

Date: November 20, 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 November 14, 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 Friday, November 14, 2025 at 10:30 a.m. (IST), on the financial results of the Company for the quarter and half year ended September 30, 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

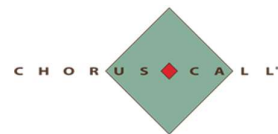
Company Secretary and Compliance Officer

Membership No. A33617



“AJAX Engineering Limited
Q2 & H1 FY '26 Earnings Conference Call”
November 14, 2025

E&OE - This transcript is edited for factual errors. In case of any discrepancy, the audio recording uploaded on the stock exchanges on 14th November 2025 will prevail.



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

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY '26 Earnings Conference Call of AJAX Engineering Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Before we begin, I would like to point out that this conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Shubhabrata Saha, Managing Director and CEO of AJAX Engineering Limited. Thank you and over to you sir.

Shubhabrata Saha: Thank you. Good morning everybody. Thank you for joining us on AJAX Engineering Limited's Q2 and H1 FY '26 Earnings Conference Call. Along with me on the call, we have 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.

Before we dive into this quarter's performance, I'd like to take a moment to reflect on AJAX's journey. Throughout its history of over three decades, AJAX has time and again demonstrated resilience and adaptability through challenging business cycles, overcoming critical disruptions like demonetization, introduction of GST, the COVID-19 pandemic, election cycles in center and states, changes in emission regulations, sector cyclicity, etc.

Over the past decade or so, AJAX has delivered steady growth, locking an impressive 18% CAGR. This is a testament to our unwavering focus on operational preparedness, precise execution, and financial discipline; the factors that not only define us but also continue to empower us, to emerge from adversity stronger than ever before.

The last year or so has been no different in terms of the external challenges we faced. Yet, true to spirit, AJAX has continued to navigate these headwinds with focus and resilience. We observed a slowdown in the pace of on-ground execution of infrastructure projects, which in turn led to cash flow delays for our customers and subsequent deferment of incremental demand.

Additionally, the extended monsoon in the last quarter and the industry's transition to the new emission norms beginning July 2025, have added to further complexity. Taken together, these factors have collectively impacted the industry performance.

Riding on our situational awareness, operational preparedness, and technology-driven manufacturing capabilities, we were ready, ahead of the curve and launched our new CEV5

machines in Q4 of FY '25. The CEV4 inventory was entirely sold out before the regulatory deadline of the 30th of June 2025.

In the last couple of quarters, we've witnessed some unsustainable business practices in the industry. While we have continued to maintain our financial discipline through all of that, we've seen healthy sales momentum too.

As called out earlier, given the multiple factors that have impacted the industry in the last few quarters, our approach with the new CEV5 machines was to introduce them to the market ahead of time, gather feedback, and assess customer acceptance.

Despite the cost of production of the CEV5 machines going up considerably compared to the older emission machines, we chose not to take any price hikes in the last couple of quarters. Instead, we prioritized extensive on-ground testing of our product under real-world conditions and evaluate the real-time product performance with customer response.

With the monsoon season now behind us, we anticipate the usual improvement in demand momentum during the second half of the year. As only the new CEV5 machines are now available in the market, this period will provide valuable insights into adoption trends and pace of uptake for these models. These insights will be critical in enabling us to make well-informed pricing decisions.

Our pricing strategy will be carefully calibrated taking into account market response and prevailing industry practices. We've been steadily expanding our dealer network with the objective of deepening our penetration and availability. Let me now take you through the financial performance for the quarter and half year ended September 2025.

Speaking about the quarter first, revenue in Q2 FY '26 grew by 48% on a year-on-year basis and came to INR 445 crores. This was driven by the strong growth in the SLCM segment. During the quarter, SLCM volume and revenue grew by 51% and 55% year-on-year, respectively, on the back of the delivery of the larger size contract during the quarter.

Non-SLCM volume and revenue grew by 8% and 12% year-on-year, respectively. Spares and services revenue in Q2 grew by 26% year-on-year. EBITDA for Q2 FY '26 stood at INR 45 crores, growing by about 16% year-on-year.

EBITDA margin declined by about 280 basis points and came to 10.2%. The hit on the gross margin has flown down to the EBITDA. A large part of the impact on the gross margin is on account of the cost of the increase – sorry, increase in the cost of production of the new CEV5 machines. Profit after tax for the quarter stood at INR 39 crores.

Coming to the first half performance. Revenue for H1 FY '26 stood INR 911 crores, reflecting a growth of 18% year-on-year. This is broadly in line with our historical growth rate. SLCM volume and revenue in H1 grew by 20% and 21%, respectively, on a year-on-year basis.

Non-SLCM volume in H1 FY '26 grew by 18% on a year-on-year basis. Spares and services revenue grew by 16% year-on-year in H1 FY '26. EBITDA for H1 FY '26 stood at about INR 107 crores, declining by 11% on a year-on-year basis.

EBITDA margin for H1 FY '26 stood at 11.7%, contracting by 380 basis points year-on-year. Again, the impact on EBITDA is driven by the hit at the gross margin level, which was on the back of increased cost of production and revenue and product mix change. We had sales of slip-form pavers in H1 of last year, which is not there this year. Pavers are a high ticket size and higher margin product.

Despite the significant impact on the gross margin level, we have cushioned the impact on EBITDA through operating leverage and cost optimization. With volumes expected to pick up as they do in the second half of the year, we expect an improvement in the margin profile owing to the operating leverage.

We also anticipate some price adjustments, which will also aid the margins in H2. Nonetheless, as we have called out earlier, on a full-year basis for FY '26, we see an EBITDA margin decline of around 150 to 200 basis points compared to FY '25. Despite the impact on profitability and the ongoing capex on our new manufacturing facility, we continue to maintain strong financial discipline and efficient capital allocation.

Our return ratios continue to be resilient. Our return on invested capital is upwards of 40%. We continue to maintain a strong balance sheet. With the CEV4 inventory sold, our cash flow in H1 FY '26 has normalized as well.

Short-term road bumps like these are typical in our industry and AJAX has consistently demonstrated the ability to navigate such phases while maintaining steady performance. And as we have emphasized in the past, this business is best viewed on an annualized basis rather than quarterly.

Structurally, we remain 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 intact.

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 open the floor for questions. Thank you.

Moderator:

Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question, may press star and one on their touchtone phone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use

handsets while asking the questions. We will wait for a moment while the question queue assembles.

The first question comes from the line of Raghunandhan from Nuvama Research. Please go ahead.

Raghunandhan: Congratulations, sir, on strong performance in Q2. It's a positive surprise to see beat on revenue, such a strong revenue performance. Firstly, the large contract order, can you provide some details on the size? Is it executed in Q2 or is it pending for coming quarter as well? And also, how would be the profitability for this large?

Tuhin Basu: Hi, Raghu. Good morning, Tuhin this side and thank you for, let's say, your opening statements on the performance. See, the large order was executed completely in Q2. There is no spillover which is expected in the second half of the year. It was for SLCMs and 110 plus machines were as part of quasi government authority tender.

This was a very marquee project and given the size of the contract and such a large order volume, there was competitive pricing and AJAX felt that it's in its best interest that it contributes to the nation building and also forms a grip on these large orders. This was done at, let's say, far more aggressive pricing.

As you can understand, we will not be able to divulge of how much of it that was at a discount than our average price. But this, I would just say that this was a far aggressive pricing which obviously played out in the margin corridors of this particular quarter.

Raghunandhan: Thank you, sir. Post the transition to CEV-5 for H2, how do you see the on-ground demand environment? What kind of a growth would you expect for SLCMs and non-SLCMs in H2?

Shubhabrata Saha: I think I'll take the question, Raghu. I think, first things first, the product has stood out very well. As you would imagine that 30% of our business volume in Q4 of last year and 90% of our business volume in Q1 this year was CEV-5, so we were kind of well-placed to have placed the product ahead of most of our competition in this segment. Thankfully, the product has turned out very well.

There aren't any hiccups, any issues that we've noticed so far in the way the people have operated the machine on-ground. As far as demand is concerned, as you would know that between H1 and H2, there is a traditional upswing that happens in H2 and we hope that the same kind of an upswing will happen.

As things stand in some of the larger states, we would anticipate that the state government would put impetus and focus in driving the pace of execution of projects as much as the cash flow back to the contractors, which will provide the necessary confidence for them to be able to shore up the business.

It typically so happens that both for SLCM as well as for the non-SLCM portfolio, H2 is typically a good part of the year. So, we hope that things start changing a bit on the ground, particularly in terms of the cash flows back to the contractors.

- Raghunandhan:** Thank you. Can you also talk about the new products, smaller SLCM, how is the initial response? How do you see the availability improving across the country and also your thoughts on the upcoming products in non-SLCM space?
- Shubhabrata Saha:** Yes, so as far as the smaller product is concerned, I think as you would know that we've been testing this out in a beachhead market for some time. We now feel confident that look the product can be extended across at least four, five, six key markets in the country and we are preparing ground to make sure that we start initial distribution of some of these in the second half of the year.
- We've seen that the product has held out very well, particularly to those people who have used it in the beachhead market across wide range of applications, which I think gives us confidence to be able to place it in some of the other select markets as we move forward into the second half of the year.
- So, as far as the non-SLCMs are concerned, I think our focus has been on pumps, which is both boom pumps and concrete pumps and on the other side in batching plants. We hope that we will continue in terms of building connect and also conversion with our customers across the country. So, hopefully even that bit based on the execution of new projects, as well as money back to contractors will also help.
- Raghunandan:** Very helpful, sir. Thank you so much.
- Shubhabrata Saha:** Thanks, Raghu.
- Moderator:** Thank you. The next question comes from the line of Pritesh from Lucky Investments. Please go ahead.
- Pritesh:** So, just a clarification. First, you would have sold the old machines in this quarter? Or all the machines sold in this quarter will be new machines? The new emission law machine?
- Tuhin Basu:** All the new machines, Pritesh. We had mentioned that 80% plus has come from new machines. So, all new machines. No old.
- Pritesh:** Okay. And on the pricing, if you have to offset the whole impact of the cost, is it fair to assume that you would have to take about 4% to 5% price hike?
- Shubhabrata Saha:** Yes, we'll have to take about four percentage points price increase, and which we have maintained in the last conversation also that we will test this in Q3 onward. Not done till Q2 is all I can say.
- Pritesh:** So, when you have a guidance of about 150 basis points to 200 basis point impact on the margin on a Y-O-Y basis, where your H1 is 10 and 350 basis points to 400 basis point drop, is it fair to assume that all these price increases should have been taken by now for the H2 margin? So, basically it means what? It means H2 margin reverting back to the mean. So, we should have been taken the price increase. Is this assessment correct?
- Tuhin Basu:** Not completely.

- Pritesh:** I am just trying to triangulate from the guidance?
- Tuhin Basu:** No, I understand. And the guidance has been given by me. So, I'll probably just say, I am not sure. See, H1, first of all, H1 EBITDA margin is 11.7%, not 10.2%. I think you are referring to the quarter when you are referring to 10.2%. So, we are round about 12%. For us to get to in the range of 13%, or thereabout on the EBITDA, we will have to do close to about 14.5% to 15% for the rest of the year.
- And as we're aware that H1, H2 volumes also skew differently in our industry. Then the operating leverage, does the pricing increase, which we are talking about, both should allow us to get to that margin corridor for H2.
- Pritesh:** Okay. And we observe, another observation, I seek your comments. When I looked at your H1 number, or even your quarter two number, the volume growth has been fairly strong, much stronger than what it is for you. And also, when I looked at the other construction equipment industry, construction equipment type, I didn't see these, kind of, traction.
- So, if you would want to shed light on, specifically on SLCM, what's happening in this space, a lot of us complained about longer monsoon, so construction work was not happening. And people didn't buy equipment. But when I look at your numbers, it's quite concrete. So, any comments you want to share there?
- Tuhin Basu:** That'll be one thing and I'll make a comment and also defer it to Shubho for just adding on to it. See, if you look at H1-to-H1, Yes, and we have always maintained that it's best that we look at it on a YTD basis rather than sequentially from that standpoint. If you look at H1-to-H1, we went up by 20% SLCM.
- I'm talking about SLCM specifically, and 2,300 machines were sold. I mentioned that about 100 or 110 odd machines came from one single order, which obviously added about five percentage points to the growth. Yes, about even if you take that aside, it's about 15% growth. And we had a very muted Q2 last year given, it was on the back of immediately, the election that followed, following immediate election. So the ordering was tepid.
- So while monsoon, of course, plays a part and monsoon plays a huge part on the retail offtake, which has an impact on let's say, cash churn, the demand of Q2 this year is a normal Q2 this year versus let's say, election impacted Q2.
- So that obviously helped in having more flatlining of the volume between Q1 and Q2. If you see Q1 this year versus Q2 this year, also the volume is flatlined. So it's more of a normal Q2 rather than election impacted Q2. So that helped on the growth as well.
- Pritesh:** So – okay, I don't have the number before that, so it's okay. The other thing I just missed, did you take the – let's say, price right now or it is supposed to be later?
- Tuhin Basu:** As I said, we will test whatever, it's like – we will not like to divulge more on our public call on this.

- Pritesh:** Okay. Okay. Lastly, do you want to call out, will you on a full year basis, you will revert to the CAGR volume growth, the historic CAGR volume growth?
- Tuhin Basu:** So I think, I mean, last, I mean, so, you're talking about top line CAGR volume, if I hear, because the voice is slightly.
- Pritesh:** So, my reference is volume CAGR and top line CAGR.
- Tuhin Basu:** So volume CAGR, I think we had mentioned even in the previous conversation that FY '25 to '26, we expect the volume CAGR to be more, let's say early double-digits, not the long-term CAGR volume, CAGR growth of 18% on a full year basis.
- Pritesh:** Despite what we have seen in H1?
- Tuhin Basu:** Yes.
- Pritesh:** Okay. Thank you very much.
- Tuhin Basu:** Thanks
- Moderator:** Thank you. The next question comes from the line of Raashi from Citi Group. Please go ahead.
- Raashi:** Thank you. You had mentioned in your initial remarks that you dismissed some unfavorable industry practices during the quarter. Could you elaborate on that a bit, please?
- Tuhin Basu:** So, Raashi, there was, let's say, inventory built up, people have adopted different strategies. AJAX adopted a strategy of early introduction of the machine and also having a stock, which was just enough to get the CEV-4 out in time and have the demand getting showed up by CEV-5.
- We felt that the right strategy purely because we wanted to test out the machines longer in the market before we go for price rise, etc. Some of the other competition had a different take on it. They showed lot more CEV-4 and they were running against time. And the kind of pricing strategy they, and commercial strategy adopted to get these machines liquidated were not only, let's say, substandard from margin corridors or commercial acumen.
- It is because also industry practices which you don't want to get into and see that the industry sways in that direction. Besides that, we won't be able to kind of quantify the extent of discount, etc., which they gave to get their inventories out. But yes, that's what Shubho was referring to. Shubho, anything else?
- Shubhabrata Saha:** Yes, so, Raashi, we practice as per the emission standards set by the government. Sale and registration ends on a specific date. The spillover of some of these things were also seen by us. How they did, why they did are questions that we cannot answer. But it has been seen to have happened.
- Raashi:** Understood. All right. And on market share, so you were at 69% in the last quarter. You've gotten this to 71%. What was this number last year? Was it 75%?

- Tuhin Basu:** Yes. So, I mean, one thing, a call-out there is that the BRO machines are not registered. I mean, the large contract machines are not registered given that it was a quasi-government thing, the registration don't happen. So, we again go back to a retail market share and we have quoted the number consistent with our previous reporting.
- So, the exact market share, if you calculate that for an industry volume, this time it may not really show up. Even for the future, BRO machines are excluded from registration. So, it will not not show up in the Vaahan site.
- And in Q2 -- sorry, in Q1, we were, let's say, high-60s. And what has happened in the last two months of this particular quarter, we are more in the range of 80% on the market share to get to the 71%. So, as Shubho mentioned and I mentioned previously that there were certain practices which we didn't want to get into from a pricing decision.
- So, we took a market share hit in the first quarter, which was a conscious decision. And then in Q2, we have been able to shore up the market share around 80% in the last two months to get to the 71% on a full-year YTD basis.
- Raashi:** Is that 80%? Did it also sustain through October?
- Tuhin Basu:** Sorry?
- Raashi:** Did you have 80% in October as well?
- Tuhin Basu:** Yes, yes, yes.
- Raashi:** Okay. And what did you say for the -- I don't know if you said that and I missed it, the full-year volume number expectation for SLCM?
- Tuhin Basu:** So, what I mentioned to, let's say, Pritesh also is that we are expecting an early double-digit growth, not, let's say, a long-term average of CAGR for this year on the volume.
- Raashi:** Got it. And just last question for me, what is the cash balance currently?
- Shubhabrata Saha:** Cash balance in investments, we have about INR 710 crores and our liquid cash balance was about INR 35 crores, INR 37 crores.
- Raashi:** Got it. Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Mahesh Patil from ICICI Securities. Please go ahead.
- Mahesh Patil:** Yes. Hi, sir. Sir, you mentioned some issues in the construction activity in the first half. So, how do you see it in the October, November and in the coming months, like in H2, how do you see it picking up? And what are the issues -- some payment-related issues you highlighted? What do you think can help this get better?

- Shubhabrata Saha:** So, first of all, Mr. Patil, I cannot speak on behalf of what the government will do. We always anticipate that there is a good, strong pull in the second half of the year. You know for a fact that this industry operates almost like a 40-60 between H1 and H2, and we hope that the government pulls back on its act in terms of execution of projects as much as the cash flows that are pending as far as contractors are concerned. I think some of the larger states, if they can get their act together on some of this, which normally happens in the second half of the year, it will all go well for everyone.
- Mahesh Patil:** Okay, sir. And sir, I think I missed it. Have we taken the price hike in this quarter, Q3, or we are planning to do it in Q4?
- Tuhin Basu:** I mean, we said that we are trying. We have, let's say, started to have the conversations in Q3. I would not like to pre-empt what we are doing in Q3 before Q3 is completed.
- Mahesh Patil:** Okay. So, we are likely to see the impact in Q4 only, right, if at all they can?
- Tuhin Basu:** You can infer, but I think we have made the communication very clearly.
- Mahesh Patil:** Okay, sir. Thank you.
- Tuhin Basu:** Thank you.
- Moderator:** Thank you. The next question is from the line of Suraj Malu from Catamaran. Please go ahead.
- Suraj Malu:** Thank you so much. Sir, last year, we understand that there was election and, hence, in general, the spending from the government was on the lower end, right? But what would be the key attributes or the reasons for this lower government capex?
- Shubhabrata Saha:** I think you are more intelligent than I can be on this subject. I think there are multiple things that the government has had to contend with. I mean, public memory becomes very short. Only about a few months ago, we were reeling under a four-day war, but wars are very expensive as much.
- Second is, I think India was also making sure that in terms of the geoeconomic situation and more than just the geopolitics, I think to make sure that it keeps its cash reserves strong, bastion and so on and so forth. I can only anticipate these are the kind of things that would have happened in the short run.
- As far as states are concerned, I think as you are fully aware that some of the states that went into elections in the last couple of years had made certain promises in the social sector. And some of that has obviously come home to roost as far as cash flows are concerned.
- Suraj Malu:** Right. So how do you see this panning out, sir, like going forward?
- Shubhabrata Saha:** I think clearly, the longer-term subject of infrastructure development in the country continues to remain intact. I think these short-term things will happen from time to time. And I would anticipate that the second half generally is a better half. And we hope that some of these things will be behind us sooner than later.

- Suraj Malu:** Got it, sir. Sir, typically, at your dealer level, right, in the past, what has been the average inventory holding days? And like what has it been in this quarter?
- Tuhin Basu:** So typically, it would be, let's say, about between two to three weeks at the dealer and about two weeks at our end on the finished good inventory. This time at the dealer, it has inched more towards a month, month plus.
- Suraj Malu:** And that can impact in this quarter then because already the inventories are higher, right, at dealers?
- Tuhin Basu:** Yes, not necessarily. I mean inventories have been higher even, let's say, in certain other previous quarters, but the quarter offtake didn't get impacted because the retail also happens then at a faster pace. It's not really directly correlated.
- Suraj Malu:** Understood, sir. Got it. And just last one thing. Of course, I don't expect you to give out any numbers as you have already mentioned. But if I look at like quarter-on-quarter, the average selling price in the SLCM, right, that has increased by -- sorry, not quarter-on-quarter, if I look at Y-o-Y, just 3%.
- So whereas you mentioned that there was a large contract where the average selling price was very low, right, let's say, relatively. So is it fair to assume that you have already taken some price increase in the retail segment and hence, the average selling price is at the same level?
- Tuhin Basu:** I think we have made enough comment on pricing. So I would not again reiterate what has been previously stated. You have to recognize that our average selling price is across all our SLCM variants, which go from right from 2.3 cubic meter to 4.8 cubic meter.
- So sometimes the ASP for different quarters or different time period has a bearing in terms of what volume has been sold more or less, and that can pan out. So that has got nothing to do with an ASP increase at an SP or a model...
- Suraj Malu:** Got it, sir.
- Shubhabrata Saha:** Have sold more four than two, then obviously, you see that as an ASP increase, but that's not really a price increase.
- Suraj Malu:** Right. Got it, sir. Thank you very much.
- Shubhabrata Saha:** Thank you.
- Moderator:** Thank you. The next question is from the line of Lakshminarayanan from Tunga Investments. Please go ahead.
- Lakshminarayanan:** Thank you. I have a couple of questions. I just want to understand how do you plan for your business in the start of the year? What is the kind of demand planning you do, given that you have a high retail -- sorry, dealer mix and you have to rely on them, I believe. So how do you plan for it? And how do you ensure that you don't underplan or overplan the demand?

And the second question is that you wanted to get into the B2B business and how that is shaping up. Third question is that do we have any discounts we give in the channel? And what is the price difference between you and the next player? And the other question is that which states are actually growing faster?

Tuhin Basu: Sorry, we'll have to repeat all the 4 questions because at least it would be difficult for us to address it.

Lakshminarayanan: I think the first question -- Yes, the first -- okay, I'll go one by one. The first question is that at the start of the year, how do you do your demand planning given that you rely significantly on the sales through the dealer network. And therefore, what is your plan to augment the B2B sales engine, which you are revving up?

Shubhabrata Saha: I want to first clarify, how are the two things...

Lakshminarayanan: No, no, no, they're independent, because one is that, how do you demand plan? And second is that, if you want to have control of your demand through the B2B kind of a channel, how are you planning to do it? Those are independent questions.

Shubhabrata Saha: I'm still not very clear about what your question is, but be that as it may, I'll still try to attempt it. As far as SLCM demand is concerned, we know the range of applications that are there, the nature and type of projects based on the provisions made by, let us say, states in their state budgets, and also for center in the central budget.

So, basis that, we get a reasonably good idea about what's going to happen in which state, what kind of application projects, etc. Basis that the planning is broadly made, but having said that, I think the demand that comes in over the previous three months, it gives us a fair indication of how to go about it.

So, one is the annual plan, the other is the relevant, more relevant quarterly plan and a monthly plan. So, we generally have a two months rolling and a one-month firm kind of a forecast that we build based on the kind of demand that has come in the previous one month and two prior months.

And as far as dealers are concerned, from that context, it becomes that much more simpler because we know where the demand is emanating from and what kind of applications are coming through.

Lakshminarayanan: Got it. So, your dealer does not actually generate demand for you, right? Is that or it's like a joint process that you and your dealer both generate demand?

Shubhabrata Saha: The demand, that's why I said one is the annual plan, which is made more based on macros. And as far as the plan for the quarter and the month is concerned, it is based on what kind of demand is getting generated at each of the locations. So I mentioned to you that there is a two-month rolling and one-month firm.

And this is based on what kind of demand has emanated from each of the locations from where there are dealers. We calibrate based on what the dealer is saying as much as what people are noticing on ground demand.

Similarly, we also have a classification of leads, which is hot from cold, based on what is emanating from the market, and again, that's the shorter-term monthly allocations are made, if that helps.

- Lakshminarayanan:** Got it, good. And regarding your B2B business?
- Shubhabrata Saha:** No, the B2B business is largely concentrated for the non-SLCM product portfolio. And hence, it is relatively easier to go about doing that, because the cycles in this from lead to execution are much longer. And hence, we know where things are happening and how much will happen in each of these areas. Now, as far as B2B execution is concerned, the company executes it through its dealer by and large, because there is a need for installation, service and so on and so.
- Lakshminarayanan:** Got it, got it. The border road organization stuff which you talked about is a B2B, right, I believe. And you deliver directly?
- Tuhin Basu:** You cannot do it through the dealers there, because it is the OEM tendering process.
- Lakshminarayanan:** Got it. And what kind of discount is, I mean, I believe there is no discount, just want to confirm that. And what is the price difference between you and the next competitor?
- Shubhabrata Saha:** So, I think Tuhin alluded to that a little while ago in terms of certain unsustainable practices that we have witnessed. Now, if you go into that border, obviously, the differences will be quite substantial, right? But in general, I think we have consistently alluded that anywhere around 3% to 4%, 5% differential exists between what prices we sell and what price our competition sells at.
- Lakshminarayanan:** Got it, got it. And the next question is that, how well you know your customer, and in a sense that what is the mix of a first timer/rental or a single equipment owner? Do you actually get granular details of that?
- Shubhabrata Saha:** It is deja vu for me, because through the entire period of the road shows and beyond, we've been consistently talking about first time buyers, we've been talking about the first time buyers growing through and becoming, let us say, a smaller midsize contractor, the midsize contractor becoming a rental company and so on and so forth. It is in the ratio of almost one-third each, in each of these categories.
- Lakshminarayanan:** Got it. And the last...
- Shubhabrata Saha:** We have a very large, because we've been the pioneer in this business, and we are happy to say that a lot of demand actually originates from there, because the people love the machines that they use, and because of the strong operating performance of the machine, as well as the resale value, and the resale value is substantially higher than the nearest competitor, maybe in the range

of over 10% to 15%, that is why people come back to buy. And a lot of the demand emanates from the existing customers itself.

Lakshminarayanan: Okay. Got it. And which states are growing faster for us in the last six months or so? Can you be specific on which states are growing and why they are growing faster?

Shubhabrata Saha: Yes, I think we are present all over the country, right? There are certain states which have been impacted by way of demand. For example, the likes of Maharashtra has been impacted, certain states like Karnataka have been impacted, because some of these states have decided to put money behind social projects and so on and so forth.

I think, barring that, I think states like Bihar, etc., perform very significantly, as you will see that Bihar is going through an election. For the last one year, I think Bihar has been doing extremely well. UP is doing extremely well. Some of the northern markets are faring well. Gujarat has been doing exceedingly well on account of the fact that there has been a lot of solar-led application and so on and so forth. So, all of these states are fine.

Lakshminarayanan: Got it. And one last question, you know, as we are half of the financial year, which areas have actually negatively surprised you from your own calibration of how you started the year?

Tuhin Basu: No negative surprises from what we have started off the year in terms of our expectation. I think you are speaking to us for the first time by the sound of the question. Whatever we panned out in terms of our margin corridors expectation, it has not changed since the roadshows we have been, let's say, which Shubho was alluding to that, and even post that.

So, in that sense, we have been consistent in terms of the corridors we have mentioned, and we have been consistent in terms of where we see the demand originating from. So, no negative surprises.

Lakshminarayanan: Got it. Thank you. Thank you so much.

Tuhin Basu: The only negative surprise could be just the liquidity challenges which we are seeing on the retail, but that's transient and that should get better as we progress.

Lakshminarayanan: Okay. Thank you so much. I'll get back in queue.

Moderator: Thank you. The next question is from the line of Nishant Rungta from Premji Investment. Mr. Nishant, please go ahead.

Nishant Rungta: Thank you so much, Shubho and Tuhin. Fantastic performance given how tough this quarter was supposed to be. I have a couple of questions...

Shubhabrata Saha: Nishant, if you can be a little louder, your voice is not very audible to us.

Nishant Rungta: Sorry, am I audible now?

Shubhabrata Saha: It's still a bit faint, Nishant.

Nishant Rungta: Sorry, I'm trying. Just in case I could come back in the queue in case it is not audible, but just wanted to -- this is a fantastic quarter given how tough this quarter was supposed to be. I have a couple of questions for you.

First is how do you think about toggling between market share and margins both in the near-term and medium-term given what's happening on pricing at this point in time, the difficulty that you are, sort of, facing in terms of taking price hikes and obviously, the competition being a bit irrational?

My second question is on sales -- Spares revenue, that's one line item which we've been sort of watching for a while and that's something that is coming in at very high profitability. Are you sort of happy with the growth there and what is the outlook to sort of prop up that revenue pool for you to offset some of the margin headwinds that you see in the core business? These are the two questions I had. Thanks a lot.

Shubhabrata Saha: Yes, thanks Nishant. So, I think first things first, let me clarify that it's not one against the other market share or margin. So, I think both are equally important for us and we'll continue to strive to drive on both fronts.

If you looked at what Tuhin was earlier mentioning in terms of market share in the recent term, in the last couple of months and so on and so forth, I think our market share has been inching closer to the 80% mark despite the intensity of competition.

I have to say this that I think since we launched our product, the CEV5 product portfolio in fourth quarter, 30% of our volumes in the fourth quarter came from that. 90% of our volume in the first quarter of it this year came from that.

So, clearly the product is very well-settled. It is starting to gain much greater traction and acceptance with the people who have already had the CEV4 product and now have tested the CEV5 product as well as new customers. So, I think those are the drivers that we will continue to work on.

And the third facet as far as pricing is concerned we've said this, that looking at market response, product performance and so on and so forth and taking a calibrated approach towards pricing. So, between Q3 and Q4, I'm hopeful that things will look better.

And finally, I think both demand uptake as well as the payments back to contractors will certainly improve the sentiments. And if all these four come together, I think we should be closing in towards the kind of numbers that we've already spoken about.

Nishant Rungta: Very well. And the second one on spares and services revenue. Thank you.

Shubhabrata Saha: Yes. So, I think clearly you must understand that the machine utilization in the second quarter, particularly because of the extended monsoon has been impacted. And to that extent, we would have loved to have a little higher growth as far as spares are concerned.

- Nishant Rungta:** And any strategic steps that you're taking to sort of prop that up, even your base of 30,000 units in the market, this number could be much higher than what we see right now. Has there been any issue around spares, services, revenues sort of moving to competition or anywhere else with the Chinese products or spare parts? Has that been a point of worry for you?
- Shubhabrata Saha:** No, no. Nothing negative at all, nothing is moving from us to any cheaper alternative just because people feel that there is a cheaper alternative sitting out there or we are losing opportunity because the dealers are not stocking and so on and so forth.
- I have to say this that our on-time in-pull, which is called the first fill rate, is being tracked here almost on a day-to-day basis. So to that extent, we are running upwards of 90%-92%. And hence, in terms of making the demand fulfilled from our dealers is being done very, very strongly.
- So I think we are not missing anything specific here, but I think just the machine utilization has a direct bearing on the quantum of spare parts. With the extended monsoons in the second half, I think those numbers may have been slightly muted.
- But I think as we go forward, machine utilization picking up will certainly help us. As far as number of dealers, number of touch points is concerned I think we are doing fairly well on that front.
- Nishant Rungta:** Perfect. If I might sort of squeeze in just one last data-seeking question.
- Shubhabrata Saha:** Yes. Go ahead.
- Nishant Rungta:** The cash flows have been again, robust, right? It's been a phenomenal work on working capital management. Just in this quarter, I see quite an inordinate buildup in receivables. You think that's just going to get liquidated very soon, and we have already seen that, but just your thoughts on that figure. Thank you.
- Tuhin Basu:** Yes. So, Nishant, on the receivable side, based on a trailing 12 months, of course, we have CCN increase, and the KPI, which we reported, also show that. And this has got to do with, let's say, the experience delays on the retail offtake towards the end of the month of September.
- That has started to normalize, and the cash flows have started to come in also. We feel that this will get normalized as the year progresses, so, no concerns in terms of the health of the receivables per se, sitting in the balance sheet. It's the timing. And we'll sort it out soon.
- Nishant Rungta:** Yes. Thanks a ton. Wish you guys very well, all the best.
- Shubhabrata Saha:** Thank you.
- Moderator:** Thank you. The next question is on the line of Deeya Jain from Sapphire Capital. Please go ahead.
- Deeya Jain:** Hi, sir. Thank you for the opportunity. So, you mentioned that we'll see a dip in the margins for the whole year. So, can you also comment on that...

- Tuhin Basu:** Sorry your voice is very inaudible. If you can be a bit louder or closer to the microphone, it would be helpful.
- Deeya Jain:** Okay, sir. Am I audible now?
- Tuhin Basu:** Yes, better. Please.
- Deeya Jain:** Yes, sir. So, you mentioned that we will see a dip in the margins for FY '26. So, can you also comment on how our top line is going to grow for the whole year?
- Tuhin Basu:** I think the question was asked, and we had mentioned that we expect that it will be early double-digits on the top line versus the historical averages.
- Deeya Jain:** And do we expect it to get better in FY '27?
- Tuhin Basu:** We'll not comment on FY '27 at this point in time.
- Deeya Jain:** Okay, sir. Thank you so much.
- Tuhin Basu:** Thank you.
- Moderator:** Thank you. The next question is from the line of Mayank Bhandari from Asian Market Securities. Please go ahead.
- Mayank Bhandari:** So just checking on the recent GST cut that we have seen, has it or -- can it benefit us in any way going forward as a lot of our cost is related to auto components?
- Tuhin Basu:** If only, sir. No impact to us, positive or negative. So, it's completely business as usual.
- Mayank Bhandari:** Okay. And what is the update on the capex that we are doing in the second plant, which we were supposed to complete by H2? Or for the full year, how much capex we anticipate?
- Tuhin Basu:** Yes, I mean, you will see that the CWIP is about INR 35 crores already. We expect another INR10 crores to 15 crores for the full year, for Hosahalli, which is the fourth plant. The rains have been a bit of a dampener in terms of progress, and we are still targeting H2 closure. As you know that, you know, many of the government approvals required for functioning the plant takes at times a bit longer than one anticipates. But no hiccups there as such, and we are more than adequately cash provided to afford the capex.
- Mayank Bhandari:** And lastly, sir, I mean, if you could comment anything on the competition also within the SLCM space, since we have grown very sharply in this first quarter, I mean, what do you foresee in the market in terms of SLCM particularly?
- Shubhabrata Saha:** So, I think in terms of the number of players as things stand, as you know that, you know, this has been a category where both domestic and international players have been around for quite some time. So the intensity of competition is no way less or more.

We are keeping a very close watch both in terms of the product performance of our competitors, as much as their commercial policies. So far so good. We haven't seen any new entrants, but yes, there are potentially people who may be looking at this category, which I cannot speak at this point in time.

Mayank Bhandari: This first half, how would the SLCM market would have grown? Any data point you could give?

Tuhin Basu: I mean, see, given that we are, I mean, we are 70% of the market on H1, the market would have also been more in sync with our growth numbers on an H1 to H1 basis. That's all we can say.

Shubhabrata Saha: Yes, I think I must add here that, you know, there have been certain unsustainable business practices, which may have resulted in us maybe, you know, having lesser retail registrations in a certain time span because of certain things that people have done. But as we mentioned earlier that in the last two, three months, we've seen our market share inching up closer to the 80% range, which is a very clear thing that we are growing faster than some of our competitors at this point in time.

Mayank Bhandari: Got it. Thank you.

Moderator: Thank you. The next question is from the line of Mahesh Patil from ICICI Securities. Please go ahead.

Mahesh Patil: Yes, so my question is, so one clarification on the, so if I look at the Vahan data and compared to that our Q2 numbers, the volumes are surprisingly high. So just wanted to get a clarification, why is there so much difference in this quarter particularly?

And also, if I look at the data again for October, there is significant dip across all the construction equipment players. So again, given the monsoon is over, just wanted to understand your view on why October has been over.

Shubhabrata Saha: Yes, so I'll just go back to the first question, the first part of your question. I had mentioned to another question that came in from one of your fellow analysts, and this was related to the practices that were there in the industry, where I mentioned that the law allows you to sell and register within a certain stipulated timeframe and it ends on that day, on the midnight of 30th of June, it had to end.

However, we have seen where I cannot call it, label it at any other form other than unsustainable, which are not correct practices, but we've seen that happen from some of our competition, which is why the registration numbers may have looked the way they have looked, which is why the impact on the share would have happened.

As far as the October is concerned, yes, the overall industry may have seen those kinds of registration numbers that you're alluding to. But if you look at it, AJAX'S numbers continue to be much stronger. I do not know which particular part you're referring to, because there are two sets of things.

One is power market share and also the industry market share. So if you look at the companies that have registration, other than excavators, anything that flies on the road will have registration, so cranes will not have, let's say, excavators will not have.

So if you look at the list of those companies who get their product registered, obviously there will be some amount of decline in registration based on whatever we've been speaking about in terms of uptake and demand, payment patterns and so on. So the sentiment has to still pick up.

Mahesh Patil: Okay, sir. Thanks, sir. So we have talked a lot on FY '26. So what about FY '27? How do you see the margins? I'm not talking about the external factors, but maybe our internal factors like the new capacity coming in. What can we expect? Can we expect the margins to go back to FY '25 level?

Tuhin Basu: Mahesh, I think the question was asked twice. I urge all of you guys to also hear in our answers from the previous questions. We are not going to comment on FY '27 on this call.

Mahesh Patil: Okay, sir. Thank you.

Moderator: Thank you. Thank you. Due to time constraints, that was the last question for today's conference call. I now hand the conference over to the management of AJAX Engineering for closing comments. Over to you, sir.

Shubhabrata Saha: Thank you all for joining us on today's call. We hope we've been able to address all your questions. For any further queries or clarification, please feel free to connect with us or SGA, our Investor Relations partner. Thank you once again.

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