

Rinkle Vira
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Issue Details

Issue Details	
Issue Size (Value in ` million, Upper Band)	12,693
Fresh Issue (No. of Shares in Lakhs)	-
Offer for Sale (No. of Shares in Lakhs)	201.8
Bid/Issue opens on	10-Feb-25
Bid/Issue closes on	12-Jan-25
Face Value	Rs. 1
Price Band	599-629
Minimum Lot	23

Objects of the Issue

- Complete OFS, no IPO proceeds will go in the company
- **Fresh issue: Nil**
- **Offer for sale: ₹ 12,293 million**

Book Running Lead Managers

ICICI Securities Ltd, Citigroup Global markets India Pvt Ltd, JM financial Ltd, Nuvama Wealth Management Ltd, SBI Capital Markets Ltd

Registrar to the Offer

Link Intime India Pvt Ltd

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	93.5%	82.4%
Public & Others	6.5%	17.6%
Total	100.0%	100.0%

Financials

Particulars (Rs. In Million)	6M FY25	FY24	FY23	FY22
Revenue from operations	7,699.9	17,414.0	11,511.3	7,632.8
Operating expenses	6,507.6	14,658.6	9,804.0	6,728.1
EBITDA	1,192.3	2,755.4	1,707.3	904.7
Other Income	241.7	386.7	214.4	85.6
Depreciation	52.7	102.7	85.5	81.9
EBIT	1,381.3	3,039.4	1,836.2	908.4
Interest	9.9	20.2	6.7	4.2
PBT	1,371.4	3,019.2	1,829.5	904.2
Tax	361.1	767.6	470.5	242.2
Consolidated PAT	1,010.3	2,251.6	1,359.0	662.0
EPS	9.4	21.0	12.7	6.2
Ratio	6M FY25	FY24	FY23	FY22
EBITDAM	15.5%	15.8%	14.8%	11.9%
PATM	13.1%	12.9%	11.8%	8.7%
Sales growth		51.3%	50.8%	

Company description

Incorporated in 1992, Ajax Engineering Ltd. (Ajax) is a leading concrete equipment manufacturer offering a comprehensive range of concrete equipment, services & solutions across the value chain. As of Sep'24, the company has developed over 141 concrete equipment catering to the value chain. The company's product portfolio includes Self-loading concrete mixers (SLCM), Batching plants, Transit mixers, Self-propelled boom pump, Concrete slip-form paver, bin batching plants and 3D concrete printer.

Ajax Engineering, co-founded by Krishnaswamy Vijay, the late Jacob John and the late Anil Kumar Singh, is engaged in the business of design, develop and engineer innovative and high-quality concrete equipments.

Ajax's products are sold under the 'Argo' brand and utilize a variety of drum outputs (1.0 to 4.8 cubic meters per batch) which can cater to a wide range of industrial and infrastructure projects. As of September 30, 2024, it have developed over 141 concrete equipment variants catering to the concrete application value chain, and over the last ten years, we have sold over 29800 concrete equipment in India.

As an engineering-focused concrete equipment company, it has built a large and comprehensive portfolio of designed and developed concrete equipment. One of its significant innovations is the SLCM with a load cell, where the machine is equipped with load cell technology that provides quality assurance in concrete production by enabling precise measurement of cement, water, sand, and aggregate. Notably, it 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.

In FY24 about 85.13% of its revenue came from sale of SLCMs, 8.85% from sales of non SLCM concrete equipment's, 5.65% from sale of spare-parts and 0.26% from services. As of September 30, 2024, the company has 51 dealers across 23 states in India and 25 dealers/distributors outside India. It also continue to assist customers throughout the life of the equipment, and with that aim, it provide spare parts for the equipment sold by it and facilitate the provision of after sales service by its dealers.

As of September 30, 2024, it operate four assembling and manufacturing facilities at Obadenahalli, Gowribidanur and Basethahalli in the state of Karnataka, each specializing in distinct product lines. It's assembling and manufacturing facility at Adinarayanahosahalli (Karnataka) will have fungible capabilities to assemble a variety of concrete equipment, once it becomes operational in August 2025.

Valuation & outlook

Ajax Engineering limited since its inception 32 years ago, it has developed comprehensive range of concrete equipment product portfolio across the concrete application value chain. The company follows an asset-light model by sourcing materials from 546 suppliers. It result focuses on localisation as a result of which imports constitute less 10% of costs of materials.

The company's addressable market is growing faster given the government thrust on infrastructure, which augurs well for the company. On the other hand promotor group needs to offload shares over 3 years to reduce the stake to 75% or lower (currently 82% post issue). However the company offers niche construction equipment in its business has a robust financials.

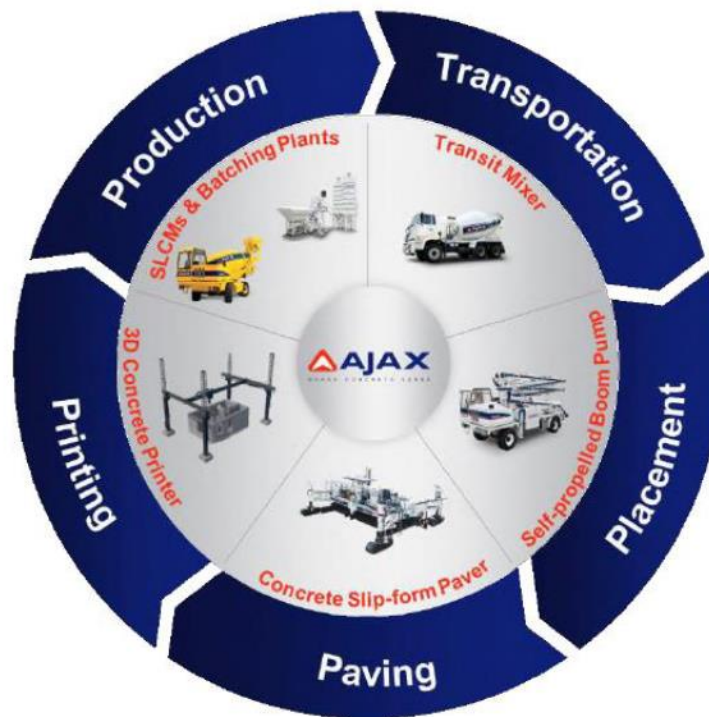
On valuation parse, based on FY24 it is seeking PE of 32 times and post issue market cap comes at Rs 71,961 Mn with the issue is reasonably priced. Therefore, given the factors like, market leading in SLCM's products, present across all the concrete application value chain and stable top and bottom lines, we recommend the issue can be consider as "SUBSCRIBE for LONG TERM".

Company's Operations

Ajax Engineering Ltd, since its incorporation 32 years ago, the company has built a diverse portfolio of concrete equipment covering the entire concrete application process. Its product lineup includes self-loading concrete mixers (SLCMs) and batching plants for concrete production, transit mixers for transportation, and various pumps boom pumps, concrete pumps, and self-propelled boom pumps—for concrete placement. Additionally, it offers slip-form pavers for concrete paving and 3D concrete printers for precision deposition. As of September 30, 2024, the company provides over 141 equipment variants, serving the complete concrete application value chain.

As an engineering-focused concrete equipment company, it has built a large and comprehensive portfolio of designed and developed concrete equipment. One of its significant innovations is the SLCM with a load cell, where the machine is equipped with load cell technology that provides quality assurance in concrete production by enabling precise measurement of cement, water, sand, and aggregate. Notably, it 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.

Product Portfolio as on Sep'24



As of September 30, 2024, it has developed over 141 concrete equipment variants catering to the concrete application value chain, and over the last ten years, it has sold over 29,800 concrete equipment in India. Since its inception 32 years ago, the company has 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.

The company is 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 six months period ended September 30, 2024 and Financial Years 2024, 2023 and 2022, respectively. Moreover, during Financial Year 2024, about 12% of the concrete produced in India was through its SLCMs. In FY24 about 85.13% of its revenue came from sale of SLCMs, 8.85% from sales of non SLCM concrete equipments, 5.65% from sale of spare-parts and 0.26% from services.

SLCMs are versatile self-loading machines capable of mixing and transporting concrete ingredients, enabling on-site production of concrete. These machines are equipped with, among others, (i) self-loading arms with a hatch bucket to ensure smooth flow of concrete ingredients into the drum in order to minimize spillage, and (ii) concrete batch controllers to accurately measure all the ingredients in order to produce high quality concrete

Revenue Mix – Segment wise

Particulars	FY ended September 30,2024		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)	(in Million)	(%)
SLCM	6,274	81.5%	14,825	81.5%	9,562	83.1%	5,911	77.4%
Non-SLCM	789	10.2%	1,541	8.8%	1,709	9.4%	995	13.0%
Spare parts	573	7.4%	984	5.7%	817	7.1%	67	8.8%
Services & Others	64	0.8%	64	0.4%	54	0.5%	57	0.7%
Total	7,700	100%	17,414	100%	11,511	100%	7,633	100%

As of September 30, 2024, it operate four assembling and manufacturing facilities at Obadenahalli, Gowribidanur and Basethahalli in the state of Karnataka, each specializing in distinct product lines. The Obadenahalli facility, with an area of 39,660.38 square meters (sqm), is among the largest SLCM facilities globally in terms of area as on March 31, 2024. Gowribidanur and Basethahalli with an area of 78920 sqm and 19340 sqm are into manufacturing of Batching plants/transit mixers and stationary/boom pumps respectively. It’s assembling and manufacturing facility at Adinarayanahosahalli (Karnataka) will have fungible capabilities to assemble a variety of concrete equipment, once it becomes operational in August 2025.

Its equipments are sold through dealers in India and outside of India to a diverse range of customers, including individual contractors, small and mid-sized contracting companies, rental companies, large construction companies and government construction agencies. As of September 30, 2024, the company has 51 dealers across 23 states in India and 25 dealers/distributors outside India. As of September 30, 2024, it have developed over 141 concrete equipment variants catering to the concrete application value chain, and over the last ten years, we have sold over 29800 concrete equipment in India.

Strengths➤ **Market leader in a large and fast-growing SLCM market**

During, FY22/FY23/ FY24/1HFY25 the company held approximately 86%/77%/75%/77% market share respectively in the number of SLCMs sold showcasing its market leadership. Further, during the past 10 years the company sold over 25,000 SLCMs in India, the highest among leading concrete equipment manufacturer. The company's SLCMs also command the highest resale value as of FY24 among leading concrete manufacturers in India due to their first-mover advantage, high quality & reliability in products and strong after sales services. During Financial Year 2024, approximately 14% of total concrete consumption in India passed through SLCMs, which offer various advantages such as addressing the growing demand for faster and more reliable construction processes. With revenues from SLCMs increasing at a CAGR of 45.70% between Financial Year 2022 and the six months period ended September 30, 2024, the company is well positioned to benefit from the growth opportunity in the concrete equipment market in India.

➤ **Leading concrete equipment company and offering services and solutions across the concrete application value chain**

The company's diverse product portfolio of 141 products finds its use throughout the concrete application value chain including production, transportation, and placement, paving and printing. Further, during the last 10 years it has sold over 29,800 concrete equipment to over 19,900 customers in India. Other concrete equipment products such as batching plants, concrete pumps, boom pumps, transit mixers and self-propelled boom pumps find application in large scale infrastructure projects (such as dams, highways and bridge construction) and are being deployed in upcoming infrastructure projects including the construction of prefabricated structures for metro projects and bridges, ports and airports. Thus, company is well-positioned to supply a range of concrete equipment with capabilities to efficiently handle small to large scale construction projects.

➤ **Large dealer network with widespread distribution model**

Ajax has built a dealer-led distribution and service model over the years comprising of 51 dealerships across 23 states in India. As of Sep'24, the company possess the largest dealer network in India in terms of dealers and service touchpoints. Ajax is accessible to customers through 114 touchpoints including 51 dealer headquarters, 29 branches and 34 service centers managed and operated by the dealers. As of Sep'24, the company has maintained relationships exceeding 5 years with 21 dealers, which constitutes ~41.2% of the total dealer network. In addition to their dealers in India, they have expanded their global reach with 25 dealers and distributors across South and Southeast Asia, the Middle East, and Africa, as of September 30, 2024.

➤ **Diversified customer base with longstanding relationships in the concrete equipment market**

The company has a diverse base of end customers including individual contractors, small & mid-sized contracting companies, rental companies, large construction companies and government construction agencies. Ajax's customer base is tailored to specific applications of equipment and spanning specialized sectors such as transportation infrastructure, irrigation and infrastructure projects. The company has built longstanding relationships with customers and has served over 11,100/12,100/15,700/19,000 customers as of FY22/FY23/ FY24/1HFY25 respectively.

➤ **Technology-led assembly and manufacturing processes and robust supplier network**

Company's technology-led assembly and manufacturing processes, supported by their robust supplier network, position them as the second largest company in terms of annual sales volume among leading concrete equipment manufacturers in India. Their lean manufacturing framework integrates advanced methodologies such as the Andon system, just-in-time (JIT) production, Kaizen, Poka-Yoke, and online traceability. This strategic implementation differentiates us from other prominent concrete equipment manufacturers and has contributed to achieving the lowest breakeven point among leading industry players in India as of March 31, 2024. It operate 4 assembling and manufacturing facilities at Obadenahalli, Gowribidanur and Basethahalli in the state of Karnataka, each specializing in distinct product lines, with the Obadenahalli Facility, with an area of 39,660.38 square meters. The Obadenahalli Facility of Ajax Engineering is among the three largest SLCM facilities globally in terms of area as on March 31, 2024.

➤ **Engineering-focused concrete equipment company with strong in-house design and development capabilities**

As an engineering-focused concrete equipment company, they have built a large and comprehensive portfolio of designed and developed concrete equipment. As of September 30, 2024, their in-house design, engineering, and development team includes 79 full-time employees, constituting approximately 15.96% of our total permanent workforce. The company is also engaged in the research and development of pre-mixes optimized for 3D printing applications, where precise material properties are critical for effective extrusion and settling. This approach has the potential to reduce the cost of 3D printing, making it more accessible and economically viable for wider use in the construction industry.

Strategies:➤ **Maintain leadership position and grow market share of SLCM portfolio by developing innovative products to cater to new untapped markets**

Ajax's primary aim is to increase its market share in SLCMs by capitalizing on the growth opportunity for SLCMs in the concrete equipment market. As of March 31, 2024, approximately 65% of India's cement consumption is attributed to the housing sector, with an additional 20-25% consumed by the infrastructure sector. This distribution underscores a robust growth opportunity for the adoption of SLCMs in the housing market, particularly as their SLCMs have a diverse range of applications and end-uses and are used pan-India, based on after-sales data available. As a leading manufacturer of SLCMs in India with an approximately 77%, 75%, 77% and 86% retail market share in the SLCM market in India in terms of number of SLCMs sold during the six months period ended September 30, 2024 and Financial Years 2024, 2023 and 2022, respectively. The company also seek to leverage potential increases in Government budget allocations for projects necessitating SLCM use such as regional highways, commercial complexes, and urban development 150 initiatives, and target customers transitioning to more mobile-friendly construction equipment. By introducing more mobile and adaptable SLCMs, they aim to cater to a market that has traditionally been underserved, expanding its customer base and enhancing the utility and appeal of their SLCMs in diverse operational environments, including rural and underdeveloped areas where traditional, heavy construction equipment is less viable.

➤ **Strengthen capabilities and increase market share of non-SLCM portfolio**

The company is focused on market penetration and direct sales, deploying personnel in key growth markets such as Mumbai, Delhi, Pune, Hyderabad, and Chennai to engage directly with B2B customers and drive business expansion. As part of strategy to strengthen their non-SLCM portfolio, they are actively engaging with government entities to identify infrastructure projects and initiatives that align with equipment offerings. Company’s commitment to innovation is reflected in continuous development of new equipment, including being the first Indian company to develop an in-house slip-form paver in 2019 and commercialize a 3D concrete printing machine in 2023. They also aim to enhance our 3D concrete printing capabilities for applications such as home construction, leveraging emerging technologies that enable high-precision, complex structures with reduced material waste. Additionally, capitalizing on cross-selling opportunities within their existing SLCM customer base, offering tailored solutions that increase customer reliance on broader equipment portfolio. To further differentiate, they are transitioning to an end-to-end sales model, providing comprehensive concrete equipment solutions across the value chain, including customization, maintenance, and operational support. This approach positions them as a one-stop solution provider, fostering long-term customer retention and strengthening our competitive advantage.

➤ **Improve operational efficiencies**

Ajax aim to enhance the efficiency of its operations and improve profit margins by leveraging economies of scale and their suite of concrete equipment and optimizing key operational processes. They are focus on optimizing direct material and fixed costs by partnering with high-quality, cost-effective suppliers and prioritizing localization to reduce import reliance. Through advanced process engineering and backward integration, they enhance operational efficiency and minimize material wastage. To maintain optimal inventory, the company refine their technological systems for better demand forecasting. Strengthening its dealer network, improve logistics, transportation routes, and delivery scheduling. Its automated quality control ensures consistent monitoring, and continue to refine vendor evaluations. Committed to product leadership, the company aim for zero failures within the first 1,000 operational hours, reducing warranty costs from 1.27% of revenue in FY 2022 to 0.64% in FY 2024, with 0.98% recorded for the six months ended September 30, 2024.

➤ **Increase presence in overseas markets through exports.**

Based on engagement with their customers and dealers, and assessment of market dynamics, the company plan to export equipment to countries which they are currently do not export into over the next 5 years. The company is committed to expanding presence in overseas markets by increasing the exports of SLCMs and other non-SLCM equipment in the future, and have currently entered into 25 agreements with dealers to export to overseas markets. As the first Indian concrete equipment company to manufacture slip form concrete paver in-house in 2019 and export slip form concrete paver in 2024 they continue to target key overseas geographies such as South and Southeast Asia, the Middle East, and Africa for growth. Given the fragmented nature of the market, they recognize the potential to consolidate and increase its market share internationally with exports of SLCMs and non-SLCM equipment such as pavers and 3D printing to overseas markets.

➤ **Explore opportunities for inorganic growth**

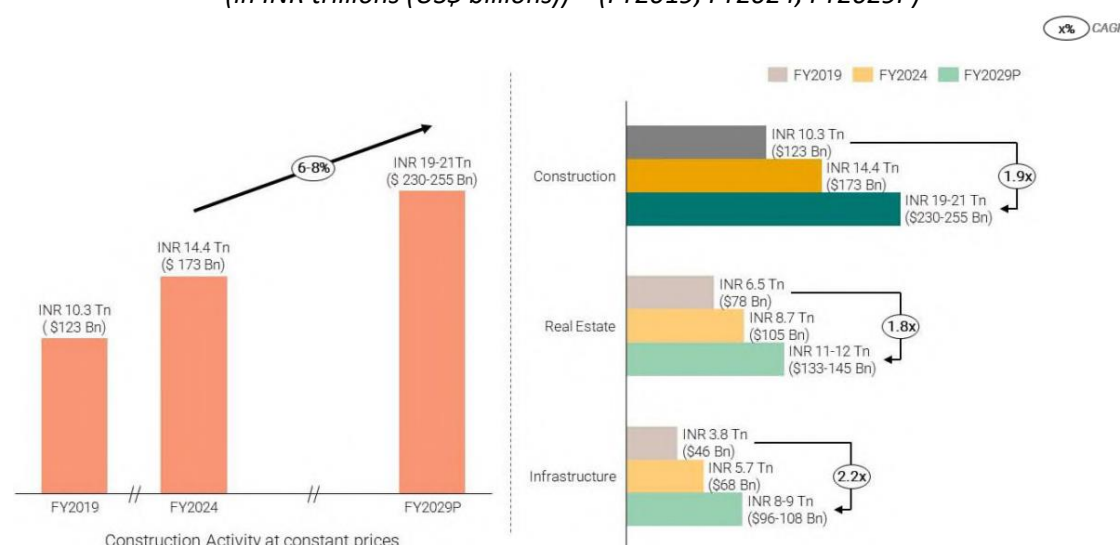
In addition to its ongoing organic growth initiatives, company aim to selectively pursue strategic acquisitions not only across existing SLCM and non-SLCM product lines in the concrete equipment market, but also across other high growth potential product lines which complement their overall engineering, design and development capabilities. They target acquisitions that offer technological synergies, broaden customer base, and enhance their geographic reach. These strategic acquisitions are intended to complement organic growth efforts, especially in international markets, helping to increase export activities and its international presence. Backed by a healthy surplus of cash reserves, their inorganic growth strategy is designed to accelerate business expansion, foster innovation in product offerings, and generate additional value for their customers as they access new markets and expand its technological frontiers

Industry Snapshot

➤ **Construction Activities in India**

Construction Activities in India have grown faster in recent years, driven by significant government investments towards infrastructure development, a favourable regulatory environment, successful public private partnerships, and rising private investments through FDI.

Construction, real estate and infrastructure activity at constant prices
(in INR trillions (US\$ billions)) – (FY2019, FY2024, FY2029P)



Going forward, infrastructure is projected to grow at a CAGR of ~8% between FY 2024 and FY 2029, while real estate is projected to grow at a CAGR of ~6%, between the same period. While in Metro and Tier 1 cities, the real estate market is projected to grow at a CAGR of 4-5% over the next five years driven primarily by increased urbanization and rising incomes leading to a burgeoning middle class, growth in Tier 2+ cities and rural areas is projected to

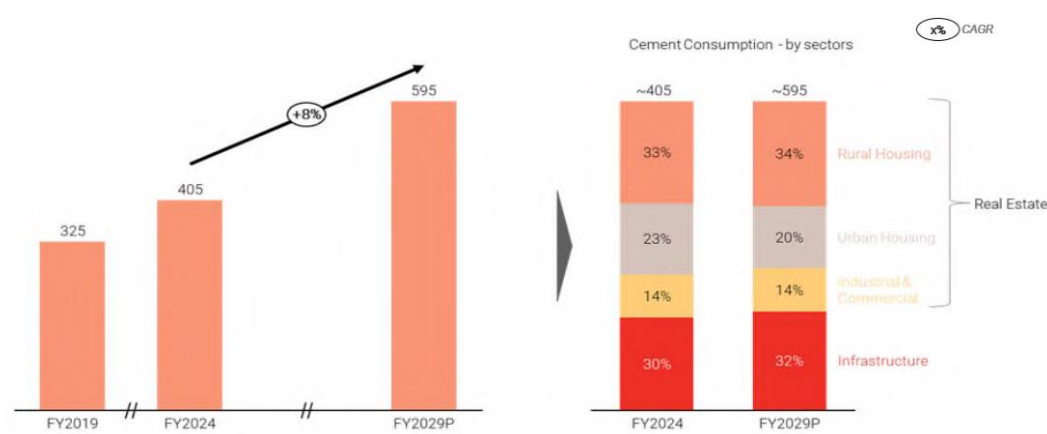
be higher, at a CAGR of 7-8%, driven by various government initiatives towards affordable housing and the development of various commercial projects crowding-in private investments.

➤ **Cement and Concrete Consumption in India**

India's per capita cement consumption is ~50% lower than the global average. Concreting in the country is largely manual and is fraught with multiple challenges and inefficiencies, increasing the importance of mechanization in the segment. The consumption of ready-mix concrete (RMC) is at a nascent stage and contributes to ~11% of total concrete consumption as of FY 2024, in sharp contrast to 50-70% of total concrete consumption in more developed countries like the US, China, and Japan. Therefore, given the wide headroom and the inherent benefits of RMC in terms of the higher quality when compared to manual mixing, faster speed to market, and limited downtime leading to better utilization of resources, the segment is projected to grow at a CAGR of ~19% till FY 2029.

Cement consumption in India is projected to grow at a CAGR of ~8% till FY 2029, driven by increasing investments in construction activities, particularly in rural housing and infrastructure development. The per capita cement consumption in India is ~50% lower than the global average, which also represents a headroom for growth.

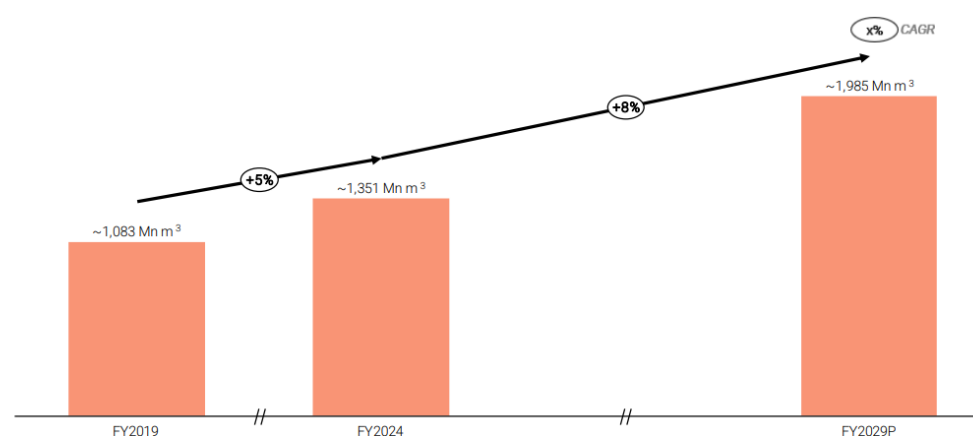
Domestic Cement Consumption in India, Segmental consumption of Cement (million tonnes, %) (FY 2019, FY 2024, FY 2029P)



Source(s): Redseer Research and Analysis

Concrete consumption in India is poised to grow in-line with the cement consumption driven by the inherent benefits it offers over other materials across various construction activities

Domestic Concrete Consumption in India (in million cubic meters) (FY 2019, FY 2024, FY 2029P)



Source(s): Redseer Research and Analysis

As a result, concrete consumption in India has seen significant growth, with an estimated usage of around 1,351 million cubic meters (m³) in FY 2024. This trend is projected to continue, with projections indicating a CAGR of ~8%, potentially reaching 1,985 million cubic meters (m³) by FY 2029.

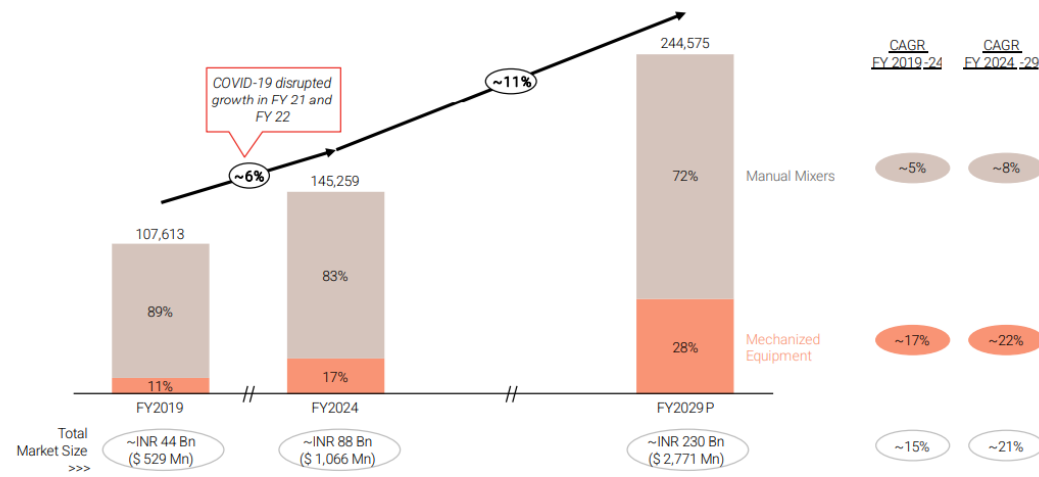
➤ **Concreting Equipment Market in India**

Increase in the mechanized production of concrete is leading to increase in the demand for concreting equipment in India. Currently ~25% of the concrete produced is via mechanized concreting equipment which is likely to increase in the coming years to reach ~41% by FY 2029. Given the multi-fold benefits of mechanized concreting equipment over manual methods, the market is projected to grow at a CAGR of ~22% by volume, and ~24% by value till FY2029, representing an opportunity of ~INR 191 billion (US\$ 2.3 billion)

The market for concreting equipment in India is projected to grow at a CAGR of ~11% (in volume terms) and ~24% (in value terms) till FY 2029 given the increasing penetration of mechanized concreting equipment such as SLCMs, Transit Mixers, and Batching Plants

Overall Concrete Equipment sales 1 by sub-segments in India, Overall Concrete Equipment market in India (number of units sold per annum, in INR Billions (US\$ Millions))

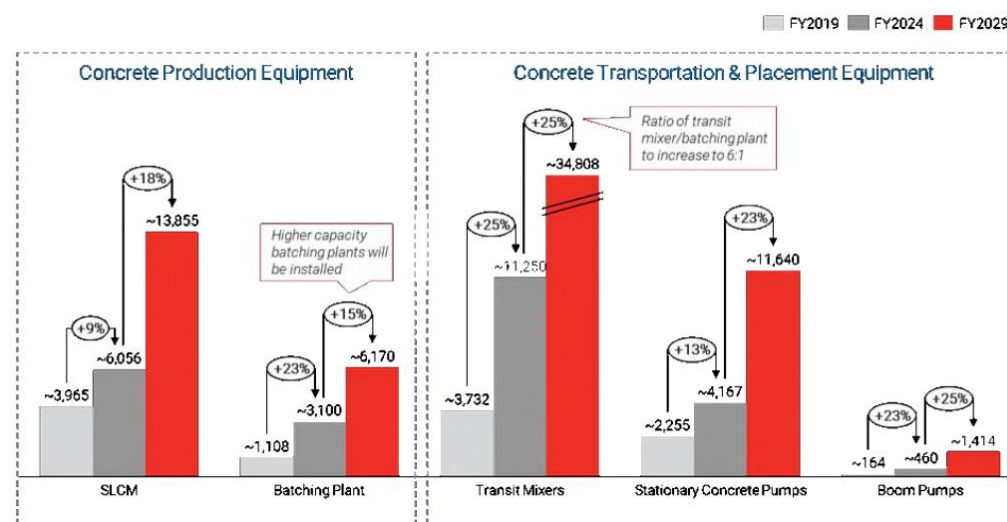
(FY 2019, FY 2024, FY 2029P)



Note(s): 1. Mechanized equipment includes Self-Loading Concrete Mixers (SLCM), Transit Mixers, Stationary Concrete Pumps, Boom Pumps, Batching Plants, Fixed Form Pavers, Mobile Line Pumps, Shotcrete, etc. 2. Conversion Rate: US\$ 1 = INR 83

Source(s): Redseer Research and Analysis

Key Mechanized Concrete Equipment sales by sub-segments in India



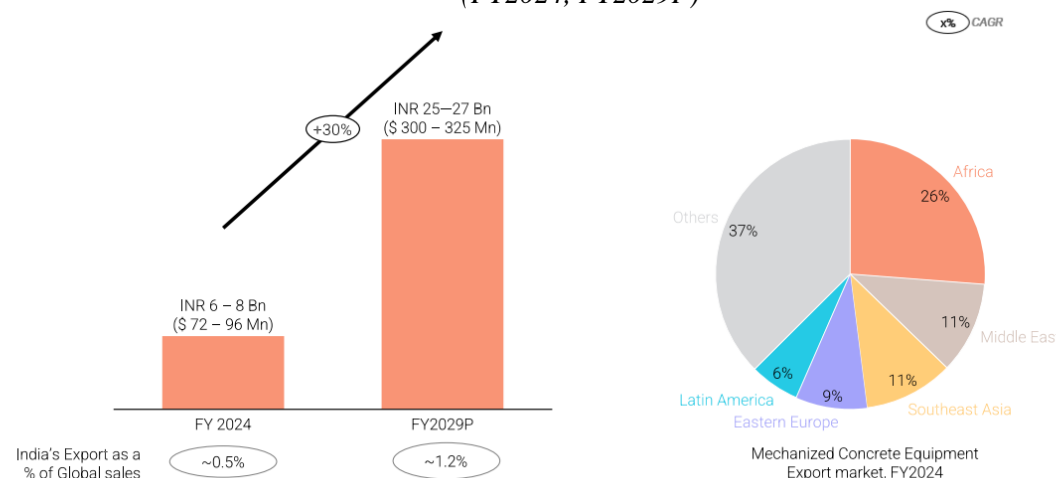
In value terms, the mechanized concrete equipment industry is projected to increase at a CAGR of ~24% from FY 2024 to FY 2029. Two key factors contributing to this price increase are the transition from Construction Equipment Vehicle (CEV) IV to Construction Equipment Vehicle (CEV) V emission norms and the commodity inflation. This is in addition to the increase in the sales due to volume growth.

➤ **India can emerge as an export hub for concreting equipment**

Infrastructure development is fundamental to progress in emerging economies. Indian manufacturers in the concreting equipment sector can capitalize on this opportunity. As of FY2024, India exports approximately INR 6-8 billion (USD 72-96 million) worth of concreting equipment, a figure projected to increase at a CAGR of ~30% by FY2029.

The global concreting equipment industry presents significant opportunities for growth, particularly with India emerging as a key player in this market. The global concrete equipment market is valued at approximately INR 1,543 Tn (USD 18.5 billion) in FY2024 and is projected to grow to INR 2,077 Tn (USD 25 billion) by FY2029, reflecting a CAGR of ~6% during this period. This growth is driven by increasing urbanization, infrastructure development, and the adoption of advanced technologies in construction processes. The market is segmented across various regions, with Asia-Pacific being the largest market due to rapid urban infrastructure development. Following Asia-Pacific, North America and Europe also show substantial demand for concrete equipment.

Indian Mechanized Concrete Equipment Export market, Share of India's Export in Global sales, Indian Mechanized Concrete Equipment Export market by regions (FY2024, FY2029P)

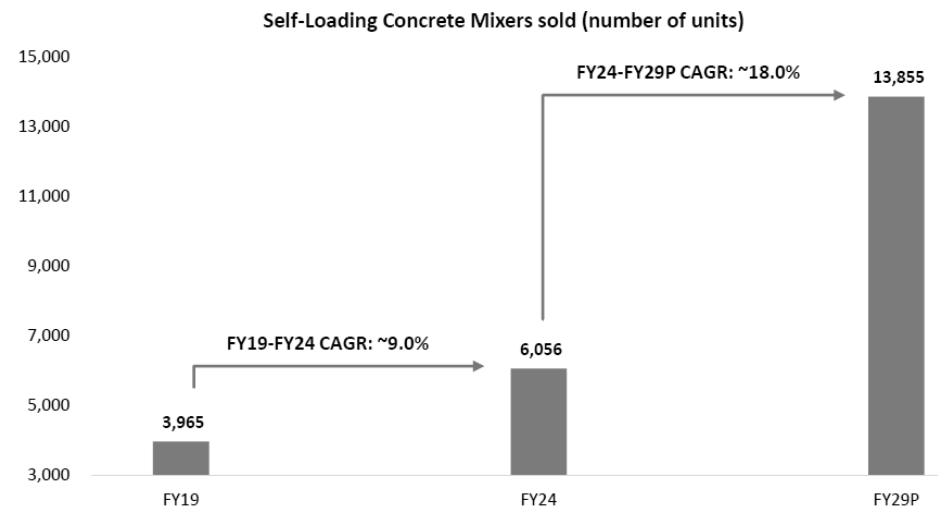


Note(s): 1. Global sales excludes India's Mechanized Concrete Equipment market data. 2. For the estimation of regional share in the export market, export value data for HS codes 84134000, 84743110, 84791000 and 87054000, which represent concrete pumps, concrete mixers without chassis, concrete pavers and concrete mixer with chassis, respectively, was utilized as released by the Department of Commerce, Ministry of Commerce and Industry.

Source(s): Ministry of Commerce and Industry, Redseer Research and Analysis

- Use of Self-Loading Concrete Mixers (SLCM) – drives ~14% of total concrete consumption

The second value chain of concrete manufacturing involves mechanization, primarily through the use of Self-Loading Concrete Mixers (SLCMs). This method is utilized for projects requiring more than 30 cubic meters, such as residential and commercial 126 complexes, parking structures, highways and mid-sized infrastructure projects. In this process, contractors collaborate with concreting companies, establishing agreements for concrete delivery. Raw materials are loaded at the site on to the SLCM which manufactures concrete on site.



Conclusion

Infrastructure development is a crucial driver of India's economic growth and is projected to increase at ~8% CAGR from FY2024 to FY2029. This will necessitate the increased consumption of materials such as concrete. While manual mixing remains common in the country, the rapid pace of growth is accelerating the penetration of mechanization of concrete which is projected to increase from ~25% in FY2024 to ~41% in FY2029. This trend is projected to further propel the demand for mechanized concrete equipment in India and grow the industry from INR ~61 billion (US\$ 731 million) to ~INR 178 billion (US\$ 2,148 million) from FY2024 to FY2029. Players that concentrate on key success factors will be well-positioned to capture opportunities in this expanding market. Ajax Engineering has become the leader in SLCM and has emerged as the second largest mechanized concreting equipment player in India by integrating these factors. Indian players can also capitalize on the potential demand for concreting equipment in emerging markets or sell construction equipment alongside their core concreting products to expand their revenue streams.

Comparison with listed entity

Name of Company	Mcap(₹ million)	Face Value Per Share (₹)	Total Income for Fiscal 2024 (₹ million)	EPS	P/E	EV/EBITDA	NAV per equity share (₹)	P/BV
Ajax Engineering Ltd	71,962	2	17,414	3.3	32.4	25.9	87.0	7.2
Peer Group								
Action Construction Equipment Ltd	1,46,386	2	29,138	23.3	44.7	36.3	116	11.0
BEML Ltd	1,40,800	10	40,543	61.9	50.0	32.0	649	4.8
Escorts Kubota Ltd	3,71,994	10	88,496	105	34.3	31.7	879	3.8

Date as on 31st March 2024, Mcap, PE, EV/EBITDA calculated as on 07-01-2025 Ajax Engineering Ltd, EPS/PE, PB, NAV calculated as on FY24

Key Risks

- **Revenue concentration risk:** The Company derived 77.4%/83.1%/85.1%/81.5% of its FY22/FY23/FY24/1HFY25 revenue respectively from sale of Self-loading concrete mixers.
- **Cyclicality risk:** The concrete equipment industry in India is cyclical in nature and is primarily driven by government infrastructure investment.
- **Raw material risk:** Cost of raw materials stood at 71.8%/71.9%/73.3%/69.6% of FY22/FY23/FY24/1HFY25 revenue respectively.
- **Manufacturing facility risk:** All of the manufacturing facilities are located in Karnataka which exposes them to regional risks.
- **Compliance risk:** The Company has few instances of non-compliance with respect to certain regulatory filings for corporate actions taken by the company in the past.

Valuation & Outlook

Ajax Engineering limited since its inception 32 years ago, it has developed comprehensive range of concrete equipment product portfolio across the concrete application value chain. The company follows an asset-light model by sourcing materials from 546 suppliers. It result focuses on localisation as a result of which imports constitute less 10% of costs of materials.

The company's addressable market is growing faster given the government thrust on infrastructure, which augurs well for the company. On the other hand promotor group needs to offload shares over 3 years to reduce the stake to 75% or lower (currently 82% post issue). However the company offers niche construction equipment in its business has a robust financials.

On valuation parse, based on FY24 it is seeking PE of 32 times and post issue market cap comes at Rs 71,961 Mn with the issue is reasonably priced. Therefore, given the factors like, market leading in SLCM's products, present across all the concrete application value chain and stable top and bottom lines, we recommend the issue can be consider as "**SUBSCRIBE for LONG TERM**".

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