

16 November 2025

India | Equity Research | Results Update

Ajax Engineering

Capital Goods

Volumes remain resilient amidst extended monsoon

Ajax reported a surprisingly good volume growth with 1,116 SLCMs (+51% YoY) in Q2FY26. Although the growth is on a low base due to elections impacting the base quarter volumes, we believe it to be healthy given the extended monsoon which tends to have bearing on overall construction activity and consequently impacts construction equipment sales. In H1, it clocked volume of >2,300 SLCMs and in full FY26, it expects to achieve volume growth rate in low double digits. Its full year guidance implies an upbeat outlook, to achieve >1.5x H1 volume in H2. However, we expect its profitability to be impacted in FY26 as it is currently testing the water with its new CEV-V compliant SLCMs (mandated Jul'25 onwards) before taking any price hike. We estimate ~200bps impact on EBITDA margin in FY26E. Nonetheless, we expect the price hike to come into effect in H2 which should negate the margin impact heading into FY27. Maintain **BUY** with TP of INR 900.

A good quarter albeit on a low base

Ajax reported a good Q2 with revenue growth of 48% YoY to INR 4.4bn. The growth was driven by SLCM volumes which grew 51% YoY to 1,116. However, the YoY growth was on a low base (impacted by elections). Nonetheless, we believe the volumes were healthy given the extended monsoon. Higher cost of production for CEV-V machines, change in product mix and a large order executed in Q2 (with lower realisation) impacted profitability in the quarter; EBITDA margin was down 280bps YoY to 10.2%. Nonetheless, EBITDA/profit in Q2 was up 16%/15% YoY on strong volume growth.

Testing the water

From Jul'25, India has transitioned to CEV stage V emission norms for construction equipment – a shift from the previous CEV stage IV regime. Due to the transition, margins have been impacted temporarily. We expect gross margin compression of 150-200bps in FY26E. Ajax is looking to gauge the appetite in the market for its new machines before taking price hikes. We expect a price hike in H2.

Guides an upbeat second half

Ajax has guided FY26 volume growth rate to be in low double digits, implying a strong H2 with >1.5x H1 volumes. With monsoon out of the way, it expects pickup in construction activity in coming months. It also plans to extend distribution of its smaller SLCMs in H2 after successfully testing it in beachhead markets.

Maintain BUY

We maintain **BUY** with TP of **INR 900** (unchanged), valuing the stock at 28x FY27E earnings.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	17,414	20,739	23,007	26,750
EBITDA	2,755	3,241	3,076	4,301
EBITDA Margin (%)	15.8	15.6	13.4	16.1
Net Profit	2,251	2,626	2,639	3,676
EPS (INR)	19.7	23.0	23.1	32.1
EPS % Chg YoY	65.7	16.6	0.5	39.3
P/E (x)	31.8	27.3	27.1	19.5
EV/EBITDA (x)	23.9	20.2	20.5	14.0
RoCE (%)	27.5	25.4	21.0	24.3
RoE (%)	27.6	25.3	20.9	24.3

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Market Data

Market Cap (INR)	72bn
Market Cap (USD)	807mn
Bloomberg Code	AJAXENGG IN
Reuters Code	AJAX.BO
52-week Range (INR)	757 /549
Free Float (%)	18.0
ADTV-3M (mn) (USD)	0.8

Price Performance (%)	3m	6m	12m
Absolute	(11.5)	(15.4)	0.0
Relative to Sensex	(16.4)	(19.4)	0.0

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

05-07-2025: [Q1FY26 results review](#)

02-07-2025: [Initiating coverage](#)

Exhibit 1: Quarterly financial highlights

Particulars (INR mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	QoQ (%)	YoY (%)
Net sales	3,010	5,482	7,558	4,665	4,448	-5%	48%
EBITDA	391	881	1,168	614	453	-26%	16%
<i>EBITDA Margin (%)</i>	<i>13.0%</i>	<i>16.1%</i>	<i>15.5%</i>	<i>13.2%</i>	<i>10.2%</i>	<i>-298 bps</i>	<i>-281 bps</i>
Other income	114	69	117	126	101	-20%	-11%
Interest	5	6	3	1	1	4%	-86%
Depreciation	26	28	28	30	27	-11%	0%
PBT	473	916	1,255	709	526	-26%	11%
Adjusted PAT	340	681	934	529	391	-26%	15%
Reported PAT	340	681	909	529	391	-26%	15%
EPS (INR)	3	6	8	5	3	-26%	15%

Source: I-Sec research, Company data

Exhibit 2: Quarterly segmental revenue

Particulars (INR mn)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	QoQ (%)	YoY (%)
SCLM	2,412	4,705	6,552	3,848	3,738	-3%	55%
Non-SCLM	304	436	588	448	339	-24%	12%
Spares & Others	295	341	417	369	371	1%	26%
Net sales	3,010	5,482	7,558	4,665	4,448	-5%	48%

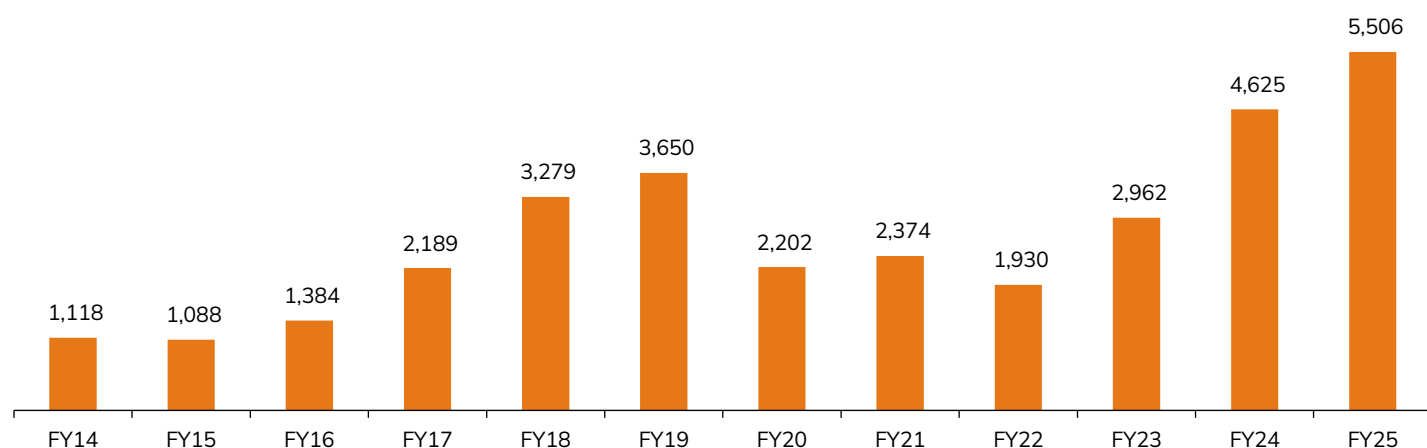
Source: I-Sec research, Company data

Exhibit 3: Quarterly volume and realisation (SLCM)

Particulars	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	QoQ (%)	YoY (%)
<i>Volumes (nos)</i>	<i>740</i>	<i>1,100</i>	<i>2,006</i>	<i>1,196</i>	<i>1,116</i>	<i>-7%</i>	<i>51%</i>
<i>Realisation (INR mn)</i>	<i>3.26</i>	<i>4.28</i>	<i>3.27</i>	<i>3.22</i>	<i>3.35</i>	<i>4%</i>	<i>3%</i>

Source: I-Sec research, Company data; * - estimated

Exhibit 4: SLCM volume of Ajax



Source: I-Sec research, Company data

Q2FY26 conference call highlights

SLCM

- SLCM revenue stood at INR 3.7bn – up 55% YoY.
- Volume stood at 1,116, up 51% YoY on a low base; base quarter volume was down due to elections.
- The company expects volumes to go up significantly in H2 (compared to H1).
- The mix of CEV-V in SLCM sales was >80%.
- No price hike was taken in CEV-V vehicles.
- Realisation fell on account of product mix and a large order executed in Q2 with competitive pricing.

Non-SLCM

- Non-SLCM revenue stood at INR 339mn, up 12% YoY.
- Volume grew 8% YoY to 116.
- The company mentioned it has been testing smaller products in beachhead market and is preparing ground to make sure that initial distribution of some of these can happen in H2.

Other highlights

- In H2FY26, Ajax's fourth facility (Adhinarayanahosahall, Karnataka) will be commissioned.
- Ajax is gauging the appetite for price hike and is likely to evaluate it in H2.
- The company has transitioned its 4.3cbm model to 4.5cbm model and 2.8cbm model to 3cbm model, increasing the ticket size on the respective models.
- Ajax expects FY26 volume growth rate of low double digits.
- It expects EBITDA margin to decline by 150-200bps YoY in FY26.
- The company has been expanding dealer network with the objective of deepening penetration and raising the availability of its machines.
- The company highlighted that its market share in YTD FY26 is ~71%, up from high 60s in Q1FY26; its market share in Q3 so far has been ~80%.

Valuation and outlook

Ajax is a market leader in SLCM with 75% market share. It has been dominating the market over the last three decades, resulting in strong financial performance. Revenue/EBITDA/profit has seen CAGR of 20%/19%/24% over FY15-25; RoE has been >20% in last 10 years. We expect SLCM to grow at 15% CAGR in the medium term on rising share of mechanisation in concrete production. Also, it has a set of new products in concrete equipment – pavers and boom pumps – that could grow at higher rates on low base effect. As a result, we expect its earnings to grow by 17% CAGR between FY25–27E. At ~19x FY27E, the stock is trading at a discount to its immediate peers and broader capital goods universe. Note that Ajax has reported consistent earnings compared to its immediate peers over the last decade. We maintain **BUY** with an unchanged TP of INR 900, based on 28x FY27E earnings.

Risks: 1) Growth of construction equipment is tied heavily to infrastructure growth, 2) high dependency on SLCMs, 3) fluctuations in material costs, 4) regional risks, 5) changing pollution norms, and 6) liquidity risk at buyer’s end.

Exhibit 5: P/E-based valuation

Particular	FY27E
PAT (INR mn)	3,676
No. of shares (mn)	114
EPS	32.1
Multiple (x)	28
TP	900

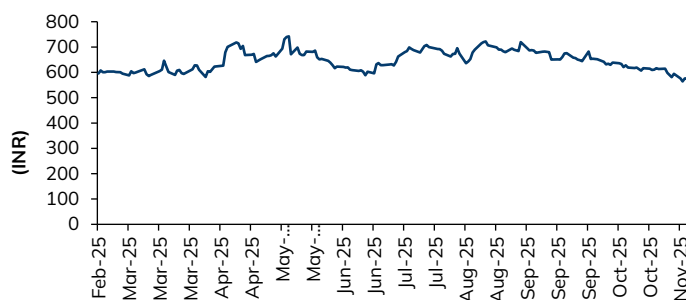
Source: I-Sec research, Company data

Exhibit 6: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	80.0	80.0	80.0
Institutional investors	14.0	15.5	15.9
MFs and other	6.2	6.5	6.7
Banks/ FIs	0.0	0.0	2.7
Insurance Cos.	0.2	0.0	0.0
FIIIs	7.6	9.0	6.5
Others	6.0	4.5	4.1

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	17,414	20,739	23,007	26,750
Operating Expenses	1,897	2,380	2,791	2,922
EBITDA	2,755	3,241	3,076	4,301
EBITDA Margin (%)	15.8	15.6	13.4	16.1
Depreciation & Amortization	103	109	118	129
EBIT	2,653	3,132	2,958	4,171
Interest expenditure	20	18	15	10
Other Non-operating Income	387	428	575	740
Recurring PBT	3,019	3,542	3,518	4,901
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	768	916	880	1,225
PAT	2,251	2,626	2,639	3,676
Less: Minority Interest	-	-	-	-
Extraordinary (Net)	-	-	-	-
Net Income (Reported)	2,251	2,626	2,639	3,676
Net Income (Adjusted)	2,251	2,626	2,639	3,676

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	4,077	6,095	6,229	6,761
of which cash & cash eqv.	713	675	958	756
Total Current Liabilities & Provisions	3,005	3,137	3,541	3,979
Net Current Assets	1,071	2,958	2,688	2,782
Investments	6,251	6,565	8,753	11,671
Net Fixed Assets	1,672	1,758	1,846	2,017
ROU Assets	-	-	-	-
Capital Work-in-Progress	173	206	300	-
Total Intangible Assets	-	-	-	-
Other assets	188	201	241	289
Deferred Tax Assets	-	-	-	-
Total Assets	9,356	11,688	13,828	16,759
Liabilities				
Borrowings	62	-	30	20
Deferred Tax Liability	-	-	-	-
provisions	-	-	-	-
other Liabilities	114	116	116	116
Equity Share Capital	114	114	114	114
Reserves & Surplus	9,065	11,457	13,568	16,508
Total Net Worth	9,180	11,571	13,682	16,623
Minority Interest	-	-	-	-
Total Liabilities	9,356	11,688	13,828	16,759

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	2,294	702	3,191	3,379
Working Capital Changes	43	(1,924)	553	(297)
Capital Commitments	(118)	(119)	(182)	129
Free Cashflow	2,412	820	3,373	3,250
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(118)	(119)	(182)	129
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(39)	(62)	30	(10)
Dividend paid	(210)	-	(528)	(735)
Others	(1,305)	(558)	(2,228)	(2,966)
Cash flow from Financing Activities	(1,554)	(621)	(2,726)	(3,711)
Chg. in Cash & Bank balance	622	(38)	284	(203)
Closing cash & balance	712	675	958	756

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	19.7	23.0	23.1	32.1
Adjusted EPS (Diluted)	19.7	23.0	23.1	32.1
Cash EPS	20.6	23.9	24.1	33.3
Dividend per share (DPS)	(0.2)	(0.2)	(0.5)	(0.6)
Book Value per share (BV)	80.2	101.1	119.6	145.3
Dividend Payout (%)	(1.0)	(0.9)	(2.0)	(2.0)
Growth (%)				
Net Sales	51.3	19.1	10.9	16.3
EBITDA	61.4	17.6	(5.1)	39.8
EPS (INR)	65.7	16.6	0.5	39.3
Valuation Ratios (x)				
P/E	31.8	27.3	27.1	19.5
P/CEPS	30.4	26.2	26.0	18.8
P/BV	7.8	6.2	5.2	4.3
EV / EBITDA	23.9	20.2	20.5	14.0
P / Sales	4.2	3.5	3.2	2.7
Dividend Yield (%)	0.0	0.0	(0.1)	(0.1)
Operating Ratios				
Gross Profit Margins (%)	26.7	27.1	25.5	27.0
EBITDA Margins (%)	15.8	15.6	13.4	16.1
Effective Tax Rate (%)	25.4	25.9	25.0	25.0
Net Profit Margins (%)	12.9	12.7	11.5	13.7
NWC / Total Assets (%)	0.1	0.1	-	-
Net Debt / Equity (x)	(0.8)	(0.6)	(0.7)	(0.7)
Net Debt / EBITDA (x)	(2.5)	(2.2)	(3.1)	(2.9)
Profitability Ratios				
RoCE (%)	27.5	25.4	21.0	24.3
RoE (%)	27.6	25.3	20.9	24.3
RoC (%)	27.5	25.4	21.0	24.3
Fixed Asset Turnover (x)	10.4	12.1	12.8	13.9
Inventory Turnover Days	57	49	49	49
Receivables Days	22	32	23	23
Payables Days	53	43	42	42

Source Company data, I-Sec research

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