

Rating: Neutral

Issue Offer

Offer for sale of 2,01,80,446 equity shares up to INR 12,693.5 Mn.

Issue Summary

Price Band INR	599-629
Face Value INR	1
Implied Market Cap (INR Mn)	71961.90
Market Lot	23
Issue Opens on	Feb 10, 2025
Issue Close on	Feb 12, 2025
No. of share pre-issue	11,44,06,800
No. of share post issue	11,44,06,800
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

Link Intime India Private Ltd

Book Running Lead Managers

ICICI Securities Limited
Citigroup Global Markets India Private Limited
Jm Financial Limited
Nuvama Wealth Management Limited
SBI Capital Markets Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	93.50%	75.86%
Public & Others	6.50%	24.14%

Objects of the issue

- The Company will not receive any proceeds of the Offer. Each of the Selling Shareholders will be entitled to the respective proportion of proceeds of the Offer for Sale.

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Ronak Ostwal

Incorporated in July 1992, Ajax Engineering Limited manufactures a wide range of concrete equipment and services across the value chain. As of September 30, 2024, the company has developed 141 concrete equipment variants for the value chain and sold over 29,800 units in India in the last ten years. Ajax Engineering Limited has four facilities in Karnataka, located at Obadenahalli, Gowribidanur, and Bashettihalli, each specializing in different products, especially the Obadenahalli facility. The company has 51 dealerships across 23 states in India, providing 114 touchpoints, including 51 headquarters and 63 branches, 34 of which also serve as service centers. The company has sold concrete equipment and spare parts to over 19,000 customers. As of September 30, 2024, the service team included 85 employees, such as coordinators, managers, specialists, and customer service executives supporting our dealer network.

Investment Rationale

Market leader in a large and fast-growing SLCM market: During 1HFY25 the company held approximately 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. As of 1HFY25 sales of SLCM stood at 1,933 units respectively.

Diverse portfolio 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, 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.

Robust distributor network: Ajax has built a dealer-led distribution and service model over the years comprising of 51 dealerships across 23 states in India. As of Sept'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

Diverse customer base: 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 served over 19,000 customers as 1HFY25 respectively.

Valuation and Outlook: Ajax Engineering Limited is the market leader in the self-loading concrete mixers segment holding approximately 77% in 1HFY25 respectively in terms of units sold. It possesses a robust dealer network of ~51 dealerships across India and has served over 19,000 customers as of 1HFY25. The company has delivered strong Revenue/EBITDA/PAT CAGR of 51.0%/ 74.5%/84.4% respectively in the period between FY22-FY24 and is debt-free. At the upper band of INR 629, the issue is valued at an EV/EBITDA multiple of 25.9x based on FY24 EBITDA and P/E ratio of 31.93x, based on an annualized FY24 EPS of INR 19.7. We assign a "Neutral" rating for this issue.

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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