BUY (Maintain)

CMP: **INR 407** Target Price: **INR 496** ▲ 22%

ICICI Securities

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10 August 2025

India | Equity Research | Results Update

Afcons Infrastructure

Infrastructure

Strong YTD order intake; eyes on execution ramp-up

Afcons reported a steady Q1FY26. Revenues stood at INR 34bn, EBITDA came in at INR 4.3bn (+23% YoY) and margins swelled 170bps YoY to 12.9%. Thus, PAT surged 50% YoY to INR 1.3bn. Earnings for the quarter looked steady on the back of healthier margins; though, execution should pick up from H2FY26. It has an order book (OB) of INR 353bn and is L1 in projects worth INR 215bn (includes recently won projects in Croatia). It would be crucial for Afcons to convert these into LoAs (start of execution) to help earnings visibility. Of these L1s, we see execution for projects worth ~INR 170bn starting in H2FY26 – aiding execution pick up. Order pipeline is healthy at INR 3.3trn (INR 2.2trn domestic). Given the strong OB (incl. L1s), visibility on execution pick up and strong order pipeline, Afcons should meet its FY26 guidance. Retain **BUY** with a TP of INR 496.

Steady set of results

Afcons reported revenues at INR 33.7bn (+6% YoY); EBITDA came at INR 4.3bn (+23% YoY) as margins swelled 170bps YoY to 12.9%. PAT stood at INR 1.3bn (+50% YoY). Execution for the quarter was slightly below our estimate; we expect an uptick in H2FY26, thus, meeting the guidance of 20% growth in revenue with margins ~11%.

Strong OI; conversion to LoAs crucial

OB stands at INR 353bn (+9% YoY) – 2.8x TTM revenues. It is L1 in another orders worth INR 215bn; including which, its OB stands at INR 568bn. During the quarter, it received orders from Croatia worth INR 114bn – in roads and railways segment – it shall start execution in Q3FY26 (120 days from L1). Moreover, it remains L1 in Nagpur Gondia (delayed due to land acquisition) worth INR 48bn and Pune ring road (land acquired, expect LoA anytime soon) worth INR 53bn. Receiving LoAs for these projects remain crucial to aid its earnings.

Healthy pipeline ahead

Afcons has a healthy bid pipeline of INR 3.3trn within the domestic and international markets across diverse segments including urban infra, surface transport, marine and hydro. We believe revenue growth guidance of 20–25% and OI guidance of INR 200–250bn seem achievable given the strong book-to-bill ratio and healthy pipeline.

Maintain BUY with TP of INR 496

We maintain BUY on the stock with a TP of INR 496.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	1,25,484	1,50,581	1,80,697	1,98,767
EBITDA	13,560	16,311	20,296	21,478
EBITDA Margin (%)	10.8	10.8	11.2	10.8
Net Profit	4,868	6,247	8,106	11,445
EPS (INR)	13.2	17.0	22.0	31.1
EPS % Chg YoY	0.3	28.3	29.8	41.2
P/E (x)	30.7	23.9	18.4	13.1
EV/EBITDA (x)	12.1	8.8	6.6	6.6
RoCE (%)	13.6	13.7	15.2	17.0
RoE (%)	11.0	11.2	12.9	15.7

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Market Data

Market Cap (INR)	150bn
Market Cap (USD)	1,707mn
Bloomberg Code	AFCONS IN
Reuters Code	AFCN.BO
52-week Range (INR)	570 /382
Free Float (%)	32.0
ADTV-3M (mn) (USD)	6.8

Price Performance (%)	3m	6m	12m
Absolute	(2.4)	(12.8)	0.0
Relative to Sensex	(1.8)	(15.4)	0.0

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

28-05-2025: Q4FY25 results review

25-03-2025: Initiating Coverage

Exhibit 1: Consolidated quarterly financials

Particulars (INR mn)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	QoQ (%)	YoY (%)
Net sales	31,544	29,597	32,111	32,233	33,704	*5%*	*7%*
EBITDA	3,535	3,444	3,645	2,936	4,353	*48%*	*23%*
OPM (%)	*11.2%*	*11.6%*	*11.3%*	*9.1%*	*12.9%*	*381 bps*	*171 bps*
Other inc.	591	1,299	1,212	1,642	487	*-70%*	*-18%*
Interest	1,469	1,638	1,687	1,497	1,618	*8%*	*10%*
Dep. & Amort.	1,302	1,198	1,171	1,240	1,388	*12%*	*7%*
PBT	1,355	1,907	1,998	1,841	1,834	*0%*	*35%*
Adj. PAT	916	1,354	1,489	1,109	1,374	*24%*	*50%*
Reported PAT	916	1,354	1,489	1,109	1,374	*24%*	*50%*
EPS (INR)	3	4	4	3	4	*15%*	*39%*
Order Inflow	44,625	44,625	56,780	13,570	10,930	*-19%*	*-76%*
Order Backlog	3,25,011	3,41,520	3,80,210	3,68,690	3,53,110	*-4%*	*9%*
Book to bill (x)	2.5	3.4	3.8	2.9	2.8		
L1	-	1,01,540	1,06,620	1,06,620	2,15,560	*102%*	

Source: I-Sec research, Company data

Valuation and outlook

Afcons is in a league of its own, having forged a legacy of executing large and complex EPC projects over the past few decades. It has built a diversified geographical and segmental exposure, allowing it to maximise opportunities and weather periodic slowdowns in capex in certain segments/geographies. Over FY19–25, its revenue and PAT had grown at CAGRs of 6% and 13%, respectively. With robust OI in FY25 along with new orders won in YTD–FY26, the company's revenue visibility is strong, given higher than the average book-to-bill over the past two decades. It has a book-to-bill ratio of 4.5x (including L1s). We estimate revenue and EPS to grow at CAGRs of 20% and 29%, respectively, over FY25–27E.

On balance, we maintain our **BUY** rating on the stock with a TP of INR 496. **Key risks**: 1) Delays in execution of projects. 2) Delays in payments from customers; thereby, increasing the receivables position. 3) Lower-than-expected OI.

Exhibit 2: Valuation

Particulars	Rationale	INR mn	Multiple (x)	Value (INR mn)	Value per share (INR)
EPC	22x FY27E earnings	8,106	22	1,82,312	496
Target price (INR)				**1,82,312**	**496**
O/s shares					368
CMP					407
Upside/ Downside					**22.0%**

Source: I-Sec research, Company data

Q1FY26 conference call highlights

- **Management maintains its guidance**
  - Revenue growth of 20-25%
  - EBITDA margin of 11%
  - Order inflow of INR 200bn
- **Pipeline remains strong at INR 3.35trn – (two-thirds is domestic)**
  - Urban at INR1.4trn
  - Hydro at INR 0.8trn
  - Surface at INR 0.7trn
  - Marine at INR 0.46trn

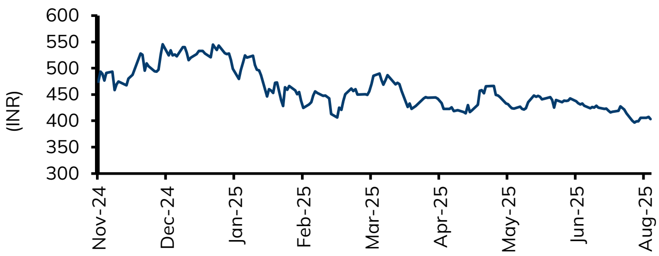
- **When can we expect L1 to LoAs**
  - It is L1 in 215bn
  - It expects to receive LoA in Croatia project within 120 days. The contract is worth INR 113bn.
  - 4 projects in Maharashtra are facing delays
    - Pune ring road land has been acquired, hence expect it to be awarded soon
    - Nagpur Gondia is delayed due to land acquisition
- **Other highlights**
  - Jal Jeevan Mission – the payments have improved in MP but UP is still struggling. INR 4.2 bn outstanding. INR 0.9 bn advances held with recovery efforts underway
  - Margins on Croatia project – we inferred it would be better
    - Given 20% higher BPC in road project
    - And 10% higher in railway project
    - The project is well-funded with no interest on mobilisation advance
  - 100% of the OB of INR 353bn is executable
  - HSR project – execution is impacted due to unavailability of TBM – one-fifth of the project is completed.
  - Maldives project, Delhi metro progressing well without execution issues.
  - Net debt < INR 25bn (D/E - ~0.46), seen as comfortable
  - Labour shortage issues persist industry wode but managed via retention mechanism; no material execution impact reported

Exhibit 3: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	50.2	50.2	50.2
Institutional investors	29.1	30.3	30.3
MFs and other	5.9	7.3	10.0
Banks/ FIs	3.7	3.6	3.2
Insurance Cos.	1.5	1.2	1.3
FIIs	18.0	18.2	15.8
Others	20.7	19.5	19.5

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	**1,25,484**	**1,50,581**	**1,80,697**	**1,98,767**
Operating Expenses	26,563	17,221	20,666	22,732
EBITDA	**13,560**	**16,311**	**20,296**	**21,478**
EBITDA Margin (%)	10.8	10.8	11.2	10.8
Depreciation & Amortization	4,911	5,444	5,881	6,218
EBIT	8,649	10,867	14,414	15,260
Interest expenditure	6,292	6,597	6,984	6,738
Other Non-operating Income	4,744	4,655	3,644	6,770
Recurring PBT	**7,100**	**8,925**	**11,074**	**15,292**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	2,232	2,677	2,968	3,848
PAT	4,868	6,247	8,106	11,445
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	**4,868**	**6,247**	**8,106**	**11,445**
Net Income (Adjusted)	**4,868**	**6,247**	**8,106**	**11,445**

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	1,13,560	1,22,344	1,41,311	1,42,498
of which cash & cash eqv.	7,705	27,862	34,882	29,717
Total Current Liabilities & Provisions	66,943	67,666	77,884	68,138
Net Current Assets	**46,617**	**54,678**	**63,428**	**74,360**
Investments	8	2,659	2,890	3,110
Net Fixed Assets	27,380	31,986	28,156	30,521
ROU Assets	-	-	-	-
Capital Work-in-Progress	329	400	450	500
Total Intangible Assets	-	-	-	-
Other assets	29,916	16,342	18,319	19,031
Deferred Tax Assets	-	-	-	-
Total Assets	**1,04,250**	**1,06,066**	**1,13,244**	**1,27,523**
Liabilities				
Borrowings	**22,357**	**25,244**	**22,979**	**25,473**
Deferred Tax Liability	**29,272**	**21,954**	**23,290**	**23,631**
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	3,678	3,678	3,678	3,678
Reserves & Surplus	48,927	55,175	63,281	74,726
Total Net Worth	**52,605**	**58,852**	**66,959**	**78,404**
Minority Interest	15	15	15	15
Total Liabilities	**1,04,250**	**1,06,066**	**1,13,244**	**1,27,523**

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	**(11,216)**	**18,343**	**6,377**	**(4,653)**
Working Capital Changes	(16,084)	12,096	(1,729)	(16,098)
Capital Commitments	560	(4,678)	3,779	(2,414)
Free Cashflow	**(11,776)**	**23,021**	**2,598**	**(2,239)**
Other investing cashflow	**-**	**-**	**-**	**-**
Cashflow from Investing Activities	560	(4,678)	3,779	(2,414)
Issue of Share Capital	11,778	0	0	0
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(2,193)	2,887	(2,265)	2,494
Dividend paid	-	-	-	-
Others	2,113	3,605	(871)	(592)
Cash flow from Financing Activities	11,698	6,492	(3,136)	1,902
Chg. in Cash & Bank balance	**1,042**	**20,157**	**7,021**	**(5,165)**
Closing cash & balance	7,705	27,862	34,882	29,717

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	13.2	17.0	22.0	31.1
Adjusted EPS (Diluted)	13.2	17.0	22.0	31.1
Cash EPS	26.6	31.8	38.0	48.0
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	143.0	160.0	182.1	213.2
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	(5.4)	20.0	20.0	10.0
EBITDA	(0.7)	20.3	24.4	5.8
EPS (INR)	0.3	28.3	29.8	41.2
Valuation Ratios (x)				
P/E	30.7	23.9	18.4	13.1
P/CEPS	15.3	12.8	10.7	8.5
P/BV	2.8	2.5	2.2	1.9
EV / EBITDA	12.1	8.8	6.6	6.6
P / Sales	1.2	1.0	0.8	0.8
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	32.0	22.3	22.7	22.2
EBITDA Margins (%)	10.8	10.8	11.2	10.8
Effective Tax Rate (%)	31.4	30.0	26.8	25.2
Net Profit Margins (%)	3.9	4.1	4.5	5.8
NWC / Total Assets (%)	0.1	-	-	-
Net Debt / Equity (x)	0.3	(0.1)	(0.2)	(0.1)
Net Debt / EBITDA (x)	1.1	(0.3)	(0.7)	(0.3)
Profitability Ratios				
RoCE (%)	13.6	13.7	15.2	17.0
RoE (%)	11.0	11.2	12.9	15.7
RoIC (%)	13.6	13.7	15.2	17.0
Fixed Asset Turnover (x)	4.5	5.1	6.0	6.8
Inventory Turnover Days	29	52	50	46
Receivables Days	79	64	60	58
Payables Days	100	71	75	47

Source Company data, I-Sec research

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