

## AJAX ENGINEERING LTD

10-02-2025 - 12-02-2025

Industry: Construction Vehicle

Price Band: ₹599 - 629

Recommendation: Subscribe for long term

Post Implied Market Cap: - ₹6,853 - ₹7,196Cr

### Key Data

Issue Size (₹ Cr)	1,226 - 1,269
Fresh (₹)	0
OFS (₹)	1,269
No. of shares offered	-
Face Value (₹ /share)	1
Bid Lot	23

### About the Company

Ajax Engineering Ltd (Ajax) is a leading concrete equipment manufacturer in India, offering a wide range of solutions across the concrete application value chain. As of September 30, 2024, the company has developed over 141 concrete equipment variants and has sold more than 29,800 units in the past decade. Company holds a dominant market share in the self-loading concrete mixer (SLCM) segment, with 77% in H1FY25 and FY23, 75% in FY24, and 86% in FY22. Its diverse product portfolio includes SLCMs, batching plants, transit mixers, boom pumps, slip-form pavers, and 3D concrete printers, positioning it as a key player in India's concrete equipment industry.

### Investment Rationales

- Market leader in a large and fast-growing SLCM market:** Ajax is a leading manufacturer of self-loading concrete mixers (SLCMs) in India, holding a dominant market share of 77% in H1FY25 and FY23, 75% in FY24, and 86% in FY22. Over the past decade, the company has sold more than 25,000 SLCMs to 18,000 customers, making it the largest seller among concrete equipment companies in India. Its SLCMs are widely used across the country, reinforcing Ajax's leadership in the concrete manufacturing vehicle market.
- Leading concrete equipment company with a comprehensive range of concrete equipment, services and solutions across the concrete application value chain:** Company is a leading concrete equipment manufacturer, offering a diverse portfolio across the concrete application value chain. Its product range includes self-loading concrete mixers (SLCMs), batching plants, transit mixers, boom pumps, concrete pumps, slip-form pavers and 3D concrete printers. As of September 30, 2024, Ajax has developed 141 concrete equipment variants, reinforcing its position as a key player in the industry.
- Engineering-focused concrete equipment company with strong in-house design, development and engineering capabilities:** Ajax has developed a broad portfolio of concrete equipment with a strong focus on innovation. Key advancements include the SLCM with load cell technology for precise material measurement, a patented self-propelled boom pump introduced in 2019 for enhanced mobility, and India's first fully in-house developed slip-form paver. In 2023, Ajax became the first Indian company to commercialize in-house 3D concrete printing, reinforcing its position as a leader in advanced concrete solutions.
- Technology-led assembly and manufacturing processes and robust supplier network:** Company is the second-largest concrete equipment company in India by annual sales volume, supported by its technology-driven assembly and manufacturing processes. It operates four facilities in Karnataka, including the Obadenahalli plant, one of the world's three largest SLCM facilities. The company follows a lean assembly model, achieving the lowest breakeven point among competitors as of March 31, 2024. With a strong focus on localization, imports account for less than 10% of material costs, and Ajax sources from a network of 546 suppliers.
- Dealer-led distribution model with 51 dealerships across 23 states in India:** Ajax has a strong dealer-led distribution and service model, with 51 dealerships across 23 states in India, supported by 114 touchpoints, including dealer headquarters and service centers. As of September 30, 2024, this is the largest dealer network among leading concrete equipment companies in India. The company has also expanded internationally, establishing partnerships with 25 dealers and distributors across South and Southeast Asia, the Middle East, and Africa.

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	13-02-2025
Refunds/Unblocking ASBA Fund	14-02-2025
Credit of equity shares to DP A/c	14-02-2025
Trading commences	17-02-2025

### Shareholding (No. of shares)

Pre-Issue	114,406,800
Post Issue (Lower price band)	114,406,800
Post Issue (Higher price band)	114,406,800

### Shareholding Pattern

#### Promoter:

Pre Issue	87.88%
Post Issue	77.99%

#### Promoter Group:

Pre Issue	5.62%
Post Issue	4.37%

#### Public - Investor Selling S/h:

Pre Issue	6.50%
Post Issue	0.00%

#### Public - Others:

Pre Issue	-
Post Issue	17.64%

### Issue Breakup

QIB	50%
NIB	15%
Retail	35%

### Other Details

**BRLMs:** ICICI Securities, Citigroup Global, JM Financial, Nuvama Wealth, SBI Capital Markets

**Registrar:** MUFG Intime India Pvt. Ltd.

**Listing:** BSE & NSE

### Research Analyst

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### Risk

- Cyclicality risk in business.
- Fluctuations in prices of raw material.

### MView

We believe Ajax Engineering Ltd IPO brings investors an opportunity to invest in a prominent player in India's concrete equipment industry. The company holds a dominant position in the self-loading concrete mixer (SLCM) segment, with a market share of 77% in H1FY25 and a decade-long track record of strong sales. We think the company's diverse product portfolio including batching plants, boom pumps, transit mixers and 3D concrete printers, positions it as a key player in the industry. The company's focus on innovation, such as load cell-enabled SLCMs, patented self-propelled boom pumps, and in-house-developed slip-form pavers, reinforces its technological leadership. We also believe the company's lean assembly and manufacturing processes, coupled with a localized supply chain, enable cost efficiencies and the lowest breakeven point among competitors. With its robust dealer network—spanning 51 dealerships across 23 states in India and 25 international partnerships—ensures strong market penetration and after-sales support. By looking at the financials, the company demonstrated impressive growth, with revenue from operations increasing by 50.8% in FY23 and 51.3% in FY24, while net profit surged by 105.3% in FY23 and 65.7% in FY24. On valuation parse at the upper price band of ₹ 629/-, the issue is asking a Market cap of ₹ 7196 cr/-. Based on annualized FY 2025 earnings and fully diluted post-IPO paid up capital, the company is asking a PE of ~29x, assuming seasonal impact and surge in the second half earnings in FY25. As per our readings and understanding the company's business follows a seasonal pattern, typically experiencing lower revenue recognition in the first half but anticipates a surge in the second half of FY25. So as per higher revenue recognition in the second half are around ~60%. Based on this assumption we believe the company asks valuations seem reasonably priced compared to the industry it serves. Investors should also look at IPO offers which come with ₹ 1269 cr/- OFS which is 100% of total issue which is an area of concern for new investors. Given the company's virtual monopoly in SLCM and increasing infrastructure development in India with rising demand for automated concrete solutions, we believe Ajax is well-positioned for catering to India's booming construction and infrastructure sector. Hence, looking at all attributes we recommend investors to "SUBSCRIBE" for Ajax Engineering Ltd IPO for a long term basis.

## CONSOLIDATED FINANCIAL TABLES

### BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Sept' 30		As at March' 31		
	2024 (06)	2023 (06)	2024	2023	2022
Equity Share Capital	11.44	11.44	11.44	11.4	2.86
Reserves as stated	984.40	788.15	906.5	702.3	575.4
Net Worth	995.84	799.59	917.9	713.8	578.2
Borrowings	-	-	6.2	10.1	7.16
Revenue from Operations	769.9	684.86	1,741.4	1,151.1	763.2
Revenue Growth	12.4%	-	51.28%	50.8%	-
EBIDTA	119.2	99.52	275.5	170.7	90.48
EBIDTA Margin (%) as stated	15.4%	14.53%	15.8%	14.8%	11.8%
Net Profit for the period	101.02	82.94	225.1	135.9	66.2
Net Profit Margin	12.7%	11.81%	12.6%	11.5%	8.58%
EPS	8.83	7.25	19.6	11.8	5.7
ROE (%)	10.14%	10.37%	24.5%	19.04%	11.4%
Net Asset Value (₹) as stated	87.04	69.89	80.24	62.39	50.55
Debt to Equity	0.002	0.003	0.01	0.02	0.01

Source: Company RHP

### COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Total Income in FY 2024 (₹ in Cr)	Mcap (in Cr)	FV	EPS	NAV (₹ Per Share)	P/B	P/E	RoNW (%)
Ajay Engineering Ltd	1,780.07	7196	1	17.63	95.85	6.6	35.7	19.39%
Action Constructed Equipment Ltd	2,990.9	15160	2	62.50	103.42	11.0	54.6	26.65%
BEML Ltd	4,096.5	13118	10	10.84	640.55	4.9	50.1	10.56%
Escorts Kubota Ltd	9,248.2	37311	10	7.93	780.33	3.8	32.1	11.44%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 10-02-2025

AJAY ENGINEERING LTD, EPS/PE,PB, NAV calculated on annualised basis post money



# MSEARCH

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### **Msearch's Recommendation (Absolute Performance)**

**Buy: > 20% within the next 12 Months**

**Accumulate: 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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