



IPO Note

AJAX ENGINEERING LIMITED

FEB 10, 2025





Feb 10, 2025

Details of the Issue

Price Band	₹ 599 - ₹ 629
Issue Size	₹ 1,269.35 Cr
Face Value	₹ 1
Bid Lot	23
Listing on	BSE, NSE
Post Issue Mcap	₹ 7,196.2 Cr
Investment Range	₹ 13,777 - ₹ 14,467

Important Indicative Dates (2025)

Opening	10 - Feb
Closing	12 - Feb
Basis of Allotment	13 - Feb
Refund Initiation	14 - Feb
Credit to Demat	14 - Feb
Listing Date	17 - Feb

Lead Manager

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

Offer Details

Offer Size	₹ 1,269.35 Cr
Fresh Issue	-
OFS	₹ 1,269.35 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	634.7	10.6	10.1	50
NII	190.4	3.2	3.0	15
Retail	444.3	7.4	7.1	35
Em-ploy.	-	-	-	-
Total	1,269.4	21.2	20.2	100

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Company Profile

Incorporated in 1992, Ajax Engineering Limited is a concrete equipment manufacturer with a comprehensive range of concrete equipment, services and solutions across the concrete application value chain. As of September 30, 2024, the company developed over 141 concrete equipment variants and over the last decade it sold over 29,800 concrete equipment.

Ajax's product portfolio includes 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. Ajax is the leading manufacturer of SLCMs with 77% market share in India at the end of September 2024. SLCMs are versatile self-loading machines capable of mixing and transporting concrete ingredients, enabling on-site production of concrete.

GEPL's Insights & Investment Thesis:

- Ajax Engineering Limited is a leading manufacturer of Self-Loading Concrete Mixers (SLCMs) with 77% of the market share in India as of September 2024.
- The company achieved healthy financial growth with topline and bottom line increasing by 51% and 84% over the last two years driven by increase in sales of SLCM machines. SLCM machines experienced healthy demand over the last two years given the increased public and private spending towards infrastructure, housing, and other projects.
- Over the next five years, the market for concreting equipment is poised for robust growth and is projected to expand at a CAGR of ~22% by volume and ~24% by value given the increased consumption of concrete materials.
- Based on the FY24 earnings relative to the company's post-IPO paid-up equity capital, the issue is priced at a P/E ratio of 31.96x. We believe that the company is fairly valued compared to its industry peers and has good future growth prospects. Therefore, we recommend a "Subscribe" rating for the issue.

Business Highlights & Services

Ajax Engineering's concrete equipment has a diverse use case and is utilized across transportation projects such as roads, railways, underground tunnels, and bridges, irrigation projects such as reservoirs, canals, check dams and aqueducts, and infrastructure projects such as landscaping, drainage, power plants, and others. As of September 2024, the company had four assembling and manufacturing facilities at Obadenahalli, Gowribidanur and Basethahalli in the state of Karnataka, each specializing in distinct product lines. The Obadenahalli Facility is among the largest SLCM facilities globally in terms of area, with an area of 39,660.38 square meters. The company's assembling and manufacturing facility at Adinarayanahosahalli (Karnataka) is currently under construction and expected to become operational in August 2025. Once completed this facility will help cater the additional demand and effectively meet the customers needs.

Ajax's equipment is sold through dealers in 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. The dealer network comprises of 51 dealerships across 23 states in India along with 25 dealers and distributors globally.



The concrete equipment market in India, particularly the segment for Self-Loading Concrete Mixers (SLCMs), is witnessing remarkable growth. This surge is driven by multiple factors, including rising cement consumption and a substantial uptick in both public and private investments across key sectors. Infrastructure development, irrigation projects, housing initiatives, and renewable energy ventures are fuelling demand for high-quality construction materials and advanced equipment. As urbanization accelerates and the government's push for large-scale projects continues, the need for efficient, cost-effective, and versatile concrete solutions like SLCMs is at an all-time high, making this a thriving segment in the industry. Furthermore, the concrete equipment market in India is rapidly shifting from traditional manual mixers to advanced mobile and automated solutions, with cutting-edge innovations in SLCMs leading this transformation.

Product-wise revenue

<i>(in crores)</i>	6M FY2025	FY2024	FY2023	FY2022
Revenue from SLCMs	627.4	1482.5	956.2	591.1
Revenue from non SLCMs	78.9	154.1	107.9	99.5
Revenue from spare parts	57.3	98.4	81.7	67.0
Revenue from sale of services	5.4	4.6	4.0	4.3
Other Income	1.0	1.8	1.4	1.3
Total	770.0	1741.4	1151.1	763.3

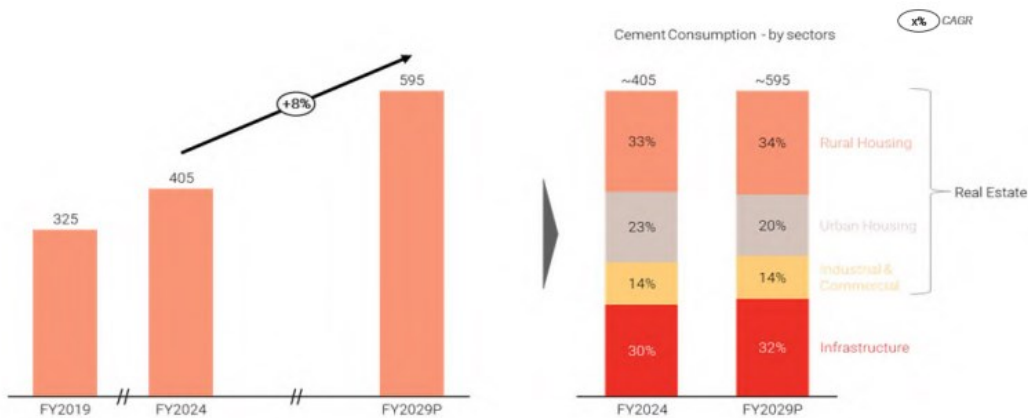
Sales Attributable to SLCM and non - SLCM

Sales volumes	For the six months period ended				Financial Year					
	September 30, 2024		September 30, 2023		2024		2023		2022	
	<i>(Number of units sold)</i>	<i>(% of total units sold)</i>	<i>(Number of units sold)</i>	<i>(% of total units sold)</i>	<i>(Number of units sold)</i>	<i>(% of total units sold)</i>	<i>(Number of units sold)</i>	<i>(% of total units sold)</i>	<i>(Number of units sold)</i>	<i>(% of total units sold)</i>
SLCMs	1,933	89.41%	1,768	87.61%	4,625	89.20%	2,962	87.95%	1,930	81.81%
Non-SLCMs	229	10.59%	250	12.39%	560	10.80%	406	12.05%	429	18.19%
Total	2,162	100.00%	2,018	100.00%	5,185	100.00%	3,368	100.00%	2,359	100.00%

Industry Overview

India's per capita cement consumption remains significantly lower—approximately 50% less—than the global average. The country's concreting processes are predominantly manual, riddled with inefficiencies and operational challenges. This underscores the growing need for mechanization in the sector. Despite its advantages, the adoption of ready-mix concrete (RMC) is still in its nascent stage, accounting for only about 11% of total concrete consumption as of FY 2024. In contrast, developed nations like the US, China, and Japan see RMC contributing 50-70% of their total concrete use. However, with the clear benefits of RMC—including superior quality over manual mixing, faster project execution, and reduced downtime that optimizes resource utilization—the segment is poised for rapid expansion. Given the significant growth potential, RMC consumption is expected to rise at a robust CAGR of approximately 19% through FY 2029.

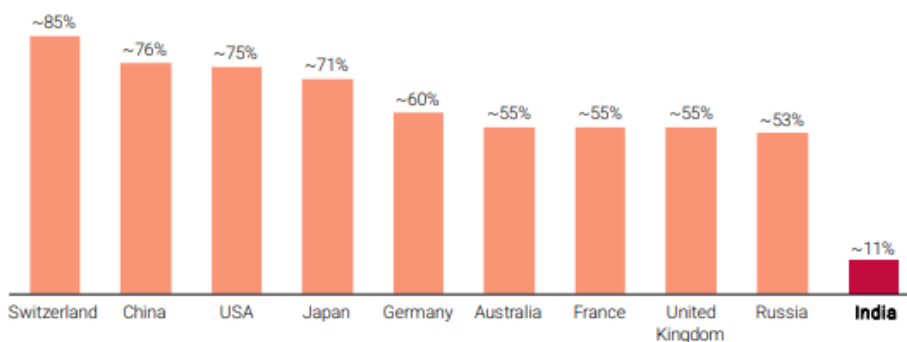
Cement plays a pivotal role in India's infrastructure landscape, ensuring strength, durability, and longevity across diverse applications. From highways and bridges to renewable energy projects and towering skyscrapers, cement remains the backbone of the nation's horizontal and vertical expansion. In terms of sectoral consumption, rural housing and infrastructure projects lead the demand, contributing approximately 33% and 30%, respectively, in FY 2024. Urban housing follows with a 23% share, while industrial and commercial buildings account for around 14%.



Source(s): Redseer Research and Analysis

India’s ready-mix concrete (RMC) market remains in its early stages, with RMC accounting for only ~11% of total concrete consumption—significantly lower than the 50-70% penetration seen in developed nations like the US, China, and Japan. However, with growing recognition of its advantages, the segment is poised for rapid expansion, projected to grow at a CAGR of ~19% until FY 2029, reaching an estimated ~17% share of total concrete consumption. India’s RMC growth trajectory is expected to outpace China’s, which has seen steady adoption over the past two decades. Currently, Metro and Tier 1+ cities account for 65-70% of total RMC consumption, with demand heavily concentrated in the western and southern regions. This is driven by rising awareness of RMC’s benefits, including improved construction efficiency, faster project completion, and adherence to stricter safety and quality standards. As mechanization gains traction and infrastructure development accelerates, RMC is set to play a pivotal role in shaping India’s construction landscape.

The rising adoption of mechanized concrete production is driving a significant surge in demand for concreting equipment in India. Currently, only about 25% of concrete is produced using mechanized equipment, but this share is expected to rise substantially, reaching approximately 41% by FY 2029. With its clear advantages over manual methods—including higher efficiency, superior quality, and reduced labor dependency—mechanized concreting is gaining strong momentum. As a result, the market for concreting equipment is poised for robust growth, projected to expand at a CAGR of ~22% by volume and ~24% by value. This rapid expansion translates into a significant market opportunity worth approximately INR 191 billion (US\$ 2.3 billion) by FY 2029, reinforcing the critical role of mechanization in India’s evolving construction landscape.



Share of Ready-Mix Concrete in the overall concrete consumption across few countries (in %)- (CY 2023)

[Peers Comparison](#)

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	P/E	RoNW(%)
Ajax Engineering Limited	1	1,780.1	19.6	NA	19.39%
Peers Group					
Action Construction Equipment Limited	2	2,990.9	27.6	46.1	26.65%
BEML Limited	10	4,096.5	67.6	54.2	10.56%
Escorts Kubota Limited	10	9,248.2	96.6	35.7	11.44%

[Companies Competitive Strength :](#)

- Market leader in a large and fast-growing SLCM market.
- Leading concrete equipment company with over 141 concrete equipment variations, and offering services and solutions across the concrete application value chain
- Engineering-focused concrete equipment company with strong in-house design and development capabilities
- Large dealer network with widespread distribution model and 51 dealerships across 23 states in India, as of September 30, 2024.
- Technology-led assembly and manufacturing processes and robust supplier network.
- Diversified customer base with longstanding relationships in the concrete equipment market.
- Experienced management team supported by qualified and experienced personnel.

[Key Strategies Implemented by Company](#)

- Maintain its leadership position and grow market share of our SLCM portfolio by developing innovative products to cater to new untapped markets.
- Strengthen capabilities and increase market share of its non-SLCM portfolio.
- Improving operational efficiencies.
- Increase its presence in overseas markets through exports.
- Explore opportunities for inorganic growth.

Particular (INR in Cr)	6M FY25	FY24	FY23	FY22
Equity Capital	11	11	11	3
Reserves and Surplus	984	907	702	575
Net Worth	996	918	714	578
Revenue	770	1,741	1,151	763
Growth (%)		51%	51%	
EBITDA	119	276	171	90
EBITDAM (%)	15.5%	15.8%	14.8%	11.9%
PAT	101	225	136	66
PATM (%)	11%	5%	5%	6%
ROCE (%)	14%	33%	25%	16%
ROE (%)	10%	25%	19%	11%



Notes

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