, Vietnam, the Philippines, and Bangladesh among markets that will see the highest growth rates in the region over the coming decade. The strong growth of construction in emerging markets will be driven in large part by emerging markets in Asia, given the large size of these markets and relatively high growth rates.



At the regional level, the Asia-Pacific region is set to drive the growth of the global construction industry. This will be the product of both the large size of the region's construction industry, which accounted for 40.0% of the global construction industry in USD terms in 2023, as well as robust growth for the region's construction industry over the coming years. FSIAPL forecasts that Asia's construction industry will grow by 4.5% y-o-y and 4.1% YoY in CY2024 and CY2025 respectively, and by an annual average of 3.8% y

-o-y between CY2024 and CY2033. Within the Asia-Pacific region, several Southeast Asian markets including the Philippines, Vietnam and Indonesia will see robust growth, supporting the industry overall while the expansion of India's construction industry will also contribute. This will come despite a deceleration of India's construction industry growth rate, with the industry to see a forecast real growth of 8.5% y-o-y in CY2024 and 6.4% y-o-y in CY2025 and by a forecast annual average real growth of 6.4% y-o-y between CY2024 and CY2033. Mainland China's construction industry, in contrast, will see more modest growth, with average annual growth of 3.2% y-o-y forecast between CY2024 and CY2033. While Asia-Pacific will drive global construction growth in part given its large size, Sub-Saharan Africa (SSA) will see the highest growth rate of any region globally, with the SSA construction industry value to grow in real terms by 5.6% y-o-y in CY2024 and 4.1% y-o-y in CY2025 and see average annual growth of 4.9% y-o-y between CY2024 and CY2033. This will mark a slight moderation in growth for the region compared to average annual growth of 5.4% y-o-y between CY2013 and CY2023 but will put SSA as the strongest growing region globally over the coming decade. FSIAPL anticipates that growth will be concentrated in East and West Africa, with markets like Côte d'Ivoire, Tanzania, and Rwanda set to be global outperformers.



Country wise and sector wise details of the total project pipelines is as follows:



Country	Highways	Commercial	Industrial	Oil & Gas	Power	Water	Ports & Airports	Other	Grand Total	
Armenia	2,084.0	16,811.0	21,478.0	46,025.0	6,818.0	189,109.0	120,200.0	21,481.0	3,000.0	407,888.0
Australia	5,000.0	10,100.0	10,100.0	-	5,000.0	10,100.0	10,100.0	10,100.0	10,100.0	100,000.0
Bangladesh	40,000.0	700.0	1,000.0	-	1,000.0	40,000.0	15,000.0	15,000.0	1,000.0	100,000.0
Brazil	-	-	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	10,000.0	100,000.0
Canada	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
China	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
France	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
Germany	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
India	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
Indonesia	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
Italy	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
Japan	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
South Korea	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
USA	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
UK	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
Other	-	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0	10,000.0
<b>Grand Total of Total Project Pipeline (Amount in USD million)</b>										<b>1,200,000.0</b>



Segment	Name of the Ministry	FY2023A	FY2024RE	FY2025BE	Growth % (FY2025BE v/s FY2023A)
Infrastructure	Roads	2,058.9	2,365.3	2,721.9	2.9%
	Railways	1,593.4	1,806.9	2,120.9	5.8%
	Urban Infra	268.8	303.3	356.2	7.8%
	Ports	8.8	11.7	15.8	7.8%
	Power	5.2	1.2	10.1	772.9%
	Irrigation	1.7	3.1	4.0	23.7%
	Oil & Gas	0.0	0.4	11.1	99%
Metals & Mining	Ministry of Mines	0.8	0.8	0.5	-40.5%
Total Capital Outlay of Core Infrastructure Ministries (INR Billion)		5,686.1	6,301.9	7,063.1	4.9%

Source: Union Budget, FSI/PII  
 Note: F – Actuals, RE – Revised Estimates, BE – Budgeted Estimates, Nil – Not Mentioned

Out of the core 8 infrastructure ministries, the ministries which have been allocated higher share for capital expenditure in FY2025 are Ministry of Jal Shakti - Department of Water Resources, River Development and Ganga Rejuvenation (23.7% higher than FY2024RE), Ministry of Power (772.9% higher than FY2024RE), Ministry of Housing and Urban Affairs (7.9% higher than FY2024RE), Ministry of Railways (5% higher than FY2024RE) and Ministry of Road Transport and Highways (2.9% higher than FY2024RE). The table below highlights the historical CAGR and expected CAGR of core infrastructure sectors in India:

Segment	Historical CAGR % (FY2018A-FY2023A)	Expected CAGR % (FY2023A-FY2028P)
National Highway	40 - 45%	5-6%
State Highway	8 - 10%	4-5%
Rural Roads	1-2%	1-2%
Irrigation	-12.5%	4.0%
Railways	29.7%	6.0%
Metals & Mining	-7.3%	4.2%
Urban Infra	11.9%	5.0%
Ports	30.1%	4.5%

Segment	Historical CAGR % (FY2018A-FY2023A)	Expected CAGR % (FY2025BE-FY2028P)
Oil & Gas	-100.0%	4.0%*

**Outlook on the Capital Outlay of Overall Construction Industry in India (FY23 – FY28):** India continues to be a relatively attractive destination for investment in infrastructure and its project pipeline has expanded in recent years, which will support the growth forecasts going forward. FSIAPL has projected the capital outlay of core Infra Ministries in the table given below. FSIAPL expects the capital outlay for the road sector to increase at a CAGR of 6%, the railway sector to increase at a CAGR of 6%, Urban Infra to increase at a CAGR of 5% and the ports sector to increase at a CAGR of 4.5% during the period FY2023–FY2028. The irrigation, oil & gas and metals sector would post CAGR of 4–4.2% during the period FY2023–FY2028.

Segment	Name of the Ministry	FY2023A	FY2024RE	FY2025BE	FY2026P	FY2027P	FY2028P	CAGR % (2023A-2028P)
Infrastructure	Roads	2,058.9	2,365.3	2,721.9	3,078.3	3,434.7	3,791.1	6.0%
	Railways	1,593.4	1,806.9	2,020.4	2,233.9	2,447.4	2,660.9	6.0%
	Urban Infra	268.8	303.3	337.8	372.3	406.8	441.3	5.0%
	Ports	8.8	11.7	15.6	19.5	23.4	27.3	4.5%
	Power	5.2	1.2	10.1	19.0	27.9	36.8	5.0%
	Irrigation	1.7	3.1	4.0	4.9	5.8	6.7	4.0%
	Oil & Gas	0.0	0.4	11.1	22.2	33.3	44.4	6.0%*
Metals & Mining	Ministry of Mines	0.8	0.8	0.5	0.8	0.7	0.7	8.2%

**Growth drivers of overall construction sector in India:**

The Indian Construction industry is poised for growth driven by the government’s sustained thrust on capital expenditure, sector-specific rebound in private capex and accelerated project execution supported by the likely reduced raw material price volatility. A few factors fostering the growth of Construction Industry in India are as follows:

- Increased budgetary allocation for the infrastructure sector:** As per the Union Budget of FY2025, the planned capital expenditure for FY2025 stands at INR 11.1 trillion, which is a 11.1% increase from last year. Substantial funding is expected to be earmarked for the road and rail sectors. The Union Budget of FY2025 allocated INR 2.8 trillion to the Ministry of Road Transport and Highways, a 2.8% increase from the previous year. Indian Railways was granted INR 2.6 trillion, following last year’s historic allocation of INR 2.4 trillion. These funds are designated for developing three major economic railway corridors and various modernisation projects. Overall, the Government’s strong support for the sectors underpins FSIAPL’s positive outlook for medium-term transport infrastructure construction growth in India.
- Rising FDI in the Infrastructure sector:** India’s construction market’s strong performance throughout the year was driven by the government’s ongoing ambitious infrastructure investment programme and continued strong foreign direct investment (FDI) inflows, particularly in the market’s manufacturing sector. In FY2024, FDI in India’s construction sector almost doubled from the previous year.
- Rapid urbanization has a significant impact on the Construction Industry:** According to Census 2011, the decadal growth of urban population was higher than rural population, with 31.2% of the population living in urban areas. There has been an increase in the number of large cities in India. As many as 53 cities in India has a million-plus population as per Ministry of Housing and Urban Affairs. The growth of urbanization in India has had a significant impact on various industries, including the construction industry. As urban populations continue to grow, the demand for new construction projects including housing, commercial buildings, infrastructure, smart cities, etc will increase. Government push in the form of infrastructure development projects such as National Infrastructure Pipeline, Smart Cities Mission, Gati Shakti, UDAN, Bharatmala Pariyojana, Sagarmala and the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) will foster the growth of Construction activity in India.
- Reforms Facilitating Private and Foreign Investment:** Growth opportunities arising from Indian Government’s policy steps in recent years, domestic corporates focusing more on localisation and multinationals looking to reduce risk in global supply chains may attract higher private investment in the medium term. The Indian banking system’s improved financial health and confidence in borrowers’ credit profiles also positions it well for the higher credit growth needed to realise the corporates’ spending plans. Recent reforms of India’s FDI regulations are positive for attracting investment and participation in the country’s infrastructure sectors, which would be positive for overall growth given India’s sizeable infrastructure needs. The cabinet approved revisions to the FDI regulations relaxing restrictions on foreign ownership of airlines, power exchanges and construction and real estate businesses. It was the latest reform to come as part of Make in India initiative, which previously also

relaxed restrictions on FDI in the roads and railway sub-sectors. There is significant room for foreign companies to grow their presences in India's infrastructure sector, though FSIAPL acknowledges that FDI regulations are just one component of improving the market's attractiveness. Given India's immense infrastructure deficit, the sector would benefit from capital and technical expertise that foreign investors and partners could bring.



### Investment Rationale:

**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. Over the last three years, Afcons has expanded and diversified the order book, reflecting a commitment to organic and sustainable growth while pursuing a broader range of projects. As of Q1FY25 and Q1FY24, the order book amounted to ₹317,474.27 million and ₹352,402.15 million, respectively.

(₹ in million, except percentages)

Business Vertical	As of June 30			
	2024		2023	
Marine and Industrial	27,218.27	8.57%	28,930.69	8.21%
Surface Transport	30,912.74	9.74%	38,223.07	10.85%
Urban Infrastructure				
• Underground and elevated metro	117,428.03	36.99%	133,131.29	37.78%
• Elevated corridors and bridges	33,737.83	11.26%	44,248.80	12.56%
Hydro and Underground	88,194.42	27.78%	85,728.41	24.33%
Oil and Gas	17,962.97	5.66%	22,139.90	6.28%
<b>Total</b>	<b>317,474.27</b>	<b>100.00%</b>	<b>352,402.15</b>	<b>100.00%</b>

(₹ in million, except percentages)

Business Vertical	As of March 31,			
	2024		2023	
Marine and Industrial	30,523.19	9.88%	29,092.16	9.57%
Surface Transport	33,185.80	10.74%	39,869.45	11.11%
Urban Infrastructure				
• Underground and elevated metro	114,237.80	36.90%	77,699.21	28.54%
• Elevated corridors and bridges	30,132.98	12.64%	49,335.90	16.29%
Hydro and Underground	73,191.97	25.64%	85,430.25	28.10%
Oil and Gas	19,138.96	6.18%	22,470.70	7.99%
<b>Total</b>	<b>309,609.90</b>	<b>100.00%</b>	<b>304,857.67</b>	<b>100.00%</b>

(₹ in million, except percentages)

Geography	As of June 30,			
	2024		2023	
India	246,836.36	75.61%	261,813.00	74.07%
Overseas	70,637.90	24.39%	90,599.05	25.93%
<b>Total</b>	<b>317,474.27</b>	<b>100.00%</b>	<b>352,402.05</b>	<b>100.00%</b>

(₹ in million, except percentages)

Geography	As of March 31,			
	2024		2023	
India	224,813.91	72.31%	212,499.34	69.87%
Overseas	84,795.99	27.69%	92,358.29	30.13%
<b>Total</b>	<b>309,609.90</b>	<b>100.00%</b>	<b>304,857.67</b>	<b>100.00%</b>

(₹ in million, except percentages)

Types of clients	As of June 30,			
	2024		2023	
Government <sup>1)</sup>	221,855.42	69.89%	239,342.70	67.89%
Multinational <sup>2)</sup>	63,723.74	20.07%	76,222.39	21.61%
Private Sector	32,148.38	10.13%	37,037.06	10.51%
<b>Total</b>	<b>317,474.27</b>	<b>100.00%</b>	<b>352,402.15</b>	<b>100.00%</b>

(₹ in million, except percentages)

Types of clients	As of March 31,			
	2024		2023	
Government <sup>1)</sup>	204,293.50	65.99%	189,103.76	62.19%
Multinational <sup>2)</sup>	69,337.75	22.40%	76,163.76	25.09%
Private Sector	35,978.65	11.62%	38,790.21	12.72%
<b>Total</b>	<b>309,609.90</b>	<b>100.00%</b>	<b>304,857.67</b>	<b>100.00%</b>

<sup>1)</sup> Companies state and central governments, government agency and government-owned enterprises, both in India and other countries  
<sup>2)</sup> Projects funded by the Government of India in other countries.

Subsequent to Q1FY25, Afcons has won projects worth ₹59,367.37 million until Q1FY24. Additionally, as of Q1FY24, Afcons was an 'L1 bidder' in projects worth ₹107,323.59 million. The order book is diversified across business verticals. Although the Urban Infrastructure business vertical forms the largest part of the order book, it has different components which ensure that the order book continues to remain diversified. The tables below set out details of the order book by business verticals, geographies, and types of clients, as of the dates mentioned:

The growth in Afcons' order book has also contributed to its strong financial performance. For the three months ended Q1FY25 and Q1FY24 and the Financial Years FY24, FY23, and FY22, Afcons' revenue from operations amounted to ₹31,543.60 million, ₹31,714.13 million, ₹132,674.95 million, ₹126,373.82 million, and ₹110,189.66 million, respectively. The company's EBITDA for the same periods was ₹3,716.93 million, ₹3,140.55 million, ₹15,831.24 million, ₹13,737.89 million, and ₹10,685.99 million, respectively. Among large infrastructure construction companies in India, Afcons had the highest ROCE and EBITDA margins, and the second-highest ROE and PAT margins for FY24. The company's PAT has grown at the fastest rate between FY22 and FY24.

**Selectively pursue large value and complex projects:** Afcons is focused on pursuing large-value and complex projects that align with its project selection process and risk management framework. The company typically avoids projects with a high number of competing bids, where competition is primarily based on pricing. Instead, Afcons targets technically complex projects in specialized areas, which offer better profit margins due to fewer competitors. These projects require bidders to meet stringent eligibility criteria, including prior experience in executing similar projects.

Afcons benefits significantly from its extensive experience in executing multiple technically challenging projects across its business verticals. In the Marine and Industrial and Surface Transport verticals, the company has completed 235 projects in 15 countries, including 206 in India, and several large-scale expressway projects. In the Urban Infrastructure vertical, Afcons has constructed over 120 km of elevated and underground metro networks, more than 150 bridges, viaducts, and flyovers, and 32 elevated and underground metro stations across nine cities in India.

This extensive experience provides Afcons with a steady stream of opportunities, ensuring greater stability and visibility of revenues. Large and complex projects also enhance the company's publicity and exposure to potential clients, distinguishing it from other EPC companies. For instance, Afcons has been engaged in the execution and design of the Greater Male Connectivity link, valued at ₹40.27 billion, the largest infrastructure project in the Maldives.

**Maximizing opportunities in existing markets and expanding footprint in overseas markets:** Afcons recognizes the significance of geographical diversification in its operations and aims to maximize opportunities in existing markets while expanding its footprint in overseas markets. This approach allows the company to capitalize on diverse growth trends in India and developing markets abroad, effectively targeting growth opportunities, broadening its revenue base, and mitigating risks associated with market conditions and price fluctuations resulting from geographic concentration. To manage diversification risks, Afcons initially focuses on areas where it can deliver high-quality services, such as roads, marine, and water projects, leveraging its strong experience in international markets. The company aims to expand its client base in regions like East and West Africa, South Asia, Southeast Asia, Eastern Europe and Eurasia, and Saudi Arabia.

Additionally, Afcons seeks to leverage growth prospects and consolidate its market position in new geographies within developing markets. The gradual diversification of its portfolio acts as a safeguard against risks arising from specific areas or projects, protecting the company from the impact of concentrated business activities in limited geographic regions. These strategic differentiators, complemented by Afcons' expertise in business development, strategic planning, and strong relationships, empower the company to fully exploit the potential of existing markets while continuously identifying emerging opportunities.

**Valuation and outlook:** The global construction industry stood at approximately US\$5.7 trillion as of 2023 and is expected to grow to US\$7.8 trillion by 2029. Expanding construction investment in emerging markets will largely drive global construction industry growth. India is projected to remain the fastest-growing major economy, with a real GDP growth rate forecasted at 6.8% for FY27. The Indian construction industry value stood at ₹23,978.0 billion as of FY23 and is projected to be the fastest-growing construction market in the world, growing at a CAGR of 9.5% to 10% between FY23 and FY28 to reach a market size of ₹38,508.9 billion by FY28. The growth in Afcons' order book with selected large value complex projects has contributed to its strong financial performance. Afcons Infrastructure Ltd. demonstrated a robust financial performance in Q1FY25 despite a decrease in the order book. As of June 30, 2024, Afcons has 65 ongoing projects across 12 countries, aggregating to an order book of ₹317.47 billion. The order book to bill ratio remains healthy at 2.52x, indicating a strong pipeline of projects. Revenue from operations in Q1FY25 was ₹31,543.60 million, compared with ₹31,714.13 million in Q1FY24. The EBITDA for Q1FY25 was ₹3,716.93 million, compared to ₹3,140.55 million in Q1FY24, marking an impressive YoY growth of 18.34%. This improvement is also reflected in the EBITDA margin, which increased to 11.57% in Q1FY25 from 9.75% in Q1FY24. For FY24, Afcons Infrastructure Ltd. reported revenue from operations of ₹132,674.95 million, up from ₹110,189.66 million in FY22, achieving a CAGR of 9.85% over the 2 year period. The company's EBITDA in FY24 was ₹15,831.24 million, up from ₹10,685.99 million in FY22, representing a CAGR of 21.25%. The EBITDA margin for FY24 stood at 11.60%, compared to 9.48% in FY22, underscoring effective cost management and operational efficiency. Furthermore, Afcons maintained strong returns, with a ROE of 13.28% and a ROCE of 20.18% in FY24, demonstrating robust profitability and efficient capital utilization. We recommend to subscribe to the issue as a good long term investment given the unique number of projects the company has undertaken coupled with a strong order book and reasonable valuations.

## Peer Comparison

FY24 Peer comparison				
Name of the companies	Revenue	Closing Price	EPS Diluted	P/E
Afcons Infrastructure Ltd.	1,32,674.95	463	13.2	35.08
<b>Listed Peers</b>				
L&T Ltd.	2211129.1	3449	93.88	36.74
KEC Inter-tio-I Ltd.	1,99,141.70	931	13.49	69.01
Kalpataru project Inter-tio-I Ltd.	1,96,264.30	1232	31.37	39.27
Dilip Buildcon Ltd.	1,20,119.04	490.8	13.36	36.74

1QFY25					
KPI	Afcons Infrastructure Ltd.	L&T	KEC	KPIL	DBL
Order Book (INR Million)	3,17,474.27	-	3,27,150.00	5,71,950.00	1,86,065.00
Domestic Order Book (INR Million)	2,40,036.56	-	2,42,091.00	3,08,853.00	1,86,065.00
Domestic Order Book %	75.61%	-	74.00%	54.00%	100.00%
Overseas Order Book (INR Million)	77,437.70	-	85,059.00	2,63,097.00	0
Overseas Order Book %	24.39%	-	26.00%	46.00%	0.00%
Book to Bill Ratio (x)	2.52	-	1.81	3.12	1.48
Order Inflow (INR Million)	29,892.10	-	76,640.00	31,820.00	9,258.00
Revenue from operations (INR Million)	31,543.60	3,02,787.50	45,118.90	45,870.00	31,341.54
% Revenue from overseas projects	26.22%	-	-	-	0.00%
Total Income (INR Million)	32,134.70	3,27,272.70	45,550.20	46,090.00	31,543.69
EBITDA (INR Million)	3,716.93	44,333.30	-	-	-
EBITDA Margin (%)	11.57%	13.55%	-	-	-
PAT	915.86	29,613.40	875.8	840	1,397.69
PAT Margin (%)	2.85%	9.05%	1.92%	1.82%	4.43%
Cash Profit Margin (%)	6.90%	10.52%	2.94%	4.40%	7.21%

FY24					
KPI	Afcons Infrastructure Ltd.	L&T	KEC	KPIL	DBL
Order Book (INR Million)	3,52,402.15	-	3,01,250.00	4,73,320.00	2,40,509.00
Domestic Order Book (INR Million)	2,61,013.10	-	2,13,887.50	2,88,725.20	2,40,509.00
Domestic Order Book %	74.07%	-	71.00%	61.00%	100.00%
Overseas Order Book (INR Million)	91,389.05	-	87,362.50	1,84,594.80	0
Overseas Order Book %	25.93%	-	29.00%	39.00%	0.00%
Book to Bill Ratio (x)	2.78	-	1.77	2.79	2.06
Order Inflow (INR Million)	61,799.30	-	44,970.00	51,220.00	6,990.00
Revenue from operations (INR Million)	31,714.13	2,69,305.40	42,435.90	42,410.00	29,207.78
% Revenue from overseas projects	29.15%	-	-	-	0.00%
Total Income (INR Million)	32,215.01	2,77,887.70	42,464.20	42,590.00	29,443.00
EBITDA (INR Million)	3,140.55	27,316.40	-	-	-
EBITDA Margin (%)	9.75%	9.83%	-	-	-
PAT	909.62	17,923.60	423.3	1,130.00	123.09
PAT Margin (%)	2.82%	6.45%	1.00%	2.65%	0.42%
Cash Profit Margin (%)	6.26%	7.81%	1.98%	5.47%	3.71%

Income Statement					Balance Sheet				
Y/E (INR mn)	FY22	FY23	FY24	1QFY25	Y/E (INR mn)	FY22	FY23	FY24	1QFY25
Revenue	1,10,189.60	1,26,373.80	1,32,674.95	31,543.60	<b>Source of funds</b>				
Expenses:					Equity Share Capital	5219.70	5219.70	3407.40	3407.40
Cost of materials consumed	31,763.10	38,517.10	40,124.73	7,984.70	Reserves	21900.90	26537.20	32552.21	33,425.24
Cost of Construction	49,396.37	52,006.54	52,939.70	13,858.90	Total Share holders funds	27120.60	31756.90	35975.21	36848.24
Employee Cost	10849.80	12982.30	13834.24	3448.20	Total Debt	1,33,271.80	1,46,812.20	24,550.03	33,650.98
Total Expenses	1,00,828.90	1,13,267.70	1,19,024.79	28,008.87	Current Liabilities	75,284.90	84,192.90	1,26,361.20	1,04,585.20
EBITDA	9,360.70	13,106.10	13,650.16	3,534.73	Trade Payables	26973.20	35085.00	43256.08	42807.82
EBITDA Margin %	8.5	10.37	10.29	11.21	Total Non-Current Liabilities	30,959.10	30,846.80	27,546.54	30,412.31
Interest	4,247.30	4,466.60	5,772.58	1,469.10	<b>Total Liabilities</b>	1,33,271.80	1,46,812.20	1,62,336.41	1,71,845.75
Depreciation	3553.70	4715.80	4945.34	1302.30	<b>Application of funds</b>				
Other Income	2505.80	2067.10	3793.79	591.10	Fixed Assets	23177.50	24982.20	27830.47	27259.19
PBT	4,065.50	5,990.80	6,726.03	1,354.43	Cash and Bank	5264.20	3774.40	6662.60	8,972.12
PAT	3,576.00	4,108.60	4,497.38	915.86	Current Assets	81175.60	91443.20	109732.92	119485.81
EPS	10.49	12.06	13.20	2.69	Trade Recievables	23038.70	21966.30	4,992.11	4904.96
					Inventory	12702.40	15857.90	16265.70	17092.20
					Other current assets	1938.90	2791.50	10419.17	11368.89
					<b>Total Assets</b>	1,33,271.80	1,46,812.20	1,62,336.41	1,71,845.75

Cash Flow					Key Ratios			
Y/E (INR mn)	FY22	FY23	FY24	1QFY25	Y/E (INR mln)	FY22	FY23	FY24
Profit Before Tax	4065.50	5990.80	6726.03	1,354.43	<b>Growth Ratio</b>			
Adjustment	6988.60	8174.90	9,608.63	2,032.98	Net Sales Growth(%)	17.53	14.69	4.99
Changes In working Capital	-3784.90	-1012.20	-6758.81	7859.15	EBITDA Growth(%)	17.72	27.87	4.15
Cash Flow after changes in Working Capital	7269.20	13153.50	9575.85	-4,471.74	PAT Growth(%)	110.49	14.89	9.46
Tax Paid	-1164.70	-999.00	-2501.37	-550.31	<b>Margin Ratios</b>			
Cash From Operating Activities	6104.50	12154.50	7074.48	-5,022.05	Gross Profit	71.17	69.52	69.76
Cash Flow from Investing Activities	-2506.20	-8701.90	-8585.67	-344.3	EBITDA	8.5	10.37	10.29
Cash from Financing Activities	-5210.10	-4825.30	2455.26	7,500.33	PBT	3.69	4.74	5.07
Net Cash Inflow / Outflow	-1611.80	-1372.70	944.07	2,133.98	PAT	3.25	3.25	3.39
Opening Cash & Cash Equivalents	6125.20	4470.80	3193.21	4,132.59	<b>Return Ratios</b>			
Closing Cash & Cash Equivalent	4470.80	3193.20	4132.59	6,282.27	ROA	2.74	2.93	2.91
					ROE	14.02	13.96	13.28
					ROCE	17.30	20.04	20.18
					<b>Turnover Ratios</b>			
					Asset Turnover(x)	0.85	0.90	1.22
					Inventory Turnover(x)	9.98	8.85	8.57
					Fixed Asset Turnover (x)	2.76	2.74	4.77
					<b>Solvency Ratios</b>			
					Total Debt/Equity(x)	0.57	0.49	1.11
					Current Ratio(x)	1.08	1.09	0.87
					Quick Ratio(x)	0.91	0.90	0.74
					Interest Cover(x)	1.96	2.34	2.36
					<b>Valuation Ratios</b>			
					P/E	-	-	35.08
					EV/EBITDA	-	-	13.78

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**Contact us:**

**SMIFS Limited. (<https://www.smifs.com/>)**

**Compliance Officer:**

**Sudipto Datta,**

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 / +91 33 6634 5401

Email Id.: [compliance@smifs.com](mailto:compliance@smifs.com)

**Mumbai Office:**

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: [institutional.equities@smifs.com](mailto:institutional.equities@smifs.com)

**Kolkata Office:**

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: [smifs.institutional@smifs.com](mailto:smifs.institutional@smifs.com)

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