

15 February 2026

India | Equity Research | Results Update

Ajax Engineering

Capital Goods

Emerging signs of recovery

Amidst weakness in the infrastructure sector, construction equipment companies have been facing headwinds. Contractors are delaying projects due to a lack of cash flow from states (due to elections in some states). Ajax Engineering (Ajax) reported volumes decline of 31% (similar decline across industry) with no price hikes as well. Despite the weakness, green shoots are visible in Feb'26 (according to volumes on Vahan). Sectors like solar, irrigation and rural roads are driving demand. In addition, the resolving of cashflow issues could alleviate some of the stress on the sector. The low demand has also deterred the industry from raising prices. Thus, margins remain muted. We believe, Ajax should be able to implement meaningful price hikes in FY27. We cut our earnings and maintain **BUY** at INR 770.

Volumes down 31% YoY

Q3 SLCM volumes were 1,042 nos. (-31% YoY) on a lofty base. Market share improved materially to 82% (vs. 75% historically). CEV-V applicability from Jun'25 and weakness in the infra sector have led to softened volumes.

Likely downward revision in consensus earnings

Ajax reported a muted quarter with revenue decline of 21% YoY to INR 4.3bn. Base quarter had the impact of pent-up demand from Q2FY25 and the sale of pavers (high-ticket machine with high margins). EBITDA margin was down 580bps YoY to 10.3% as the full cost increase (due to CEV-V) could not be passed on to the customers. EBITDA/profit was down 50%/40% YoY. Expect consensus earnings to be revised by >10% downwards.

Early indicators

12 days of Feb'26 have seen volumes of 214 nos. vs. 470 nos. in Feb'25 (source: Vahan). We expect Q4 to be slower by 10% YoY. Ajax also mentioned that secondary sales are improving. While price hikes did not materialise, competition has done away with discounts. Solar, irrigation and roads are leading the improvement in demand. Ajax's new product, [Udaan](#), has been launched in more states (only UP in Q1) and is seeing high customer interest.

Maintain BUY; TP at INR 770 (earlier INR 900)

We maintain **BUY** with TP of **INR 770** (at 25x FY28E earnings).

Financial Summary

Y/E Mar-31 (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	20,739	20,801	24,525	28,517
EBITDA	3,241	2,576	3,669	4,395
EBITDA Margin (%)	15.6	12.4	15.0	15.4
Net Profit	2,626	2,214	3,058	3,616
EPS (INR)	23.0	19.4	26.7	31.6
EPS % Chg YoY	16.6	(15.7)	38.1	18.2
P/E (x)	20.8	24.6	17.8	15.1
EV/EBITDA (x)	14.6	17.4	11.6	9.0
RoCE (%)	25.4	17.6	20.4	20.0
RoE (%)	25.3	17.6	20.5	20.1

Mohit Kumar

kumar.mohit@icicisecurities.com
+91 22 6807 7419

Mahesh Patil

mahesh.patil@icicisecurities.com

Abhinav Nalawade

abhinav.nalawade@icicisecurities.com

Nidhi Shah

nidhi.shah@icicisecurities.com

Market Data

Market Cap (INR)	55bn
Market Cap (USD)	602mn
Bloomberg Code	AJAXENGG IN
Reuters Code	AJAX.BO
52-week Range (INR)	757 /468
Free Float (%)	20.0
ADTV-3M (mn) (USD)	0.5

Price Performance (%)	3m	6m	12m
Absolute	(17.0)	(34.0)	0.0
Relative to Sensex	(14.8)	(36.6)	0.0

ESG Score	2024	2025	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

Earnings Revisions (%)	FY26E	FY27E
Revenue	(10)	(8)
EBITDA	(16)	(15)
EPS	(16)	(17)

Previous Reports

16-11-2025: [Q2FY26 results review](#)

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

Exhibit 1: Quarterly consolidated financials

Particulars (INR mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	QoQ (%)	YoY (%)
Net sales	5,482	7,558	4,665	4,448	4,335	-3%	-21%
EBITDA	881	1,168	614	453	445	-2%	-49%
EBITDA Margin (%)	16.1%	15.5%	13.2%	10.2%	10.3%	9 bps	-580 bps
Other income	69	117	126	101	133	31%	92%
Interest	6	3	1	1	1	22%	-84%
Depreciation	28	28	30	27	29	8%	1%
PBT	916	1,255	709	526	548	4%	-40%
Adjusted PAT	681	934	529	391	414	6%	-39%
Reported PAT	681	909	529	391	414	6%	-39%
EPS (INR)	6.0	7.9	4.6	3.4	3.6	6%	-39%

Source: I-Sec research, Company data

Exhibit 2: Quarterly segmental revenues

Particulars (INR mn)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	QoQ (%)	YoY (%)
SCLM	4,705	6,552	3,848	3,738	3,465	-7%	-26%
Non-SLCM	436	588	448	339	493	45%	13%
Spares & Others	341	417	369	371	378	2%	11%
Net sales	5,482	7,558	4,665	4,448	4,335	-3%	-21%

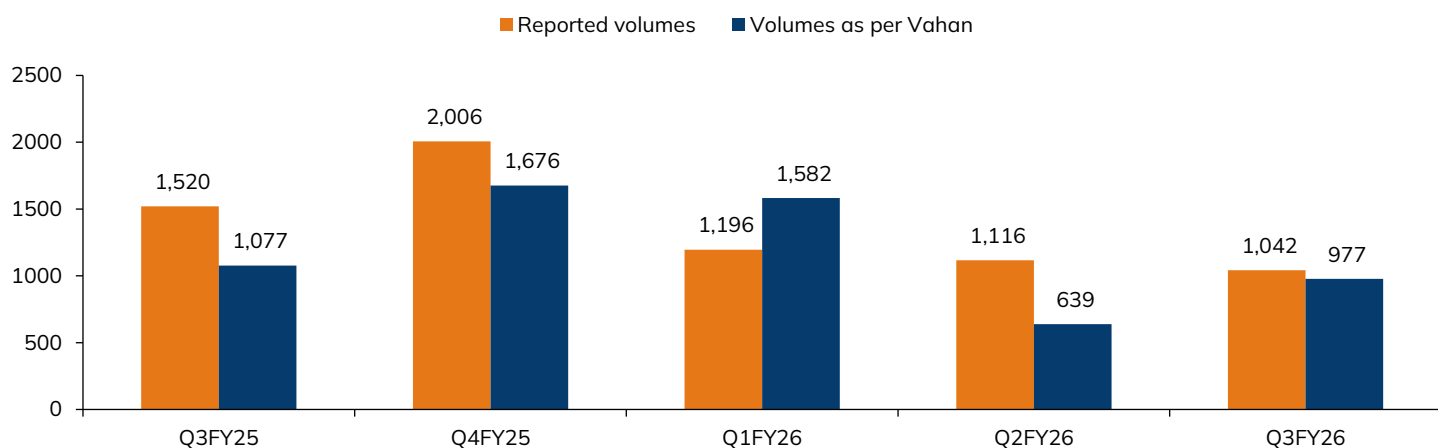
Source: I-Sec research, Company data

Exhibit 3: Quarterly volumes and realisation

Particulars	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	QoQ (%)	YoY (%)
Volumes (nos)							
SCLM	1,520	2,006	1,196	1,116	1,042	-7%	-31%
Non-SLCM	159	NA*	153	116	151	30%	-5%
Realisation (INR mn)							
SCLM	3.10	3.27	3.22	3.35	3.33	-1%	7%
Non-SLCM	2.74	NA*	2.93	2.92	3.26	12%	19%

Source: I-Sec research, Company data, *data not available at this time

Exhibit 4: Quarterly volumes (reported vs. Vahan)



Source: I-Sec research, Company data, Vahan

Q3FY26 conference call highlights

Price hikes

- Price hikes remain a concern; subdued demand has discouraged raising prices
- Thus, no price hike was implemented by the industry at large. However, discounts were not promoted either (unlike the period leading up to the change in emission norms)
- Note that a minor price hike was taken in Jan'26
- Due to the end of discounts, market share has improved drastically to 82% (historically 75%)

Growth drivers

- Growth in SLCM sales is being driven by solar (in Gujarat and Rajasthan), irrigation (in Chandigarh and Odisha) and roads (in Odisha and Uttar Pradesh)
- Weakness has been witnessed in Maharashtra (municipal elections), Karnataka, Telangana, Madhya Pradesh, Tamil Nadu and Bihar (high pre-election spend)
- Launched a new product, Udaan, in FY26
 - Udaan is a smaller SLCM machine of 0.75cbm capacity (vs. 2-4.3cbm of traditional SLCMs)
 - It was launched in Uttar Pradesh in Q1FY26
 - Now launched in many more states
 - The current uses are brick-making, pre-cast walling solutions, CC road-making in gram panchayats, water tanks, storm water drains, and more
 - It expects to sell 220/225 machines in FY26
 - Ajax is looking to offer a pumping solution along with Udaan
- Non-SLCMs are also growing
 - Boom pumps and batching plant are doing better
 - Interest is growing in pavers and 3D printers from international markets

Other highlights

- Inventory levels at the end of the quarter were INR 1.9bn
- Cash at the end of the quarter was INR 8.1bn

Valuation and outlook

Ajax is a market leader in SLCM with 75% market share (10-year average). 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 770 (NR 900 earlier), based on 25x FY28E earnings (28x FY27E earnings earlier).

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	FY28E
PAT (INR mn)	3,616
No. of shares (mn)	114
EPS (INR)	31.6
Multiple (x)	28
TP (INR)	770

Source: I-Sec research, Company data

Exhibit 6: Earnings revision (INR mn)

Particulars	FY26E			FY27E		
	Previous	Revised	Change	Previous	Revised	Change
Revenues	23,007	20,801	-10%	26,750	24,525	-8%
EBITDA	3,076	2,576	-16%	4,301	3,669	-15%
PAT	2,639	2,214	-16%	3,676	3,058	-17%

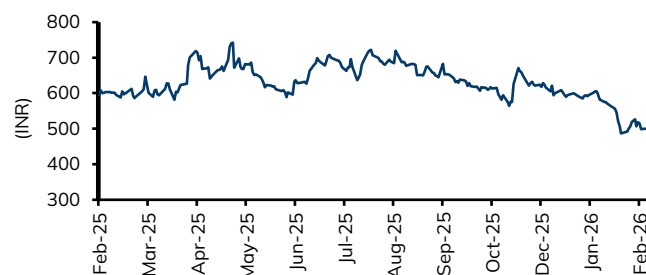
Source: I-Sec research, Company data

Exhibit 7: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	80.0	80.0	80.0
Institutional investors	15.5	15.9	15.9
MFs and other	6.5	6.7	6.5
Banks/ FIs	0.0	2.7	0.0
Insurance Cos.	0.0	0.0	0.0
FIs	9.0	9.2	9.4
Others	4.5	4.1	4.1

Source: Bloomberg, I-Sec research

Exhibit 8: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Net Sales	20,739	20,801	24,525	28,517
Operating Expenses	2,380	2,624	2,830	3,162
EBITDA	3,241	2,576	3,669	4,395
EBITDA Margin (%)	15.6	12.4	15.0	15.4
Depreciation & Amortization	109	118	129	142
EBIT	3,132	2,458	3,540	4,253
Interest expenditure	18	4	2	2
Other Non-operating Income	428	478	540	570
Recurring PBT	3,542	2,933	4,077	4,821
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	916	719	1,019	1,205
PAT	2,626	2,214	3,058	3,616
Less: Minority Interest	-	-	-	-
Extraordinary (Net)	-	-	-	-
Net Income (Reported)	2,626	2,214	3,058	3,616
Net Income (Adjusted)	2,626	2,214	3,058	3,616

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	6,095	5,782	5,903	6,034
of which cash & cash eqv.	675	985	359	(412)
Total Current Liabilities & Provisions	3,137	3,238	3,696	4,266
Net Current Assets	2,958	2,544	2,206	1,768
Investments	6,565	8,753	11,671	15,561
Net Fixed Assets	1,758	1,846	2,017	2,175
ROU Assets	-	-	-	-
Capital Work-in-Progress	206	300	300	-
Total Intangible Assets	-	-	-	-
Other assets	201	241	289	347
Deferred Tax Assets	-	-	-	-
Total Assets	11,688	13,684	16,483	19,851
Liabilities				
Borrowings	-	30	20	20
Deferred Tax Liability	-	-	-	-
provisions	-	-	-	-
other Liabilities	116	116	116	116
Equity Share Capital	114	114	114	114
Reserves & Surplus	11,457	13,423	16,233	19,600
Total Net Worth	11,571	13,538	16,347	19,714
Minority Interest	-	-	-	-
Total Liabilities	11,688	13,684	16,483	19,851

Source Company data, I-Sec research

Exhibit 11: Cashflow statement

(INR mn, year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	702	2,938	2,770	3,283
Working Capital Changes	(1,924)	724	(288)	(333)
Capital Commitments	(119)	(182)	(171)	142
Free Cashflow	820	3,120	2,940	3,141
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(119)	(182)	(171)	142
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(62)	30	(10)	-
Dividend paid	-	(248)	(248)	(248)
Others	(558)	(2,228)	(2,966)	(3,948)
Cash flow from Financing Activities	(621)	(2,447)	(3,224)	(4,196)
Chg. in Cash & Bank balance	(38)	310	(625)	(771)
Closing cash & balance	675	985	359	(412)

Source Company data, I-Sec research

Exhibit 12: Key ratios

(Year ending Mar-31)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	23.0	19.4	26.7	31.6
Adjusted EPS (Diluted)	23.0	19.4	26.7	31.6
Cash EPS	23.9	20.4	27.9	32.8
Dividend per share (DPS)	(2.2)	(2.2)	(2.2)	(2.2)
Book Value per share (BV)	101.1	118.3	142.9	172.3
Dividend Payout (%)	(9.5)	(11.2)	(8.1)	(6.9)
Growth (%)				
Net Sales	19.1	0.3	17.9	16.3
EBITDA	17.6	(20.5)	42.4	19.8
EPS (INR)	16.6	(15.7)	38.1	18.2
Valuation Ratios (x)				
P/E	20.8	24.6	17.8	15.1
P/CEPS	19.9	23.4	17.1	14.5
P/BV	4.7	4.0	3.3	2.8
EV / EBITDA	14.6	17.4	11.6	9.0
P / Sales	2.6	2.6	2.2	1.9
Dividend Yield (%)	(0.5)	(0.5)	(0.5)	(0.5)
Operating Ratios				
Gross Profit Margins (%)	27.1	25.0	26.5	26.5
EBITDA Margins (%)	15.6	12.4	15.0	15.4
Effective Tax Rate (%)	25.9	24.5	25.0	25.0
Net Profit Margins (%)	12.7	10.6	12.5	12.7
NWC / Total Assets (%)	0.1	-	-	-
Net Debt / Equity (x)	(0.6)	(0.7)	(0.7)	(0.8)
Net Debt / EBITDA (x)	(2.2)	(3.8)	(3.3)	(3.4)
Profitability Ratios				
RoCE (%)	25.4	17.6	20.4	20.0
RoE (%)	25.3	17.6	20.5	20.1
RoC (%)	25.4	17.6	20.4	20.0
Fixed Asset Turnover (x)	12.1	11.5	12.7	13.6
Inventory Turnover Days	49	47	49	49
Receivables Days	32	22	23	23
Payables Days	43	40	43	43

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Jeetu Jawrani](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
