

February 7, 2025

IPO Note

IPO NOTE

Issue Details

Price Band: ₹ 599 to ₹ 629
Employee Discount: ₹ 59/Share
Issue Opens on: February 10, 2025
Issue Closes on: February 12, 2025
Lot Size: 23 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 1,269.35 Cr.
No of Shares: 2,01,80,446
Face Value: ₹ 1

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	1,269.35
Total	1,269.35

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	632.23
HNI	15	189.67
Retail	35	442.56
Employee	-	4.90
Total	100	1,269.35

Listing

BSE & NSE

Lead Managers

- ICICI Securities Ltd.
- Citigroup Global Markets India Pvt. Ltd.
- JM Financial Limited
- Nuvama Wealth Management Limited
- SBI Capital Markets Limited

Registrar

MUFG Intime India Private Limited

Contact Details

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COMPANY OVERVIEW

Ajax Engineering is a leading concrete equipment manufacturer with a comprehensive range of concrete equipment, services and solutions across the concrete application value chain. As of September 30, 2024, they have developed over 141 concrete equipment variants catering to the concrete application value chain, and over the last 10 years, they have sold over 29,800 concrete equipment in India. Ajax is the only Indian company to have developed a slip-form paver entirely in-house in 2019 and the first to commercialize 3D concrete printing machine developed in-house in 2023.

Since their inception 32 years ago, they have developed a comprehensive product portfolio that includes equipment such as self-loading concrete mixers ("SLCMs") and batching plants for the production of concrete, transit mixers for the transportation of concrete, boom pumps, concrete pumps and self-propelled boom pumps for the placement of concrete, slip-form pavers for the paving of concrete and 3D concrete printers for depositing concrete.

They are a leading manufacturer of SLCMs in India, with an approximately 77%, 75%, 77% and 86% market share in the SLCM market in India in terms of number of SLCMs sold during the HY1FY25 and Financial Years 2024, 2023 and 2022, respectively. Their non-SLCM product portfolio includes batching plants for concrete production, transit mixers for concrete transportation, boom pumps, concrete pumps, self-propelled boom pumps for concrete placement, and slip-form pavers.

HIGHLIGHTS

1. Market leader in a large and fast-growing SLCM market
2. Leading concrete equipment company with a comprehensive range of concrete equipment, services and solutions across the concrete application value chain and over 141 concrete equipment variants
3. Engineering-focused concrete equipment company with strong in-house design, development and engineering capabilities
4. Technology-led assembly and manufacturing processes supported by robust supplier network
5. Dealer-led distribution model with 51 dealerships across 23 states in India as of September 30, 2024
6. Diversified customer base with longstanding relationships in the concrete equipment market

OBJECTS OF THE ISSUE

1. To achieve the benefits of listing the Equity Shares on the Stock Exchanges
2. To carry out the Offer for Sale of up to 20,180,446 equity shares of face value of ₹1 each by the selling shareholders. The company will not receive any proceeds from the Offer for sale.

OUR VIEW

Incorporated in 1992, Ajax Engineering is a prominent player in manufacturing a wide range of concrete equipment. The company operates 4 manufacturing facilities in Karnataka, being India's largest concrete equipment dealer network with 51 dealerships, 114 touchpoints, and 25 global distributors.

Ajax Engineering is a leading manufacturer of SLCMs in India, with an approximately 77% market share in the SLCM market in India in terms of number of SLCMs sold during HY1FY25. They are also steadily gaining market share in non-SLCMs. Notably, Ajax is the only Indian company to have developed a slip-form paver entirely in-house in 2019 and the first to commercialize 3D concrete printing machine developed in-house in 2023.

Ajax Engineering Limited's risk includes cyclical demand driven by government spending, material price fluctuations, intense competition, supply chain risks and regional risks from its Karnataka facilities, which could impact production, costs, margins, and financial performance due to natural disasters and regulatory changes.

On the financial front, between FY22-24 it reported 51% and 84% CAGR in Revenue and PAT respectively. The company operated on an EBITDA margin of 15.82% and PAT margin of 13% for FY24 and the numbers were 15.49% and 12.72% as at HY1FY25. Generating ROE and ROCE of 24.53% and 32.82% respectively for FY24. Its Debt-to-Equity ratio is 0.002x in HY1FY25.

The issue is priced at a P/BV of 7.23 based on its NAV of Rs. 87.04 as at September 30, 2024 and is asking price is at P/E of 32 at higher price band and if we attribute FY25 earnings, then the asking price is at P/E of around 36x. At the same time the competitors are trading at P/E of 103x (Action Construction Equipment Ltd.) being highest and 35.73x (Escorts Kubota Ltd.) being lowest and average Industry P/E stands at 45.36x. The issue appears reasonably priced. Ajax Engineering is a market leader in its industry with robust financials and growth prospects. Looking at all the factors, risks, opportunities and valuation, investors can apply to the issue with Medium to Long term duration.

Brief Financials

PARTICULARS	As at Sep. '24	₹ in Million		
		FY '24	FY '23	FY '22
Total Income	7,941.56	17,800.74	11,725.69	7,718.53
Total Expenditure	6,570.27	14,781.57	9,896.20	6,814.26
EBITDA	1,192.36	2,755.46	1,707.41	904.79
Profit before Tax	1,371.29	3,019.17	1,829.49	904.27
Profit after Tax	1,010.22	2,251.49	1,359.04	662.08
E.P.S. (Diluted)	8.79*	19.58	11.88	5.79
P/E (x) (Diluted)	-	32	-	-
RONW (%)	10.14*	24.53	19.04	11.45

* Not Annualised

PRICE CHART (@ ₹ 629) (Retail Category)

LOT SIZE	Amount
23	14,467
46	28,934
69	43,401
92	57,868
115	72,335
138	86,802
161	101,269
184	115,736
207	130,203
230	144,670
253	159,137
276	173,604
299	188,071

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	322	202,538
Big HNI	1,610	1,012,690

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	13/2/2025
Initiation of refunds/unblocking ASBA Fund	14/2/2025
Credit of Equity Shares to demat accounts of Allottees	14/2/2025
Commencement of trading of the Equity Shares on the Stock Exchanges	17/2/2025

For more details, Please refer RHP,

(https://www.sebi.gov.in/filings/public-issues/feb-2025/ajax-engineering-ltd-rhp_91647.html)

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