

Date: June 03, 2025

To,

BSE Limited,
20th Floor, P.J. Towers,
Dalal Street,
Mumbai - 400001.
BSE Scrip Code: 544356

National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051
NSE Scrip Symbol: AJAXENGG

Subject: Transcript of the conference call with Analysts/ Investors held on May 28, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 and 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of the conference call that was organized with the Analysts/Investors on Wednesday, May 28, 2025, on the Audited Financial Results (Standalone) of the Company for the year ended March 31, 2025.

The audio recording and transcript of the presentation are available on the website of the Company at <https://www.ajax-engg.com/investor-relations> under corporate announcement.

Kindly take the same in your record.

For Ajax Engineering Limited

(Formerly known as Ajax Engineering Private Limited)

Shruti Vishwanath Shetty

Company Secretary and Compliance Officer

Membership No. A33617



“Ajax Engineering Limited Q4 FY25 Earnings Conference Call”

May 28, 2025

E&OE - This transcript is edited for factual errors. In case of any discrepancy, the audio recording uploaded on the stock exchange on 28th May 2025 will prevail.



**MANAGEMENT: MR. SHUBHABRATA SAHA – MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER, AJAX ENGINEERING
LIMITED
MR. TUHIN BASU – CHIEF FINANCIAL OFFICER, AJAX
ENGINEERING LIMITED**

Shubhabrata Saha:

Yes, thank you. Good morning, everybody. Thank you for joining us on AJAX Engineering Limited's Q4 and FY '25 earnings call. Along with me on the call, we have our Chief Financial Officer – Mr. Tuhin Basu, and SGA, our Investor Relations Partner.

We have uploaded our results and investor presentation on the stock exchanges and our website. I hope everybody has had an opportunity to go through the same.

So before diving into this year's performance, I would like to reflect back on the past a little. Across its history of more than 3 decades, AJAX has overcome multiple cycles and challenging phases with great resilience and has delivered consistent growth and profitability. We have clocked an impressive 18% CAGR over the past decade from 2014 to 2024.

FY '25 has been no different. Despite a challenging external environment, AJAX has delivered a resilient performance for both the quarter, and the full-year ended March 2025. We achieved a top line growth of 19% for FY '25, driven by volume growth.

Our core segment, self-loading concrete mixers or SLCMs as we call them, continued to perform well. At the same time, our Spares and Services business is gaining strong traction and showing promising progress. In line with our strategic focus, we are also consistently working to scale up our non-SLCM segment, which is also gaining positive momentum.

Over the past 3 years, between FY '22 to FY '25, across the entire product portfolio, we have delivered a robust CAGR of 40%. This is a testament to our resilience, consistency of execution, operational maturity, and financial prudence. I would like to highlight some of the recent initiatives we have undertaken to strengthen our capabilities and build organizational competency.

In addition to our dealer network, we have been augmenting our go-to-market strategy by establishing a B2B channel. This is aimed at expanding the addressable market and accelerating growth in the non-SLCM portfolio, which is better served through a B2B channel. Our focus in the non-SLCM business is to offer better reliability, reduce downtime, lower operating costs, and ready availability of spare parts and machine services. A strong B2B channel will be a key growth driver for our non-SLCM business.

In parallel, we are strengthening leadership capabilities across key functions within the organization. This is part of our effort to remain agile, closely aligned with customer needs, and committed to delivering sustainable growth.

Speaking on our ongoing capex, we have a new facility coming up at Adinarayanahosahalli, very close to our SLCM plant, which we expect to commission towards the end of the second quarter of FY '26. Revenue from the same will start coming in from H2 FY '26. I would now like to touch upon the ongoing regulatory transition to new emission norms.

The shift from CEV-4 to CEV-5 standards, effective 1st of July 2025, has had a notable impact on industry this year. Regulations permitted the manufacture of CEV-4 compliant machines until December 2024, with sales allowed till 30th June 2025. We ramped up production and built inventory till Q3 FY '25.

Also, in line with industry trends, we saw increased sales momentum in Q4. A key highlight that I would like to point out here is that despite a lot of attention on the CEV-4 machines, close to one-third of our sales during Q4 FY '25 came from CEV-5 machines.

Riding on our technology-driven manufacturing capabilities and our operational preparedness, we were ready ahead of time for our portfolio in CEV-5, and as a result, we have had a promising launch of our CEV-5 machines in Q4 FY '25.

Another impact of the implementation of the new emission norms is on the cost front. The transition to CEV-5 standards has led to an increase in the material cost. We plan to offset the same through price adjustments and continued focus on operational efficiencies.

Let me now take you through the current business landscape and the outlook. We have been seeing some sluggishness in the pace of on-ground execution of infrastructure projects. This trend is also reflected in the recent volume growth of cement players, which has hovered around the mid-single-digit range.

Despite this, Ajax has managed to deliver healthy growth during the quarter and the full year. Historically, our business is skewed towards the second half of the fiscal year, with around 65% of our annual revenue coming in the second half. The early onset of the monsoon, the transition to the new emission norms, combined with the slower pace of project execution, is likely to have a short-term impact on the business.

However, this is typical for our industry, and we have navigated such cycles in the past, while continuing to deliver solid performance. Given the current landscape, we are expecting business in the next couple of quarters to be on the softer side, with momentum likely to pick up pace in the second half of FY '26. As we have said in the past, this business is better seen on an annualized basis rather than on a quarterly basis.

Looking beyond the slightly muted immediate timeframe, we remain fully confident in the longer-term growth trajectory of our business. India's substantial infrastructure development needs, coupled with the shift towards mechanized construction and concreting equipment, will continue to drive steady demand, which positions Ajax well for sustained growth. Our long-term outlook on both, growth and profitability, remains firmly in place.

We remain committed to maintaining our leadership position in the SLCM segment, while also building strong capabilities in the non-SLCM space. Operational excellence and financial

discipline remain central to our strategy. We continue to have a robust cash position, ensuring considerable financial muscle to pursue our growth ambitions.

With this, I would like to hand over the call to Tuhin to take you through the operational and financial performance of the company. Thank you all, and over to you, Tuhin.

Tuhin Basu:

Thank you. Good morning, and a warm welcome to everybody on Ajax Engineering's Q4 and FY '25 earnings call. I will speak about the full year performance first. Revenue from operations for FY '25 stood at Rs. 2,744 crores [wrongly mentioned as Rs. 2,744 crores on the call. However, the correct number is Rs. 2,074 crores], a growth of 19% on a year-on-year basis.

SLCM and non-SLCM revenues have both grown by 18% during the year and stood at Rs. 1,753 crores and Rs. 181 crores respectively. Revenue from Spares and Service business has seen a healthy growth of 33% on a year-on-year basis and stood at Rs. 140 crores. Revenue from exports for the year was Rs. 74 crores, growing by around 29% year-on-year.

Our exports revenue has more than doubled from around Rs. 36 crores in FY '22 to Rs. 74 crores in FY '25. Total volumes in FY '25 grew by 17%. SLCM grew by 19%, increasing from 4,625 machines in FY '24 to 5,506 machines in FY '25.

The gross margin for FY '25 stood at 27.1%, compared to 26.7% in FY '24, an increase of 40 basis points. EBITDA for the year stood at Rs. 318 crores, compared to Rs. 276 crores in FY '24, a growth of 15.5%. EBITDA margin for FY '25 stood at 15.3%.

The profit after tax for the year stood at Rs. 260 crores, compared to Rs. 225 crores in FY '24, which is again a growth of 15.5%. Before I move on to the quarterly numbers, I would just like to draw upon what Shubho mentioned, that the businesses should be looked at more on an annual basis, instead of a quarter-on-quarter basis.

Speaking of the Q4 FY '25 performance specifically, the revenue grew by 15% year-on-year, standing at Rs. 756 crores. The SLCM, non-SLCM and Spares and Services revenue for the quarter grew by 13%, 12% and 62% respectively on a year-on-year basis.

EBITDA for the quarter stood at Rs. 111 crores, a modest growth of 1.5% year-on-year. EBITDA margin was at 14.7%. The EBITDA has been impacted by the increase in certain one-time expenses, relating to legal and professional fees, and costs pertaining to marketing and promotion activities and participation in the exhibitions.

Profit after tax for the quarter stood at Rs. 91 crores, compared to Rs. 88 crores in Q4 FY '24. I would again like to remind you that the industry is going through emission norm transition, and we have also noticed slower execution pace of projects. Despite this, we have delivered healthy growth in Q4 and for the full year, and in the course, we have also crossed the Rs. 2,000 crores revenue milestone this year.

Moving on to the balance sheet front, we continue to remain debt-free. Our cash position, including liquid investments, remains strong at around Rs. 690 crores. Our working capital is back to normalized levels and in line with our internal targets.

With that, I would like now to open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. (Operator Instructions). The first question is from the line of Raghu Nandhan from Nuvama Research. Please go ahead.

Raghu Nandhan: Thanks for the opportunity. Congratulations on a strong FY '25. Firstly, on new products, can you share some color and timeline in SLCM machines with smaller drum size were planned to support a faster transition from manual mixer to SLCM? So, can you talk about that?

Shubhabrata Saha: Yes. Thanks, Raghu. I have to say this that one of the first things that we decided on that product is to get it first time right, everything right as far as the product performance is concerned, and rigorous test and validation was carried out for the product. We have started a soft launch of this product in a beachhead market in northern India, and we are trying to see with specific customers ensuring a solution drive towards that orientation.

You will understand that this particular product is also likely to take some opportunity from let us say the small medium construction, particularly, a few floors and so on and so forth, both in the residential and commercial space. That is where it is getting tested along with hoist and so on and so forth. At this point in time, the feedback that we have received from customers who have used this product is very good.

We are also discovering that there is a potential possibility of this entering into hitherto untapped segments through the SLCM portfolio. Very early days, but I am only saying this at this point in time that the product performance on the ground via the rigorous testing methodology has been positive, and we would like to talk about it in the ensuing quarters as we start developing the distribution in one beachhead market.

Raghu Nandhan: Thank you, sir. Wishing all the best for the product. On the non-SLCM side, revenue growth for FY '25 was strong at 18% and realization grew 16%. Can you talk a little bit about the product mix which has led to this realization increase, and how do you expect the non-SLCM product mix to shape up going forward?

Shubhabrata Saha: See, 2 call-outs that I would like to make very early is that, as you will understand, Raghu and the folks on the call, that the non-SLCM portfolio is very discrete and different from each other, which means that the batching plant is as distinct from a concrete pump is as distinct from a paver or a boom pump and so on and so forth.

And our stated business intent has been to make sure that we strengthen ourselves on product reliability, product performance, cost of ownership, availability of spare parts and on-site services. Thankfully, each of these propositions have been strong. And if you look at some verticals, for example, let us say, we have been speaking a little bit about that we want to play an important part in the verticalization story of India.

And there in the concrete and the boom pump business between FY '22 and FY '25, I think we have seen a strong trajectory of growth in the area of about 18% for boom pumps, CAGR, between '22 and '25. And in the case of concrete pumps, about 57%. It just shows that the right installation, the right product and so on and so forth makes a lot of difference.

We don't want to necessarily follow a path which is more led by pricing, but as we have been consistently saying that we want to take a path which is based on more installations, greater customer confidence, and referral as a way to do this business. Having said that, I think this is the first time the company has sold some pavers.

We do feel that some of these products need to settle down in the marketplace. And we would like customers to actually talk about the product before we really scale up in most of these portfolio elements. So that's the way we are going to conduct the business.

Going forward, we remain confident in being able to ensure that our strategy across each of the product verticals, the verticals which is related to our business of batching plants, concrete pumps, boom pumps, and pavers continues to be strong and steady. The third facet is for the first time we actually put together a small B2B team. I think the team has gotten together to ensure that they are able to meet the right set of customers, propose our products to them. And I am sure as you will understand B2B is not a one off. It's not that you go sell, come back and so on and so forth. It takes time to evolve.

I am happy to say that the conversations are reaching a certain level of maturity and I think will pay up for the longer term.

Raghu Nandhan:

Got it, sir. Thank you. Just a clarification. When you said B2B team, the channel expansion for institutional buyers, what portion of addressable market do you cover now and any targets in terms of how you are expanding that coverage when you refer to the expansion?

Shubhabrata Saha:

So Raghu, you will recall that in FY '24, the size of the total concrete machinery industry was Rs. 6,100 crores. And at that point in time, the SLCM industry size was about Rs. 2,100 crores, right? And the balance Rs. 4,000 crores actually came from a split of different business opportunities across the various verticals, about Rs. 1,500 crores from batching plants, about Rs. 1,100 crores from the transit mixer market and the balance in the pumping arena.

So clearly we do see that as far as SLCMs are concerned, We have been the drivers of growth and have ensured maintenance of our market share. And we do believe that this Rs. 4,000 crore

opportunity largely in the space of, let us say, pumping, the making of concrete through batching plants and other opportunities such as pavers is the space in which we want to play, and in the method that we would want to play.

So B2B in a sense addresses those markets. But having said that, I have to also say this, that our dealers are also encouraged by the opportunity. And in hinterland, where we don't have the B2B team, they will continue to service the needs and requirements of customers for batching plants, boom pumps, concrete pumps. So we will continue to benefit from a hybrid distribution model, 8 key markets for B2B, and the rest of the country service through our dealers.

Raghu Nandhan: Thank you for that, sir.

Moderator: Thank you, sir. The next question is from the line of Mohit from ICICI Securities. Please go ahead.

Mohit: Yes, good morning, sir. Thanks for the opportunity. My first question, sir, is it possible to share the self-loading concrete volume numbers for FY '25? And do we have the market share numbers?

Shubhabrata Saha: Yes. So 5,575 is the number for SLCMs, and we have been able to grow our market share marginally.

Tuhin Basu: No, no, sorry. It's 5,506, 75% is the market share, Mohit.

Shubhabrata Saha: 5,506 is the volume. And 75.1% is the market share, and this is retail market share, which is on government e-VAAHAN data site.

Mohit: Understood, sir. My second question is on the other expenses. You did mention that there are some one-off. But the other expenses are up 44% in this quarter, and 30% Y-o-Y, while our sales grew by 19% in the full year.

My question is, is it possible to quantify these one-offs? And what are marketing costs and exhibition costs, which you mentioned? Is that recurring every year?

Tuhin Basu: So, if you look at the year-ended March '25. And when you are talking about other expenses, Mohit, I am assuming you are taking it ex-employee expenses, correct?

Mohit: Yes, yes, correct.

Tuhin Basu: Yes. So, if you look at the percentage of revenue of March '24 of the other expenses, it stood at 5.89%. And if we take the other expenses, let's say for FY '25, it is at 6.49% of revenue. So, that is the flex of about 60 basis points. Now, there is, of course, a large portion of it, which is variable, which is from whether it's warranty, whether it's subcontracting costs, power and fuel,

etc., which is directly linked to the volume. And there are certain one-offs, which have, of course, taken place.

In the one-offs, there is about Rs. 50 million, which have been incurred for legal and professional expenses. There have been one-time branding expenses. There was an exhibition of Bharat Mobility, which also happened. And there are other recruiting and consulting charges, which were incurred to fill up the B2B layer and the CXO hiring, which the company completed this year.

So, to your point that do we anticipate a 30% other expenses growth, the answer is no. We expect it to move more in tangent with the revenue to the extent of the variable costs.

Mohit: And is it possible to quantify the one-off in your opinion in this quarter?

Tuhin Basu: Yes, that's what I said, that it would be about Rs. 60 million.

Mohit: Understood, sir. Thank you and all the best, sir. Thank you.

Tuhin Basu: Thank you.

Moderator: Thank you.

Tuhin Basu: Mohit, just to clarify, it's 6-0, not 1-6. It's 6-0, not 1-6.

Mohit: Understood, sir. Thank you.

Moderator: Thank you. The next question is from the line of Mayank Bhandar from Asian Market Securities. Please go ahead.

Mayank Bhandar: Sir, could you provide the breakdown in terms of end market for this Rs. 2,074 crore of revenue in FY '25?

Shubhabrata Saha: I think the SLCMs, as you would understand that there is a wide range of segmental use of SLCMs. So clearly, things like the village roads, which is roadways, waterways, irrigation, renewable energy, for example, the solar foundations, the windmill foundations, airports, railways, urban infrastructure, residential.

So the largest proportion of SLCMs would actually go in, let us say, efforts in the smaller roads connecting India's hinterland into rural, which is PMGSY led actions, waterways, which is irrigation, and renewable energy, railways, and so on and so forth. These would be the largest spaces in which SLCMs go. As far as the non-SLCM portfolio is concerned, it will go into both urban infrastructure, as well as the buildup of residential, commercial, et cetera.

And of course, large infrastructure projects like larger roads, bridges, ports, airports, and so on and so forth.

Mayank Bhandar: Sir, how much would be the renewables in the total portfolio in FY '25? Any number in terms of percentage contribution?

Shubhabrata Saha: No, so I think it will be unfair to look at it because I think 5,500 machines were sold. And out of the 5,500 machines, I would anticipate close to about 700-800 odd machines are being sold, let us say, in solar applications. That's the largest renewable segment at this point in time.

Mayank Bhandar: Okay. So a major contributor would be village roads, as you said.

Shubhabrata Saha: No, so as I mentioned to you, this is a very wide spectrum of use. PWD work, smaller roads, irrigation, waterways, renewables, as we spoke about, railways, a lot goes into railways, smaller placement of even PMAY, wherever PMAY foundations are there. So, the use has been widespread and is different across different states.

So, the concentration, as we talked about in case of solar, would be concentrated in the states like Gujarat, Rajasthan, et cetera. But the rest of India does a lot of other work as well.

Mayank Bhandar: So, just in terms of understanding much for FY '26-27, what would be the major contributor of growth in terms of these markets?

Shubhabrata Saha: I am only happy to say that despite the fact that the larger government spends on larger infra is a little muted. The advantage to SLCMs accrues from the fact that wherever there is small amount of concrete, but frequent amount of concrete applications that are required. For example, even to build up areas centered around railways, for example, creation of platforms, sidings, and so on and so forth, it continues to happen. Solar will continue to grow.

Smaller efforts related to PWD, smaller roads and PMGSY, some amount of PMSY, irrigation will continue to happen, funded both by the center and the state. So, I would want to believe that these areas where the quantum of budgetary allocation is relatively low finds a sweet spot for SLCMs. That's where I would put it at this point in time for FY '26-27.

We have already indicated that at least on the horizon, the larger infrastructure projects, the pickup likely is towards the second half of this year is how we would see it in conjunction with what even the other players, particularly cement industry, etc., are also seeing.

Mayank Bhandar: And secondly, on this transition norm change, have we taken any price increases so far?

Shubhabrata Saha: I think one-third of our volume in the last quarter came from specific products in the SLCM portfolio. And we are happy to say that the product has performed exceedingly well so far.

I think it's very important to ensure that product placement, product performance, the service uptime, etc., are strong. And this is coming out of our learnings from FY '21-'22 when the first transition actually took place, actually '22. So, from those transitions, I think it's very important to get the product right, because such transitions affect the customer.

And I think we got that right. Yes, we have been able to get some, but I think it's important to realize that the 4th quarter is an extremely important quarter for the business. And we do see that from the learnings that we have picked up from the previous transition, we are far more confident this year and being able to take the rightful price increases, as you will understand, the cost increases are quite significant.

And it may not be feasible, possible for an organization to be able to straddle across the entire price increase in one shot. Last time, we know for a fact that the margins, of course, was something that we could not pass on over the cost. I would presume that something like that is likely to also happen as we go forward, at least in the short to medium term.

Mayank Bhandar:

Okay. And is there any plan for acquisition in the pipeline?

Shubhabrata Saha:

See we have cash on the books. The fact is that the company continues to evaluate the rightful opportunities from an M&A standpoint. But having said that, we are equally clear what we will not do when it comes to acquisitions. I think one of the things that AJAX has done for the longest period of time has been fiscal prudence, and that will continue in its strategy for capital allocation. It has to meet a few norms, which of course include the guardrails of the return metrics that AJAX has been consistently delivering.

The second facet that I want to call out is that we are not interested in sunset products, sunset industries, where the possibility of TAM growth is limited. Second is we are very clear about governance, ethics, and integrity, and accounting related matters in the companies that we would even like to look at.

And the third, apart from all of this that I am stating is clearly that we are not interested in any turnaround business situations. So while we actively will continue to look at the right opportunities, it's also equally clear there are things that we would not like to do when it comes to calling out on M&A.

Mayank Bhandar:

Okay, sir, just last one clarification. Is there any guidance for FY '26 in terms of revenue growth?

Shubhabrata Saha:

So we don't make forward-looking statements at this point in time. We can only say that the business outlook and growth as has been stated in my earlier conversation when I was speaking about the way we see the business going forward.

Mayank Bhandar:

Okay, sir, thank you.

Moderator: Thank you. We will take our next question from the line of Vaibhav Shah from JM Financial. Please go ahead.

Vaibhav Shah: Yes, hi, sir. Sir, in terms of the acceptance of BS-V vehicles, how has been the trend so far?

Shubhabrata Saha: Yes, that is what I was talking, Vaibhav, in the last conversation also. I am very happy to report that when we first launched our 4500 series, we were offering clearly a product that was differentiated.

See, earlier, our 4300 was the size. We have increased the size a little bit. We worked extensively with our suppliers, including the engine suppliers, to see to it that the product was very well tested across different types of applications, different territories and regions, including the machine being tested up in Ladakh as well.

Happy to report that while the machine sale has taken place, most of these machines have run sub-500 hours. And in the sub-500 hours, we haven't seen any irritants. It's only when the machines run more, we will be in a better position to talk about it. But I think very happy to say that the machines on ground are doing well at this point in time.

Vaibhav Shah: Okay, okay. So secondly, how do you see the realizations moving forward with transition to BS-V now in FY '26?

Shubhabrata Saha: I will let Tuhin answer that.

Tuhin Basu: Sure. So, Vaibhav, I think if you look at, I think Shubho mentioned the fact that on the pricing front, it will be a more phased manner. We have to recognize that still, let's say the previous emission norm inventory in the market, which is also getting sold. So we are competing with both.

So it will happen most probably from Q2 onwards that the pricing increase from all the market participants should trickle in. We will observe this phase and see what is the level of pricing elasticity from a margin and a price realization we are able to extract.

As I had maintained right through our previous calls also, that the company would not be able to probably move the entire cost increase or especially the margin on the cost increase back to the customers in the short term.

And that we are hoping that we will be able to compensate through the operational efficiencies.

Vaibhav Shah: Sure. And what would be our BS-IV inventory as of now? Or it has been largely sold off now?

Tuhin Basu: Yes. So I think, see, at the end of the year, we had BS-IV inventory, of course, there. In, let's say, till now, there are no indicators that any of that inventory will remain unsold. And we are

seeing, let's say, the demand coming through. So we do not see a risk of offloading that inventory.

I would not like to quote as to how many numbers of actual CEV-4 inventory is out in the market, and in our books at this point in time, given, let's say, it is a sensitive topic in the industry.

Vaibhav Shah:

Sure. And lastly, on the non-SLCM side, how has been the product mix so far in this quarter? And secondly, any update on pavers? Are we seeing any increased demand on the pavers side? Earlier, we were looking to expand the Pavers business in a bigger way, given the better profitability.

Shubhabrata Saha:

I will only do this pavers bit, before I let Tuhin jump into the rest.

I can say that the first 2 pavers, which has gone one to Russia, the other to Gabon, I think has done 3 things. First is now customers have started to know globally that look Ajax is also an important player in this market, because we have been making a lot of noise to the necessary customers in the marketplace.

Second, it was important to make sure that this product goes and starts performing. I think it has started clocking, it's making the roads in some of these markets, and we want to let customers in the same market and also customers in markets other than those markets to come in and see, hear, understand, et cetera.

Third, I think the paver ecosystem is a very different ecosystem compared to any of the other machines. It's a very large play in terms of size of the machine, the price of the machine, the nature in which people operate. And there are select players who do this Paver business. It has allowed us to connect with a lot of players.

And 4th, I think it also let us know as to what we must do in terms of improvement in our product to be able to make sure that at some stage it becomes world-class. So we would want to get there, and I think the first 2 pavers have given us that benefit. And I am confident that basis that we should be able to see some traction. We need to recognize that pavers is not an everyday sale. Pavers is not something that is a very sizable market and so on and so forth.

We believe that there is an interesting arbitrage play for a player from India, being able to offer that same technology at price offerings which are, let's say, better for the customer.

Tuhin Basu:

And Vaibhav, I will also give you, let's say, a bit of a hint as on your previous question, so that you are able to contextualize it. See, 2 data points there. If you look at our disclosed numbers as part of the DRHP and the prospectus, you would have noticed a significant buildup of inventory which had an impact on our working capital number of days.

If you look at the working capital number of days as at March 25, we are again 30 versus the March 24, 2024. So that gives you a good indication that from an inventory buildup and the inventory liquidation, how it has panned out for AJAX, both for the CEV-4 inventory.

Vaibhav Shah: Yes. And lastly...

Tuhin Basu: Yes, I think you had the other question on the non-SLCMs. So on the non-SLCMs, I think 2 parts to it. Of course, adding to what Shubho mentioned on the pavers, see, we were not going to get into the price game. We are very consistent in this, because that's not helpful for us and that's not going to help the market because you will essentially reduce the industry price.

So we are picking up pockets where we believe we have our strengths. Shubho in his, let's say, earlier answers also covered the boom pumps and the concrete pumps and how we have grown in those 2. So we do see that our participation in the verticalization of the market is a good space for us. So we will concentrate on it. Pavers is, of course, an area of focus. So we are selective in terms of where we want to play and how we want to play.

And leaning more on our strengths of technology superiority, and machine performance versus pricing.

Vaibhav Shah: Sure. On working capital, so how do you see it standing out for FY '26? Do we see some build-up or there can be a sizable increase over the year?

Tuhin Basu: We don't envisage an increase Vaibhav above operationally at all. See, the fact of the matter is that if in a transition year we are able to get the 24 to 30, only 6 days, you can imagine how operationally we think about working capital. So we do not foresee any flex there on an upward trajectory. There could be, let's say, one or the other time impacts if we want to use, let's say, the lean months of August and September to build up some inventory, so that we are able to cater to the customers faster in Q3. Those tactical decisions will be taken, but not for the full fiscal.

Vaibhav Shah: Can we have a discussion...

Shubhabrata Saha: Pardon?

Tuhin Basu: Sorry.

Vaibhav Shah: No, go ahead.

Tuhin Basu: No, you had a question.

Shubhabrata Saha: No, you had a question. You had a follow-up question. Please if you can, we will answer.

Vaibhav Shah: Yes. So on the new facility, have you decided on what products you want to manufacture?

- Tuhin Basu:** So the new facility, see, Yes, Yes. In the new facility, I think pumps will, of course, be a product which will have an immediate, let's say, traction there. And as Shubho mentioned that, in the pumps from '22 to '25, depending on the type of pumps, we have moved from 18% to 57% growth. So that's clearly an area which will come up in Hosahalli to start off with.
- Shubhabrata Saha:** See, on a very broad basis, I think we need to look at Hosahalli in conjunction with Bashettihalli. We feel that the product that we are speaking about in the lower end of, below the, let's say, the SLCM category, can be produced at Bashettihalli, and hopefully that will get scaled up.
- We are also seeing that our Spare Parts business has shown promising growth. And I think it's a good time for us to re-look at the entire space, operations, et cetera. It deserves more space. So it will go to, clearly to Bashettihalli as an opportunity.
- And the larger products, for example, if pavers becomes a good line of operation, if 3D printing, manufacturing picks up, apart from what Tuhin mentioned in the area of pavers. But we might also look at the opportunity of transit mixers to be produced in this location at Hosahalli.
- Vaibhav Shah:** Okay, thank you, sir, those were my questions.
- Tuhin Basu:** Thank you, Vaibhav.
- Moderator:** Thank you. The next question is from the line of Nidhi Shah from ICICI Securities. Please go ahead.
- Nidhi Shah:** Yes, thank you so much for taking my question. My first question would be on, what is our outlook for exports for FY '26? What geographies are we looking at specifically?
- Shubhabrata Saha:** Yes, so I don't think we can give specific numbers, etc., as we said, that we don't give forward-looking guidance. But I have to say that the business of exports has shown an encouraging trend over the last 3 years. We were about 36 odd crores in FY '22 and reached about Rs. 74-75 crores in FY '25. That itself suggests that there is a very clear path. There is a traction to our product acceptance since Ajax started exporting only in 2018 with 3 years of complete shutdown in the global markets because of COVID. So I think the traction has begun well.
- Where do we play? We currently are players, of course, in South Asia, Southeast Asia, Africa, Middle East, Central America, Caribbean, and Russia. I think each of these markets is distinct and different, and we will continue to aim to do well in each of these spaces that we have started.
- I think also what is happening is that we are also gaining some interesting traction amongst larger distributors of construction and concreting equipment in these markets as the products have gone in there, have started performing, customers are finding our machines to be good.

I would put it that each of these, Africa is a continent, and each of larger markets in Africa needs very strong redressal through the right distributors. I think in the last 3 years, we have built up the portfolio, ensured that the machines perform, provide the service, and I think that has given us a good reputation in each of the markets which we have serviced. So I think going forward, there is a very clear path to making sure that export stays on course.

Nidhi Shah:

All right. My second question would be on the balance sheet side. Firstly, while inventory days have sort of come down, I am assuming this is still much higher than our steady state levels, which is something that we would probably see in Q2 once all the CEV-4 inventory has been cleared off. So what inventory levels can we expect from Q2 onwards? And also on the trade receivable side, we have seen that numbers grow significantly this year. Is there any specific reason to call out for that?

Tuhin Basu:

So Nidhi, I think, I am not sure what's your reference point of the inventory level going up or down. I think it has to be understood in the context of the overall revenue from operation, and that's what I was referring to in my previous conversation with Vaibhav. See, if you look at our net working capital, the net working capital in FY '24, we ended at 24 days; FY '25, we ended at 30 days.

The primary reason of this delta of 6 is about 5 days of extra. If you look at a DSO, DSO moved from 17 days to about 22 plus, so about 5 plus days there. And that is essentially just the timing of the sale. I can also say that for all the receivables which were accrued, let's say at March, most of it is already liquidated. So we do not envisage any secular increase in receivables. The receivables in absolute obviously goes hand-in-hand with the top line increase which has happened this year.

And on the inventory, I think I have maintained previously that we hold FG of about 2 weeks at our plant on a standard basis. Our working capital days on the inventory on RM is about 45 days. Our payables are in the range of 45 to 50 days, and the receivables are in the range of 2 to 3 weeks again. And that comprises the 30 days on the net basis.

Nidhi Shah:

And lastly, on the margins, I know that you would not like to give out any forward-looking statements, but for my understanding, from the Q3 call as well, we will be taking some hit in margins for FY '26. We have dropped 20 bps in EBITDA margins this year compared to last year. Would it be fair to assume that we would expect 1% or 2% drop in EBITDA margins, given that we will have to take some hits on the new machines?

Tuhin Basu:

So Nidhi, if you look at our annual P&Ls closely, our gross margin of FY '24 and 25 are static, right? So margin dip has not happened because of the gross margin dip. I think Shubho mentioned about us ramping up our B2B team, which adds cost in terms of investment for the business in the future, in terms of people, in terms of offices, etc., which plays out in both employee and other expenses and our outreach in terms of exhibitions, et cetera.

And I also mentioned to Mohit's question, on the other expenses where we had one-offs, and that causes the dip of the 15.8, which was there as part of the FY '24 EBITDA, to 15.3, which is this year.

So I am not sure where you are getting that 20% from, but that's the...

Nidhi Shah: No, 20 bps as in, if we remove the Rs. 60 million of one-time that you mentioned, right, we are still at 15.6, compared to 15.8 for last year. So it's a marginal dip of 20 bps. So that was just my sort of understanding.

Tuhin Basu: So Nidhi, Yes. So the 20 basis points, you would appreciate that the employee cost as a percentage of revenue in FY '24 is 5%, and employee cost as a percentage of revenue for FY '25 is about 5.3, the 30 basis points increase. And that 30 basis points has trickled down, and this is what we have been maintaining, that we are ramping up manpower. There is a CXO hiring, which has happened as part of the FY '25 to build up, let's say, talent pool, and the organization's desire to grow, you have to invest ahead of time in terms of both people and capital, and that's been done.

So there is no secular trend on the gross margin, which I pointed out to you earlier. As far as FY '26 is concerned, I think we have been consistent that we would [inaudible] move completely at one go. There will be an impact on the gross margin.

At the same time, we are relying on the operational efficiencies to be more in the range. I will not speculate that whether you can break up about 100 or 150 basis points decline on EBITDA and all. That you can run through the models based on our commentary and come to your own view.

Nidhi Shah: All right, thanks so much.

Tuhin Basu: Thank you.

Moderator: Thank you. The next question is from the line of Aditya Bhartia from Investec. Please go ahead.

Aditya Bhartia: Hi, good morning, sir. Sir, firstly, just wanted to get some sense, what proportion of sales that we would have done in 4th quarter would have come from the newer vehicles, BS-V vehicles, if any? And at least in the initial part, what is the pricing difference that we had between BS-IV and BS-V vehicles?

Tuhin Basu: So Aditya, if you look at the Q4, Q4 we sold about a bit shy of 400 numbers of CEV-5. And while the billing was higher, just the revenue recognition given is a bit lower. But what I wanted to allude to is that, in the 4th quarter, there was CEV-4 machinery, which was there in the market. So our ability to track it to the maximum price increase, which one would like, was impacted, obviously, with the previous variants already there in the market.

And without naming a competition, you can understand that Q4 is critical for everybody. Q4 becomes in this time even more critical, because people would have stocked up inventory, just like us, in their factories, and they would also want to liquidate.

So from a pure pricing elasticity, I think Q2 would be the best time when we can come up with a view that how much we are able to move to the customers. At this point in time, it has been a very deal-specific decision on the pricing which we had to take, because the competition intensity was high right through the 4th quarter. And I would not be able to tell you a very consistent secular trend that we aimed at 5%, we could get 5% or something like that. We would not be able to call that out just as yet.

As we get closer to the end of this quarter, and we have a sense of how the market is panning out for Q2, you would be able to give you a more digital answer to that question.

Shubhabrata Saha:

Aditya, strategically, if you ask me, 2 things have happened and happened very well. The first is getting the machine right in terms of what it does, based on the rigorous testing had happened. Now, when a large number of machines go out in the marketplace, the first thing that you would like to see is does the machine in the first 100, 200, 250 hours perform well? And there are a few machines that are right now up 500. And the good news is that there is a very significant performance difference from the old times of 21 and now.

So I think first is the customer acceptance of these machines have been quite strong. We have initiated a new product called 4500, and that 4500 is actually slightly higher in terms of capacity, 0.2 cubic meter from the 4300 that was there, which is 4.3 cubic meter.

So clearly, we find a nice sweet spot. We did this ahead of competitor moves in this direction. So I am hopeful that this will ensure the product performance, reliability, the fact that it was early mover, I think will provide us the edge as we go forward.

Now, very difficult to call out, but I can only say that at this stage, in the 4th quarter, despite all of the challenges that Tuhin alluded to, I think the start in terms of pricing is good, is encouraging at this point in time vis-a-vis what we have seen in the past.

Aditya Bhartia:

Sure, sir. And sir, as per my understanding, the older machines can get sold until June. So was it a deliberate decision to...

Shubhabrata Saha:

That is right, 30th of June.

Aditya Bhartia:

30th of June. So why is it that we were not carrying a lot more of older inventory in order to really, in case there's some pre-buying in the market, then we can keep selling those machines? Was it a deliberate decision to get a first mover advantage for BS-V vehicles? What was the thought process behind that?

Shubhabrata Saha: I think the mix that we had was just the right mix, to be honest with you at this stage, Aditya. We built up inventory substantially to be able to address the requirements in the 4th quarter and to be able to redress some amount of pre-buying in the first quarter.

But remember this, that this is a concentrated buying that happens in these products, particularly in the pre-buying, you are aware of how the pre-buying phenomenon works. So I think it's important to have the optimal inventory to be able to service the requirements. So I think we did the right thing in hindsight to have the right quantum of CEV-4 and the right amount of CEV-5.

We haven't sold the entire portfolio of CEV-5 just to make it very clear. We only started with 4500 and a very small sprinkling of 2, 3 other models have gone. So clearly our articulation of strategy towards ensuring the inventory in the right spaces of the entire product portfolio, launching the right product, and getting that piece right, I think has happened ahead of its time.

So I think we are very well served with the overall volume of inventory that we built up, liquidation of that inventory in the 4th quarter, and keeping a very small quantum in the first 2 or 3 months to be able to make sure that we take advantage of any pre-buying that takes place.

Aditya Bhartia: Understood, sir. And just a related question on that. In first quarter, while you alluded to competition being intense, and overall demand also being a bit muted, reflection of how the macro is, but shouldn't pre-buying be offsetting some part of it, and we still should be seeing a fairly strong first quarter? Or is it a case that channel is also carrying slightly higher inventory than usual, maybe of BS-IV vehicles and part of the demand would be getting met from that inventory?

Shubhabrata Saha: I think the context of the uptick in demand is a function of many things that are happening in the marketplace. I think if Ajax grew by close to about 20%, 19% last year, and if you look at the industry data, obviously industry data will show you on a very broad basis, industry in the construction machinery would be significantly lower.

I would only say this, that Ajax has done that by smart execution, rightful inventory, and so on and so forth, despite the intensification of competition.

The second facet is also important, which is related to the overall cycle of payments accrued to contractors and all of that does play a role. So, I only hope that the rains that have happened in some parts of the country in the first quarter don't continue the way it is, but I think we are seeing the right traction that we need to have.

Aditya Bhartia: Understood, sir. So just that part of the question, first quarter shouldn't pre-buying be significant in offsetting some part of this weakness and whether the channel inventory is slightly higher than what is usually the case in first quarter this time?

- Shubhabrata Saha:** The reference frame in this industry should not be the reference frame in automotive where the pre-buying was in passenger cars. I think there the thing is very different. Here, I think what we are witnessing is in certain spaces only.
- It's not individual customers would go and do the pre-buying. I think some rental players are the ones who've done pre-buying in the past and will continue to do the pre-buying even now. But I think the extent to which it will happen will not be at the same pace that one would imagine.
- Aditya Bhartia:** Understood, sir. That's very helpful. Thank you so much.
- Moderator:** Thank you. We will take our last question from the line of Shubham Biswal from Convergence Capital. Please go ahead.
- Shubham Biswal:** Yes. So sir, what I have understood is that our products are quite low frequency and a very high involvement product, right? And I think for those reasons, our after-sales service has to be pristine. So, sir, I understand that compared to the leader, we have a large number of service centers. But I wanted to understand the nature of these service centers in the sense that are all of these service centers end-to-end? Or is there a hub-and-spoke model where there are smaller service centers just carrying the spare parts and the main servicing happens somewhere else?
- And linked to that is, do these service centers serve both SLCM and non-SLCM? And why I am so pertinent about the service centers part is because I have understood that I think one of the major reasons why we have been able to achieve leadership in SLCM is because of the great service that we provide. So does the expansion in non- SLCM...
- Tuhin Basu:** Shubham, sorry we lost the connection at our end for about last 5 seconds. If you can just repeat. We heard you till the time you mentioned about the hub and spoke model, after that we lost you.
- Shubham Biswal:** So, one what I wanted to understand was that is it a hub-and-spoke model, where there are like these smaller service centers with spare parts and there's a main service center or if you can give a proportional break-down between that.
- And why I am asking this is because sir, I have understood that our leadership in SLCM is because of these service centers. And why we're trying to now expand into this non-SLCM, do these service centers also provide service to the non-SLCM or do we have to open up new service centers. Can you give a light into the nature of these service centers. That's my first question, sir.
- Shubhabrata Saha:** Shubham, we will do ourselves a lot of disservice if we say that it is only because of the service centers that we have this strength in the business. So I would only like to allude to the fact that the combination of many things that work in tandem to help us to get to where we stand today.

Your question is right that I think Ajax has the highest quantum of distribution centers available in the country. We have about 51 odd dealers with close to about 114, 115 branches across the country. Right now, the reality is that each of these is one location with branches. Now the branches are 2S, which is sales and service.

And the fact is that in this business, the customer does not get the vehicle to the dealership unless and until it is related to an accidental piece. It has to be done at the site. Hence, it is important that how quickly are you able to respond to the customer call, go there, diagnose, have the parts with you, rectify it, and get it up and running unless it happens to a very large repair for which the machine has to be carted back to the location where the dealership service center is.

So I think it's important to recognize that the dealerships have the right quantum of service centers for large jobs, and extremely nimble and agile operations, including our service team, to be able to rectify issues on the ground, on site, which is critical, because at the end of the day, if the machine is lying idle there, it makes no sense, and the repair has to be done on site. So I think you have to have trained people. You have to have the right spare parts. And when I say trained people, it means people need to go there, diagnose and get the machine up and running.

We have an internal practice called 6-8-24, where wherever and whenever a machine comes up for a service call, our person, whether it's a dealer person, our person has to reach there within 6, diagnose within 8, and get the machine up and running in 24 hours.

And we see that across the country, despite the diversity and challenges that India has, we have been able to do it upwards of 85% consistently across the 3 dimensions, which is reaching, diagnosing and repairing, and getting it up to speed.

Shubham Biswal:

That was really helpful. Absolutely, in fact, I do agree. Our machines have the best resale value in the markets, and obviously the quality of machinery is also great, right? So, sir, I wanted to understand about the distribution mechanism. So now we are saying how we are going to introduce a B2B distribution.

But what I also wanted to understand is, based on our current channel, based on our current dealer channel, where we use it for SLCM products, can the same dealer channels be used to diversify our non-SLCM products? Is it as easy? Because what I also understood is that the nature of these products are completely different, right?

So how do you define that they are different and how does this B2B help? Can you give a look into these dealers and also the dealer margins, how the dealer margins fluctuate between the products? Is there some difference? Whether the customer segmentation is different? Where is this distinction coming from, sir? So that's the question, sir.

Shubhabrata Saha:

There are many questions rolled into one, but I will try to clarify with simplicity. Yes.

So 2016-17, we started this dealer channel of business, and one must recognize that this channel has paid off similarly for both the channels in terms of their growth, profitability, and significance to the business.

Second, the dealer channel, particularly in the construction machinery space, is a multi-brand channel, but multi-brand to the extent that they can do business for other opportunities in segments other than concrete, which means that they can be a backhoe loader dealer, but cannot be any concrete machinery dealer other than Ajax. To that extent, we have exclusivity within the Concreting segment.

The third piece that I would like to call out is that the dealers are actually the full product portfolio play, but given the fact that Ajax's strength in most of the markets, accrues the 75% retail market share, is a function of what they do. I think in the first few years of the business, they have had to learn the ropes, they have to understand, and hence largely focused on the SLCM portfolio.

Having said that, happy to say that many of the dealers within the 50-plus dealers that we have today have started evincing interest in their own regions to be able to sell and service the requirements of the non-SLCM business opportunities.

Does 100% of the people do it? I would say that 70-80% of the people have started doing it. They also recognize the fact that each of these products requires a certain skill set, so we wanted trained people to go there and communicate with our customers, which we have done over this period, and will continue to do so to make them well-equipped to be able to handle each of these products, which are distinct and different from, let us say, the SLCM portfolio.

Now, to distinguish between B2B and this channel, what happens in B2B is that we have selected only the top 8 markets of the country where the decision-makers related to EPC, let us say RMC, larger corporate buyers, etc., are sitting. Now, if they have to make a certain decision, we should not miss out on that opportunity where the decisions are taken.

Coming to the fact that, look, who will service? So, for example, installation for these, let us say a batching plant, is done by the dealer. Servicing is also done by the dealer in conjunction with, let us say, the B2B service team. So, I think we have a very powerful hybrid channel, which addresses the needs of hinterland requirements of non-SLCM, and the B2B channel to address the requirements of the buying quantum in the top 8 markets of the country where the larger decision-makers for the larger EPC and RMC companies are sitting.

I hope I have been able to address your questions.

Shubham Biswal:

Absolutely, sir. Absolutely. That answers my question, sir. Sir, one final question. So sir, I was doing some back-of-the-envelope calculation. So, the largest player that we have in this industry,

I think they are weak in the SLCM portfolio, but in terms of batching plants or transit mixers, I think they are leaders in a way, like a very high market share.

And I was also seeing that we are now trying to expand our non-SLCM portfolio, so we are indirectly taking on them, right? So, what are the strategies that we are devising? Are we going in via our product differentiation or are we going to tackle it via our service, better service?

So, in fact, I have also seen the margin profile of the non-SLCM portfolio. You might have also seen the margin expansion of the SLCM portfolio slowly going up. So, do you think that this is the peak potential of your non-SLCM portfolio? And how would you take on the big players who have already a good market share in this area? That's my final question, sir. Thank you, sir.

Shubhabrata Saha:

Sure. So, Shubham, I am happy that, you are evincing a lot of interest in the concrete machinery industry, its dynamics and so on and so forth. And I think it will be very nice as we keep conversing, you will be able to get a good sense of where we are coming from.

As I mentioned, and I have been doing this consistently on most occasions, that the non-SLCM business strategy is about making sure that we put more installations on the ground, one by one by one, by ensuring product reliability, service availability of spare parts, and the right selling to the customer. We do not and never will wish to follow a slippery slope of pricing alone as our strategy to win customer base. It's very easy to do so, but it's extremely slippery.

You alluded to the fact that, some of these large players and I must also, put down here that the market share for the leader in the categories that you are talking about is in the range of about 35% to 40%. And it's not higher than that.

Clearly, there are other players in the market, and we do believe that Ajax over a period of time has a good base of customers who may also be looking at expanding their portfolio of operations, whether it is in the production of concrete, pumping of concrete, and so on and so forth. So wherever there is an opportunity where an existing customer of SLCM would like to continue to have the Ajax portfolio within them, I think it's a very clear-cut case that we could be a choice of importance for them.

Third area as far as B2B is concerned, I think it's equally important for us to remain as part of the choice set of customers. We may not be able to win markets overnight. And please understand that the B2B business anywhere, in any product segment takes time to establish. And we don't want, as I mentioned again and again, we don't want to play the pricing game to win the market. We want to make sure that more installations, more referrals comes to us over a period of time.

I have shown some encouraging numbers in the case of boom pumps, for example, which is thick and center of the verticalization story of India infrastructure growth. We have seen 18%

CAGR in the case of boom pumps and over 50% CAGR in the area of concrete pumps. Clearly an indication that Ajax's products are slowly starting to gain traction.

The last thing that I will call out is that we are a truly "Make In India" player, which means that the entire portfolio from design and engineering, from getting the right suppliers, assembling them, putting it all together, having a distribution channel, ensuring the service on time, product reliability, availability of spare parts is in-house. We don't have anything in terms of any collaboration or anything like that that I can borrow from a library and plonk it in.

So given that facet, I think Ajax over its time has done an excellent job in being able to do so. And we are happy and confident that over time, hopefully, we will be able to deliver even the non-SLCM portfolio is concerned. I hope that it addresses your question.

Shubham Biswal: Absolutely, sir. That was really helpful, and all the best for your future endeavors, sir. Thank you, sir. Thank you.

Shubhabrata Saha: Thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for closing comments.

Shubhabrata Saha: Yes. So thank you all for joining us on today's call. We hope we have been able to address all your questions. For any further queries or clarifications, please feel free to connect with us or SGA, our investor relations partner. Thank you for being on the call and being patient to hear through both the Q&A session for us as well. Thank you so much.

Moderator: Thank you. On behalf of Ajax Engineering Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.