IPO REVIEW

# Ajwa Projects IPO

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- The company is engaged in diversified portfolio of industrial services that covers all related services and offerings.
- The company marked growth in its top and bottom lines for the reported periods.
- Based on its recent average financial data, the issue appears aggressively priced.
- Tiny equity capital post-IPO indicates longer gestation period for migration.
- Investors may ignore this high risk/low return pricey offer.

## About the Company

Ajwa Projects Ltd. (APL) is engaged in a diversified portfolio of industrial services that span fabrication, piping, erection, pressure equipment, prefabricated structures, Blasting & Painting, maintenance & mechanical services, and civil construction works. Its role begins where it undertakes the core execution and manufacturing activities that convert approved plans into functional industrial assets. Through these activities, the Company plays a critical role in creating and sustaining industrial and infrastructure facilities across sectors.

Fabrication forms a central part of its business and constitutes one of the most important areas of operations. APL is engaged in the machining, welding, and assembling of raw materials such as steel and other structural components into finished parts and sections as per client specifications. Its fabrication scope is broad and covers multiple categories of work. In structural fabrication, it manufactures technological frameworks, industrial buildings, girders, heavy modules, platforms, and crane girders that are critical for plant construction and infrastructure projects. In equipment fabrication, its activities include pressure vessels, boilers, heat exchangers, tanks, chimneys, ducts, ladles, and blast furnace components, which are widely used in process industries such as steel, power, oil and gas, and refineries.

APL also fabricate specialized components such as dish ends, crowns, petals, and customized parts, including diesel engine components for railway applications that require a high degree of precision and strict compliance with industry standards. As fabrication work forms the base for subsequent erection and installation, this area of its operations plays a pivotal role in ensuring the overall readiness, reliability, and quality of the industrial assets delivered by the Company. It also provides erection services, which constitute an important area of operations and one of the most critical stages in the industrial project lifecycle. These services cover the on-site installation, alignment, and integration of fabricated structures, equipment, and piping systems, all executed in accordance with client-approved designs and specifications.

Erection requires handling and positioning of heavy structures, assembling of large equipment modules, and connecting auxiliary systems, often within complex and high-risk industrial environments. As the final step linking fabrication to operational readiness, this work demands strict adherence to safety norms, precise execution, and careful coordination with other site activities. Through these services, the Company enables the transition of fabricated components into stable, functional, and compliant industrial assets, thereby playing a vital role in the completion and commissioning of projects across sectors such as oil & gas, refineries, power plants, steel plants, bridges, and large infrastructure works. Erection is not only about placing components but about ensuring stability, safety, and operational readiness. Any gap at this stage can delay or disrupt an entire project, making it one of the most sensitive and high-responsibility activities in the lifecycle of industrial facilities.

In addition to fabrication and erection services, the Company also undertakes civil construction works. Its scope in civil construction includes site preparation, earthworks, concreting, foundations for heavy machinery, superstructures for industrial facilities, factory buildings, silos, tanks, and other supporting works required for plant and infrastructure development. In Piping services, it undertakes the fabrication and erection of process and utility piping networks covering systems for fluids, gases, steam, and chemicals as per client requirements. Its scope includes not only the erection of pipelines but also, where required, the manufacturing of pipes from raw materials, followed by welding, fitting, and assembling into functional sections. These piping systems are then installed and aligned on-site to integrate with plant layouts and connect with critical equipment. This ensures proper flow, safety, and uninterrupted operations in industries such as refineries, power plants, chemical complexes, steel facilities, and other process-driven units. As of June 30, 2026, it had 658 employees on its payroll, and is also hiring contract labourers as and when required.

## Issue Details / Capital History

The company is coming out with its IPO of 1874400 equity shares of Rs. 10 each at a fixed price of Rs. 203 per share, to mobilize Rs. 38.05 cr.  The IPO consists of 1500000 fresh equity shares worth Rs. 30.45 cr. and an Offer for Sale of 374400 equity share worth Rs. 7.60 cr. The minimum application to be made is for 1200 shares and in multiples of 600 shares thereon, thereafter. The issue opens for subscription on October 28, 2026 and will close on or before October 30, 2026. The shares will be listed on BSE SME. The IPO constitute 34.08% of the post-IPO paid-up capital of the company. The company is spending Rs. 4.57 cr. for this IPO process, and from the net proceeds, it will utilize Rs. 4.00 cr. for working capital, Rs. 9.35 cr. for repayment/prepayment of certain borrowings, Rs. 8.10 cr. for capex on acquisition of equipment, transport vehicle/assets, and Rs. 4.43 for general corporate purposes.

The IPO is solely lead managed by Wealth Mine Networks Ltd., while KFin Technologies Ltd. is the registrar to the issue. Prabhat Financial Services Ltd., is a market maker.

After issuing initial equity capital at par value, the company issued further equity shares at a fixed price of Rs. 100 per share in March 2012 and March 2013. It has also issued bonus shares in the ratio of 19 for 1 in December 2024. The average cost of the acquisition of shares by the promoters is Rs. 0.50, Rs. 3.40, and Rs. 4.10 per share.

Post-IPO, company's current paid-up equity capital of Rs. 4.00 cr. (4000000 equity shares) will stand enhanced to Rs. 5.50 cr. (5500000 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 111.65 cr.

## Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted total income/ net profit, of Rs. 34.38 cr. / Rs. 2.95 cr. (FY24), Rs. 36.87 cr. / Rs. 3.28 cr. (FY25), Rs.  48.56 cr. / Rs. 5.42 cr. (FY26). For Q1 of FY27 ended on June 30, 2026, it earned a net profit of Rs. 1.56 cr. on a total income of Rs. 12.44 cr. The company posted growth in its top and bottom lines for the reported periods. Rising trade receivables raises alarm.

For the last three fiscals, the company has reported an average EPS of Rs. 10.83 and an average RoNW of 35.02%. The issue is priced at a P/BV of 4.21 based on its NAV of Rs. 48.17 per share as of June 30, 2026 , and at a P/BV of 2.25 based on its post-IPO NAV of Rs. 90.40 per share.

If we attribute FY27 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 17.92, and based on FY26 earnings, the P/E stands at 20.59. The issue appears aggressively priced based on its recent average super earnings.

The company has posted PAT Margins of 8.60% (FY24), 8.94% (FY25), 11.20% (FY26), 12.55% (Q1-FY27), and RoCE margins of 35.63%, 31.19%, 34.75%, 7.56%, respectively for referred periods.

## Dividend Policy

The company has not paid any dividends since incorporation. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

## Comparison with Listed Peers

As per the offer document, the company has shown Atmastco Ltd., Samay Projects, as its listed peers. They are currently trading at a P/E of 9.98 and 11.4 (as of October 23, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears as an eye-wash.

## Merchant Banker's Track Record

This is the 8th mandate from Wealth Mine Networks Ltd., in the last two fiscals. Out of the last 7 listings, 5 opened at discount, 1 at par, and 1 with a premium of 2.57% on the date of listing. The merchant banker has a poor track record.

## Conclusion / Investment Strategy

APL is engaged in diversified portfolio of industrial services that covers all related services and offerings. The company marked growth in its top and bottom lines for the reported periods. However, boosted top and bottom lines in pre-IPO period appears a window dressing to fetch fancy valuation for IPO. It is operating in a highly competitive and fragmented segment. Based on its recent average financial data, the issue appears aggressively priced. Tiny equity capital post-IPO indicates longer gestation period for migration. Investors may ignore this high risk/low return pricey offer.

### About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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