

INSIGHT



COMPANY

HAT-TRICK IN KUWAIT

Afcons' KNPC refinery project wins British Safety Award for three years in a row

New project in Zambia

Best Construction Company in Roads & Bridges

(From Left) Afcons' Executive Director (technical) Girdhar Rajagopalan, Vice Chairman & Managing Director K Subrahmanian, Shapoorji Pallonji Group Chairman Shapoor Mistry, Afcons' Deputy Managing Director S Paramasivan, and, Executive Director (operations) Akhil Kumar Gupta peer into the future



EXCLUSIVE
 Message from
 Chairman
 Mr Shapoor
 Mistry

*Will continue
in the same
zeal for
excellence*



Start where you are. Use what you have. Do what you can.

-- Arthur Ashe

Afcons has come a long way since its acquisition by the Shapoorji Pallonji Group in the year 2000. It is hard to forget how we sometimes stumbled, but quickly bounced back. As I reminisce about the old times, I feel good about all the critical missions we managed to accomplish. I thank everyone who have stood by us through thick and thin.

After years of perseverance, Afcons is a billion-dollar organisation today. It has a footprint across 22 countries in various segments. We have executed multiple challenging projects, on or ahead of schedule, in India and overseas. We have shown the stomach for a fight, and, we'll continue in the same zeal for excellence.

On this special occasion, I am delighted to introduce our group chairman, Mr Shapoor Mistry, who has captured the Afcons' journey in an exclusive editorial.

K Subrahmanian

Making Headlines

Hat-trick in Kuwait

Afcons' Kuwait National Petroleum Corporation (MAA) refinery project has won the British Safety Council's International Safety Award 2017. The site has won this prestigious award for the third time consecutively as recognition for their commitment towards Occupational Health and Safety. The International Safety Award is being presented by the British Safety Council, UK, for continual safety performance, management commitment and OHS systems at work place.

Kudos Kuwait

Afcons' KNPC (MAA) refinery project site has been recognised for achieving four million safe man-hours without lost work days. Daelim site manager Mr KR Park presented the award to Afcons on May 25, 2017, during the award ceremony held at KNPC, MAA refinery site office, Kuwait. KNPC has appreciated Afcons' successful completion of mechanical work at the refinery.

Gabon Glory

The Labour Inspector of Libreville has issued a letter of appreciation to Afcons, praising the safety measures undertaken at the Gabon project site. The safe working conditions ensured no accidents, major or minor, took place during the project. Also, Cullen Grummitt & Roe has awarded Afcons an appreciation letter for achieving five million safe man hours without LTA at the site.

Safety Certificate

Afcons has been awarded an appreciation letter for achieving 50,41,575 safe man hours with no lost time incident till April 30, 2017, by Ircon International, at T49 site along the Udhampur-Srinagar-Bar-amulla Rail Link Project. A special mention has been made about the 'good standards in safety, health and environment' maintained at the site.

Appreciation for ALEP

Uttar Pradesh Expressway Industrial Development Authority (UPEIDA) has lauded Afcons' efforts towards efficient and speedy completion of Agra-Lucknow Expressway with an appreciation letter.

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EDITORIAL

S Paramasivan, Bhakti Prasad, Krishnakumari C,
Bivabasu Kumar, Chandrika Sen

AFCONS is marching towards Level Next

Nearly two decades ago, when Afcons came into the Shapoorji Pallonji family, our dream was to build an institution of engineering excellence that would straddle the globe. As I now look back, I am elated that Afcons has made such significant strides in this journey and is now moving towards becoming a knowledge enterprise.

Today, I am proud to see that Afcons is a billion-dollar organization, and is an important part of the Shapoorji Pallonji Group. It has grown at a CAGR of ~20% over the last 5 years, with a remarkable revenue growth of ~40% in the last financial year. We started this year with a healthy order backlog of close to ~\$ 3 billion, more than a third of which is overseas. We are present across the infrastructure value chain. We have a presence, or have delivered projects, in more than 20 geographies worldwide, often competing and winning against global majors. We have demonstrated the ability to deliver large-value EPC projects, both in India and overseas.

We have recently achieved significant milestones in some extremely complex projects. These include India's first twin under-water Metro tunnels in Kolkata, the Agra Lucknow Expressway project (completed a year ahead of schedule – and included the longest, widest and heaviest truss over a running railway track in India), and 1.56 km of Metro TBM tunneling in a single month (the highest by any Indian player). >>

“

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Afcons has completed construction of India's first twin underwater Metro tunnels, in Kolkata, for the East West Metro Project. The tunnels are at a depth of 32m below river Ganges



Afcons executed 42% of Agra-Lucknow Expressway. One of the biggest challenges was completing large bridges across major rivers, such as Ganges, in a span of 18 months, including two monsoons

I am personally of the firm belief that “the world is our oyster” – by which I mean that we should be competing and winning in global markets, since this will help us build both business scale and organizational capabilities. I am happy to note that Afcons continues its emphasis on internationalization, having entered four new geographies last year - Zambia, Ghana, Tanzania and Guinea. I must also add that I am elated to see the way Afcons has been able to collaborate effectively with the Shapoorji Pallonji Group in the business development process for some of these recent wins.

I also believe that growth will come not merely by increasing market share in our existing domains, but also through well-considered entry into allied (and, sometimes, new) business domains. I am glad that Afcons has recently forayed into two such domains - irrigation (i.e. barrage construction) and water pipelines.

Before I share my thoughts on the future, we must pause for a while, to celebrate the position we have reached today in Afcons. Too often, in our quest for higher goals, we do not celebrate our successes enough. I urge Afcons to celebrate its moments of successes, even as it strives for (and reaches) loftier goals.

Going forward, I encourage Afcons to continue to emphasize on business growth in our existing domains and in allied/new domains, and with an even greater emphasis on internationalization. I believe that Afcons would work even more closely with the Shapoorji Pallonji Group and its companies, to enhance our overall market positioning and impact.

We should continue our journey of operational excellence, which is Afcons' competitive differentiator. I am also happy to note that Afcons is developing a model for business development excellence.

Our achievements to date are, to a large measure, due to the organizational culture we have been able to nurture, and the quality of our people. I would like to emphasize that we should make sure that we do whatever we can and more to attain the undisputable position of “employer of choice” in our industry. The capability of being able to attract and retain the best talent in the industry would be a key source of our competitive advantage. I am sure Afcons leadership will continue to work upon this dimension, and take it to the next level.

I have always maintained that each and every one of you works not “for me”, but “with me” – in the spirit of a large family. I would like to take this opportunity to thank the Afcons leadership team, and each and every Afconian - including your families - for all that you have done in making your company what it is today. I wish you a rewarding professional journey in Afcons, and happiness in life.

I am convinced that with our strong foundation and distinctive culture, and with the unstinted support of each and every Afconian, we are well on our way to achieving many more significant milestones, including a turnover of \$2 billion.

Thank you
SHAPOOR MISTRY
Chairman



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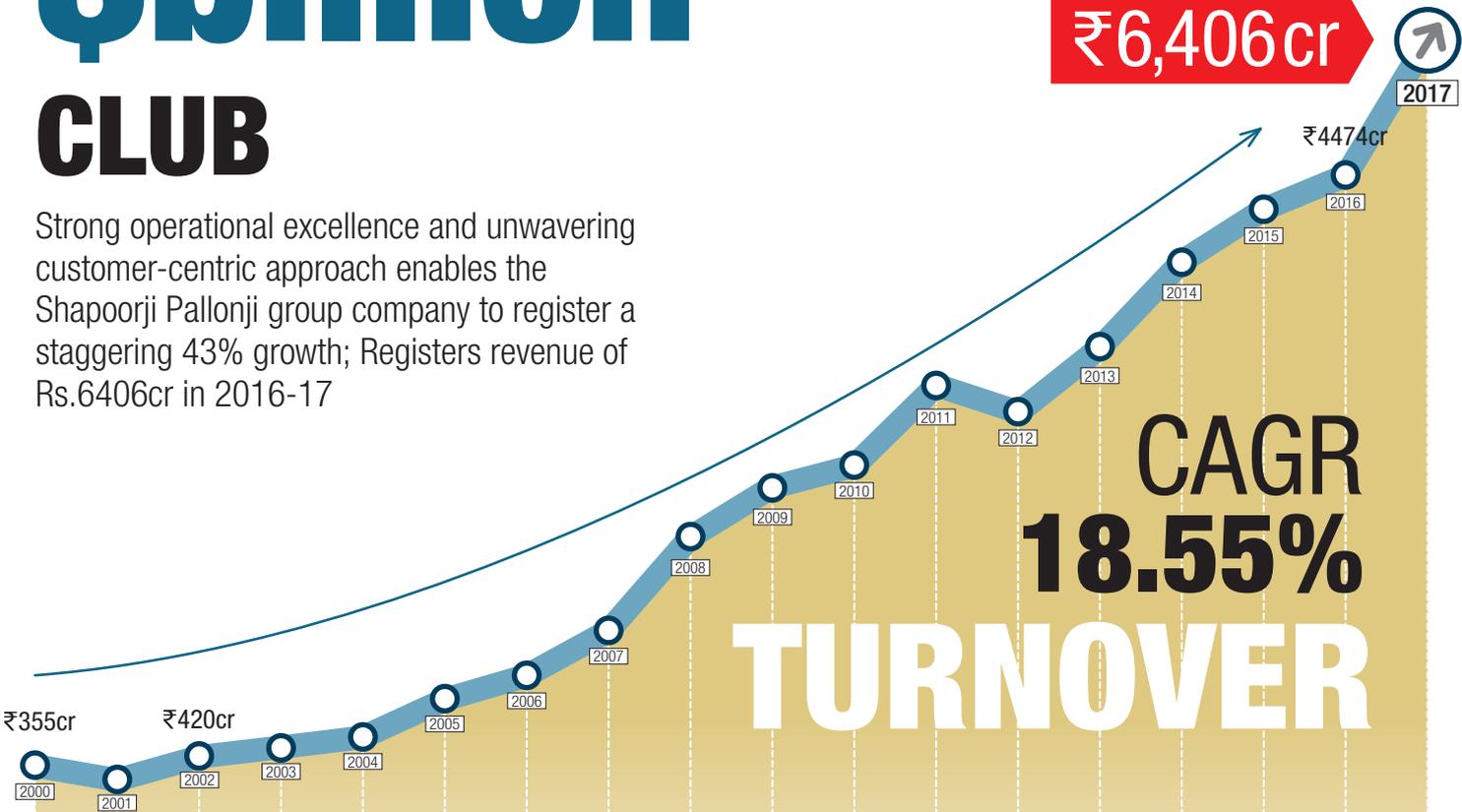


AFCONS JOINS \$billion CLUB

Strong operational excellence and unwavering customer-centric approach enables the Shapoorji Pallonji group company to register a staggering 43% growth; Registers revenue of Rs.6406cr in 2016-17

Growth **43%**
in 2016-17

₹6,406cr



CAGR **18.55%**
TURNOVER

Afcons Infrastructure Ltd (Afcons), the infrastructure construction arm of the Shapoorji Pallonji Group, has yet again given a stellar financial performance in the year 2016-17. During the year, the company has achieved a total revenue of Rs.6406cr with a growth of 43% over the previous year's turnover of Rs.4,474cr. The consolidated profit before tax grew by 40% to Rs.207cr & consolidated profit after tax grew at 96% to Rs.153cr. Afcons' progressive growth has been possible due to sustained focus on excellence in execution and a thorough customer-centric approach.

Over the past few years, **20-25%** of the company's revenue has come from overseas markets.

Efforts are on to increase it to **50%** over the next few years

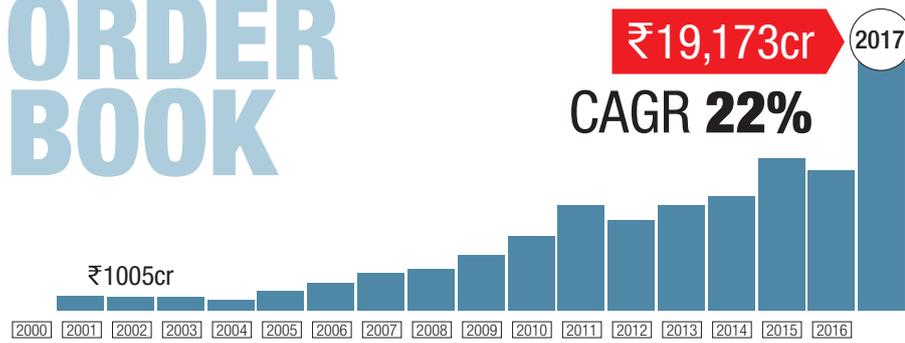
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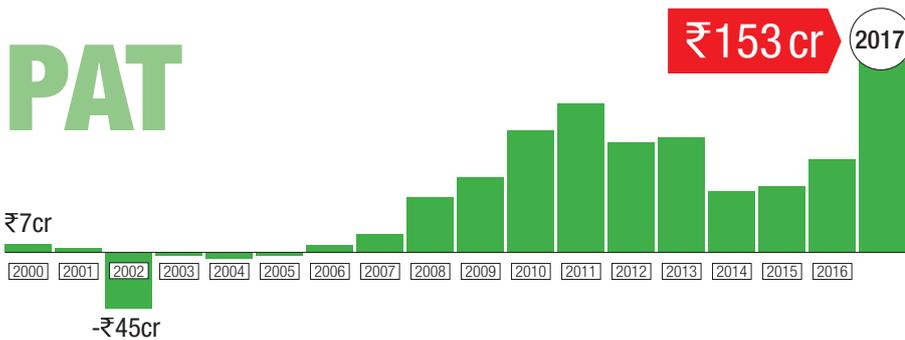


Men United: Some of the top leaders who have been instrumental in Afcons' \$billion journey

ORDER BOOK



PAT



The Shapoorji Pallonji influence

After Shapoorji Pallonji took over Afcons at the turn of the century, there was comprehensive management restructuring, and, the new promoters focussed on turnaround and consolidation. After 2005, in its turnaround strategy, the management in a systematic and organised manner changed the business mix towards more profitable business lines, moving towards bigger-sized jobs which offered economies of scale, with sharper focus on project execution. Capabilities were developed in new segments and Afcons forayed into these segments successfully. The management also very strategically looked at overseas markets where margins were good, and, Afcons had past record of successful execution of projects overseas. Over the past few years, 20-25% of the company's revenue has come from overseas markets, and, efforts are on to increase it to 50% over the next few years. Since 2002, Afcons' average order size increased from Rs.48cr to Rs.750cr.

Operational efficiency

One of the key focus areas of the company was to continuously improve operational efficiency. Simultaneously, Afcons almost made it a habit to complete jobs on or ahead of schedule. This significantly benefited by way of cost reduction and client appreciation. Another requirement of operational efficiency was all machines must produce their rated capacity. The turnover per employee was made a criterion to evaluate productivity. In short, the company adopted the mantra of best output from men and machine, which was consistently achieved. One of the most important goals were to align the whole organization to new mission and vision.

Key strategies

As a strategy, the management decided to take calculated risks and became particular in project selection. In addition to size, projects were carefully selected for bidding. Technically niche segments

were preferred to commoditised segments where technology was commonly available and were crowded.

The management also started showing preference for clients with a focus on execution. Similarly, opportunities where the contract conditions were unilateral were not preferred.

Afcons also placed special emphasis on its alliances. It formed strategic alliances with global EPC players like Saipem, IHI, Strabag SE, Transton-nelstroy, Technip, Gunanusa etc. in the past decade. This helped Afcons to penetrate new markets (geographies and segments) and absorb new technologies within itself.

Challenging projects

The revenue growth in last financial year was primarily driven by performance in Agra Lucknow Expressway project, where Afcons delivered the challenging project 12 months ahead of schedule. The Agra-Lucknow Expressway is India's longest access-controlled expressway. Afcons also successfully delivered many other large-size complex projects like sulphur handling facility for KNPC in Kuwait, railway bridge over river Bhairab in Bangladesh. Another major achievement was building India's first twin underwater Metro tunnels as part of the Kolkata Metro project. This engineering feat has catapulted Afcons among the elite few that have the expertise and resourcefulness to take up such challenging projects.

Optimistic start

The financial year 2017-18 has begun on an optimistic note, with the company bagging order in excess of Rs.2600 cr in the first quarter itself. With an order book exceeding Rs.19,000 cr, a decent revenue growth seems certain. The quality of orders indicates improved profitability, and, the order pipeline also looks promising.

Afcons looks forward to keeping the momentum intact.



AWARDS AND RECOGNITION

- 1
Awarded Best Construction Company in Roads & Bridges in 2017
- 2
Received the coveted MAKE Award: Global, Asia & India IOU in 2017
- 3
Ranked as India's Fastest Growing Construction Company (large category) in 2015
- 4
Awarded Road Contractor of the Year in 2015
- 5
Considered amongst Top 10 Most Admired Companies for nine years in succession
- 6
Received prestigious Asian Bankers Choice Award in 2015
- 7
Several projects have received various national and international recognition for delivery and HSE practices

World Environment Day

The World Environment Day was celebrated at various sites in India and overseas in the month of June. Here's a peek into some of the activities



Life Extension of Wellhead Platform Projects - T1 & T2 – Oil & Gas



Al Awir Road, Dubai



Kolkata Metro Project (East-West Metro)

HR Corner

Mechanical Training Hydrographic/Marine Survey Equipment

A two-day training programme on Hydrographic/Marine Survey Equipments was organised at Afcons House, in Mumbai, on June 1-2, 2017. The training was attended by employees from various sites. The programme was aimed at introducing the participants to the latest marine survey equipment & technology, its working and functioning.

Oil & Gas Trainings



Off-shore Safety

A training programme on offshore safety was organised for employees of Oil & Gas business unit on June 14, 2017. The programme gave comprehensive knowledge on offshore departure, safe oper-

ating procedures in offshore, and, precautions on how to handle/respond in times of emergency.

Project Planning & Control Techniques

A training programme on project planning & control techniques was conducted for employees of Oil & Gas business unit on July 20, 2017. The programme was aimed at providing the audience basic understanding of principles of project planning and control techniques.

Whole Wellness International Yoga Day

A Yoga session was organised, at Afcons Office, in Mumbai, on the third international Yoga Day on June 21, 2017. The session was conducted by Shrikant Kshirsagar & his team who shared various yoga techniques to manage stress, improve productivity, and, other exercises for a healthy life.

General Management

ISO 9001: Quality Management System

A workshop on ISO 9001: Quality Management System was organized at Ahmedabad Metro site on May 11, 2017. The programme provided introductory knowledge on quality management system and continuous improvement with practical insights into the requirement of the standard.

NEWS

Afconians' article in international journal

An article, Emergency Response for Oil spillage in Seas and Ocean, written by N Balam (Executive VP), Birender Singh (Manager -



HSE) and Dr U. Senthil Nathan (Senior Engineer – HSE) has been published by the American International Journal of Research in Science, Technology, Engineering & Mathematics.

Swachh Bharat Mission at ALEP Package II



An initiative to spread awareness about the Prime Minister's Swachh Bharat Mission was undertaken at Agra-Lucknow Expressway Package II in April 2017. The Afconians at site took an oath to ensure this mission is a success. Pamphlets in local languages are being distributed among local communities and school children.

NEW PROJECT

EPC project in Zambia

The Ministry of Local Government and Housing (MLGH), Zambia, has awarded Afcons a project of designing and construction of Lusaka City Decongestion Project on EPC basis.

NEW JOINEES

Ayman M. AL Azzeh, GM – Projects

Mr AL Azzeh has an overall experience of over 35 years and has worked with companies like Royal Engineering Corp.(Jordan), Civil Establishment for Road construction (Jeddah, Saudi Arabia), National Contracting & Transport Co. (Sharjah, UAE), Binhafeez General Contracting Co., Dubai and Combined Group Co, Doha Qatar. His last assignment was with Hedley International Contracting, Qatar as area manager.

Purnachandra S Bhave, GM – Operations

Mr Bhave has an overall experience of over 30 years and has worked with companies like Motor Industries Co. Ltd, Wipro Ltd, VK Pump Industries and Kvaerner Cementation. His last assignment was with Hindustan Construction Company Ltd. as Group Project Manager.

Best Infrastructure Company in Roads & Bridges



Afcons received the award for Best Infrastructure Company in Roads & Bridges at the 2017 CIA World Builders & Infra Awards, in Mumbai, on July 31, 2017. Afcons bagged the award for its impressive performance, and, ahead-of-schedule delivery of two packages in the Agra Lucknow Expressway Project (ALEP). The Agra Lucknow Expressway is India's longest access-controlled expressway. Afcons completed both packages in less than 24 months despite the challenge of constructing myriad complex structures, and, a major eight-lane bridge over river Ganges. The award was collected by Mr Krishnamurthy, Project Manager (ALEP Pkg IV), and, Mr Anil Sharma.



ALERTS

Afcons now has a dedicated Youtube channel. Scan the code to visit the channel and stay tuned with the latest videos

