

Date: August 12, 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 August 04, 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 Monday, August 04, 2025 at 03:30 p.m. (IST), on the financial results of the Company for the quarter ended June 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 Q1 FY26 Earnings Conference Call”

**August 04, 2025**

E&OE - This transcript is edited for factual errors. In case of any discrepancy, the audio recording uploaded on the stock exchanges on 04<sup>th</sup> August 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**

**Operator:** Ladies and gentlemen, good day, and welcome to the Q1 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 once the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “\*”, then “0” on your touch-tone 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 the date of this call. These statements do not guarantee the future performance of the company and it involves risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Shubhabrata Saha – Managing Director and Chief Executive Officer of Ajax Engineering Limited. Thank you, and over to you, sir.

**Shubhabrata Saha:** Thank you. Good afternoon, everybody. Thank you for joining us on Ajax Engineering Limited’s Q1 FY '26 Earnings Conference Call. Along with me on the call, we have our CFO, Mr. Tuhin Basu; and SGA, our Investor Relations partner. We have uploaded our results and investor presentation on the Stock Exchanges and on our website, I hope everybody has had an opportunity to go through the same.

Before we dive into this quarter's performance, I would like to take a moment to reflect on Ajax's journey. Spanning over three decades, Ajax has demonstrated remarkable resilience and adaptability through multiple business cycles and challenging phases. The first 22 years laid a solid foundation, and over the past 10-11 years, we have successfully navigated critical disruptions that included demonetization, introduction of the GST, COVID-19 pandemic, election cycles in the center and the state, changes in emission regulations, and of course, sector cyclicity.

Through this last decade, Ajax has delivered an impressive 18% revenue CAGR, which is a testament to our unwavering focus on operational preparedness, precise execution, and financial discipline. These qualities continue to empower us to not only withstand adversity, but emerge from it stronger than before.

We had the last emission transition in FY '21-'22. Over the next three years, between FY '22 to '25, we delivered a robust CAGR of 40%. This strong trajectory underscores the same foundational qualities I had mentioned earlier, which is about operational preparedness, executional precision, and financial discipline that define who we are and continue to drive our success. The last fiscal has been no different in terms of the external challenges we faced, but true to form, Ajax has continued to navigate this headwind with focus and resilience.

In the given context, we delivered a healthy performance in FY '25, clocking 19% revenue growth driven by our volumes. Our core segment, that is SLCM, performed well. A key highlight was the successful launch of our new CEV-5 emission-compliant machines in Q4 FY '25. At the same time, our spares and services business is gaining steady traction and showing promising progress. In line with our strategic focus, we are consistently working to scale up our non-SLCM segment, which is also gaining positive momentum.

I would like to highlight some of the recent initiatives we have taken to strengthen our capabilities and build organizational competency. Number one, the launch of the CEV-5 compliant SLCM portfolio with enhanced value proposition. In addition to the expansion of our dealer network, we have been augmenting our go-to-market strategy by building a B2B channel in the top eight metro cities where we are operational.

Our focus or our value proposition in the non-SLCM business is to offer better reliability, reduce downtime, lower operating costs, and ready availability of spare parts and machine service. A strong B2B channel combined with our dealer channel will be a key growth driver for our non-SLCM business. We also have our new facility coming up in Adinarayanahosahalli, which is very close to our Obadenahalli plant, which produces SLCMs. This, we expect to commission in the second half of FY '26.

Let me now take you through the current business landscape and outlook.

We observed that the on-ground execution of infrastructure projects have had a slowdown. For example, in case of PMGSY, the length of road constructed is reduced by 37% from FY '24 to FY '25. The pace of construction of highways similarly has reduced by about 9% from '24 to '25. Additionally, the unseasonal rainfall in the month of May in many parts of the country and cash flow delays experienced by our customers did not help with the industry demand.

Our business anyways is skewed towards the second half of the fiscal, with around 65% of our annual revenue coming in the second half. The unseasonal rains, the transition to the new emission norms, and a slower pace of project execution have all had an impact on the business in Q1 FY '26.

I would like to highlight some pertinent aspects of the regulatory transition of emission norms. The shift from CEV-4 to CEV-5 emission standard effective 1st of July 2025 has had a notable impact on the industry in the last few quarters. Regulations permitted the manufacture of CEV-5 compliant machines until December 2024, with sales and associated registration allowed until 30<sup>th</sup> of June, 2025. Riding on our situational awareness, operational preparedness, and technology-driven manufacturing capabilities, we were ready ahead of the curve. And as a result, we had a promising launch of our CEV-5 machines in the last quarter.

The CEV-4 inventories, which we had built up until December 2024, was largely cleared in Q4 FY '25 and the balance was completely sold out in Q1 FY '26. With the 30th June deadline

looming for the sale of CEV-4 machines, we witnessed some highly unsustainable business practices in the industry during Q1. However, we continued to maintain our financial discipline during this period. Also, we continued to see reasonable momentum in our CEV-5 portfolio during the quarter. We believe that the decline in the overall market share in the SLCM segment that you see in this quarter is only a temporary phase, driven by the reasons which I had just mentioned.

In the CEV-5 portfolio, our market share remains broadly in line with the historical levels seen in the overall SLCM segment previously. With only CEV-5 machines permitted to be sold now onwards, we expect our overall market share in SLCMs to revert to the erstwhile range as we go deeper into the year. An example of this is clearly a strong performance in terms of market share demonstrated in the month of July.

The implementation of the new emission norms has also led to an impact on the cost front. The transition to CEV-5 standards has led to an increase in the material cost, leading to an impact on the gross margin on a Y-o-Y basis. Our pricing strategy will be very carefully calibrated after taking into account the market response and elasticity to the new CEV-5 compliant machines.

During Q1 FY '26, both CEV-4 and CEV-5 models were available in the market. However, starting Q2 FY '26, only CEV-5 machines will be on offer. The transition will allow us to gauge customer response more clearly. We expect to gain a better understanding of the adoption trend and pace of the pickup of CEV-5 machines, while entering the third quarter after the peak monsoon period. That will be crucial in taking an informed decision on the pricing strategy. 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.

As we have emphasized in the past, the business is best viewed on an annualized basis rather than quarterly. Structurally, 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 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 ambition.

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

**Tuhin Basu:**

Thank you, Shubho. Good afternoon, and a warm welcome to everybody on our Q1 FY '26 earnings call. I will speak on the quarterly numbers.

Revenue from operations for Q1 FY '26 stood at Rs. 467 crores and remains flat as compared to the Rs. 469 crores in Q1 FY '25. Volume and revenue in SLCM segment was flat on a year-on-year basis, with revenue standing at Rs. 385 crores in Q1 FY '26 versus Rs. 386 crores in Q1 FY '25.

On the non-SLCM front, the volumes grew by 25% on year-on-year basis. However, the revenue declined by 8% due to the product mix change. It is important to note that we had sale of our slip-form pavers in Q1 of last year, which is a high-ticket size product and that was absent in Q1 of FY '26, resulting in the decline of revenue.

Revenue from Spares & Service business has seen growth of 8% on year-on-year basis and stood at Rs. 37 crores in Q1 FY '26.

Exports contributed 5% of the total revenue in Q1 FY '26.

Gross margin for Q1 FY '26 stood at 25.8% compared to 30.3% in Q1 FY '25. Considerable portion on the year-on-year decline in gross margin on account of the product mix, which I just mentioned. And pavers played a big part given our big-ticket size and relatively high-margin product. There was also some impact due to the increase in production cost for the CEV-5 machines, which were not manufactured in Q1 of last year. And as Shubho mentioned, pricing is something which we will monitor on a close call and take decisions thereof as we progress during the year.

On a year-on-year basis, the impact on the gross profit and margin has percolated down to EBITDA as well. EBITDA for the quarter stood at Rs. 61 crores compared to Rs. 80 crores in Q1 FY '25, a decline of 23%. EBITDA margin this quarter stood at 13.2% versus 17.1% in Q1 FY '25. Looking at EBITDA margin sequentially would not be justified due to the inherent quarterly seasonality of the business, which also impacts operating leverage for us.

Profit after tax for the quarter stood at Rs. 53 crores versus Rs. 67 crores in Q1 FY '25. We will again reiterate what Shubho mentioned, that our business has to be looked at an annualized basis instead of a quarterly basis at a point in time. On the balance sheet front, we continue to remain debt free and have a very strong cash position.

With that, I will open the floor for questions. Thank you.

**Operator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:**

Yes. Good afternoon, sir. And thanks for the opportunity. My first question is, is it possible to help us with a mix of non-SLCM in the quarter vis-a-vis the last quarter as the base year? And what explains strong volume growth qualitatively to segment grew faster in the quarter now we have to use the development of B2B channels?

- Tuhin Basu:** Mohit, your voice was not completely clear, but I am just paraphrasing what we heard at our end. You want to understand the Q1 FY '26, let's say, revenue mix on the non-SLCM portfolio, right?
- Mohit Kumar:** Absolutely, sir. Yes.
- Tuhin Basu:** Okay. So, on the non-SLCM front, as I mentioned in my opening remarks as well that pavers last year played a significant part and that had a contribution to the revenue. This time, volume growth has been driven by batching plants and associated transit mixers. And that kind of also cements, let's say, what we have been consistently mentioning that we will continue to have specific focus on the non-SLCM portfolio. And the volume growth that you see this year of about 25% is coming from those, let's say, batching plants and associated products like transit mixers, which are sold alongside the batching plants.
- Mohit Kumar:** Understood, sir. My second question is, what are the mix of CEV-4 and CEV-5 in the quarter?
- Tuhin Basu:** So, CEV-5 in Q1 contributed, let's say, roughly Rs. 300 plus crores of revenue versus CEV-4 of around Rs. 25 crores. So, that kind of gives you that 90:10 broadly is the revenue mix of CEV-V and CEV-IV in Q1.
- Mohit Kumar:** Understood. Thank you. Thank you, sir. That's it. Thank you.
- Operator:** Thank you. The next question is from the line of Raghunandhan from Nuvama Research. Please go ahead.
- Raghunandhan NL:** Thank you, sir, for the opening remarks and for clarifying on market share for Q1. So, firstly, on the acceptance of smaller SLCM where you had been doing pilot projects, how do you see the initial feedback? And when do you see the products available across the country? How do you see that as being a market share trigger in the future?
- Shubhabrata Saha:** You have lots of questions in one question, Raghu, but I will still try to attempt answering each of them.
- I am happy to say that I think the initial test validation and the feedback mechanism seems to have gone reasonably well from the product point of view, which gives us some confidence. And we have started doing some kind of very soft launches with some select dealers in specific markets. And this is, as you know, is the rainfall season so obviously the quantum of work that these machines will do will be limited. But I think it's important for the dealers to have a good look and feel, understand the product, start looking at these segments which have been hitherto unaddressed by them in terms of building contractors and people who would actually lay roofs and so on and so forth. So, I think this is at an early stage.

I think come the second half of the year, we would definitely want greater proliferation of these machines across the country once we have done this test with at least the first 25-30 dealers to begin with. As far as the market share trigger is concerned, I think let this phase of the dealers getting used to this machine, working out the customer segments that they need to work with, which were not the same segment that possibly they would have been used to as far as sale of Argos is concerned. I feel reasonably confident as time moves along.

**Raghunandhan NL:**

Thanks for that, sir. Secondly, in terms of CEV-5, so gross margin has broadly come out by about 400 bps. I am assuming that is the quantum of under-recoveries because of CEV-5. So, are you permitting, would you look at taking that 3%, 4% kind of a price hike over the next few quarters based on market conditions? Or would you partially try to manage it by cost reduction activities?

**Tuhin Basu:**

So, Raghu, two things. I will start the clarification on the gross margin first. See, if you look at Q1 versus Q1, then you see roughly a 5% or 4.5% shavee, which is what, let's say, you are referring to the 30.3% versus the 25.8% this year, where a paver did play a significant part. So, if I look at the full-year of FY '25, which was in the range of 27% and we have got 25% plus, let's say, for the quarter, so the price increase or rather the cost increase is not the only driver in terms of the dip in the gross margin, which you experienced or which we see in Q1 FY '26. The 450 basis points I will attribute roughly 50%-50% or 60:40, 60% to the DMC or direct material cost change for the CEV-5 and the paver kind of having a significant contribution as well in terms of the gross margin decline.

In terms of the pricing increase, I think we have been transparent and consistent over the last several conversations with all of you that we will have a closer look at the pricing as we progress in the year. We anticipate that we will be able to start nudging the pricing up towards end of Q2. The reason being that Q1, both the type of machines were available in the market, CEV-4 and CEV-5, and that obviously impacts or impinges our effort in terms of increasing the pricing when both the variants are available. July, August, we expect to be more tempered in terms of demand. And once the market kind of gets back to demand, let's say, after Janmashtami, Ganesh Chaturthi, which is more towards the end of Q2, that's when we would be able to push the pricing up as we progress into the market. So, while we would not be able to give a very sacrosanct view of how much we will be successful, all we can say is that we will try to bring the margin back to the corridors, which we have experienced previously.

**Raghunandhan NL:**

Thanks for that, sir. And any thoughts you can share on the dividend payout policy and utilization of the large cash reserves?

**Tuhin Basu:**

Yes.

**Raghunandhan NL:**

And also, any thoughts on using the cash for M&A?



**Tuhin Basu:** So, on the dividend, I think the company has declared dividend only twice in almost a decade, one was in 2018-'19 time period, and one was in '24, we paid out in '25. And it's a topic which we obviously keep in our mind. We have a dividend distribution policy. At the current time, the Board has not decided to go forward with the dividend for a reason that we are in the growth phase and they believe that the management and collectively the company should reinvest the money to funnel their growth phase, whether it's organic or inorganic. And I am using the word inorganic a bit broadly because it need not be a plain vanilla old school acquisition, it could be a different corporate development structure and hence we are of course looking at options.

We have looked at options in the last six months, few of them do not match our expected guardrails and corridors, and hence, we are also not going forward with them. So, it's an active topic for us. It's a topic, which we are seeking, let's say, advisement from different people but we are also very clear in terms of what we will not do from a financial and business prudence standpoint. And hence, you do not see the cash getting deployed yet. But we are in the look out and we will, of course, keep you posted once, let's say, there are things more sacrosanct, which we have been able to button down. And we believe that is the right thing for the company to do.

**Raghunandhan NL:** Thank you, sir. I will get back in the queue.

**Tuhin Basu:** Thank you.

**Operator:** Thank you. The next question is from the line of Pritesh from Lucky Investments. Please go ahead.

**Pritesh Chheda:** Yes. Hi, team. Just a clarification first. So, based on your comments and now, this quarter where 90% of the SLCM revenue is from CEV-5 machines. And when you mentioned that the GP rate, we look at it is half GP impacting because of the product mix of non-SLCM. So, when you adjust that basically from this quarter, your margin is similar to what you did in last two-year, which this quarter having largely at full SLCM based revenues, for the CEV-5 based SLCM revenues. Is this correct in our understanding?

**Tuhin Basu:** So, not completely there. So, if I see, last year it was 27% in full-year, the impact of pavers obviously get diluted. One quarter it had, let's say, a disproportionate impact for a one quarter, but for the full year, the 27%, which was there in FY '25 is, let's say, the baseline gross margin. If I ignore the paver, I think we would still be about 150 basis points to 200 basis points short on the gross margin. So, from that standpoint, Pritesh, we have eroded the gross margin for the quarter, selling the new machines where we have not been able to pull the pricing up. And then as we progress during the year, we will see how do we adjust the pricing so that we are able to claw it back as much as possible. So, I would not say that, if the pavers are not there, we are exactly at that corridor. We are, of course, lower by about 150, 200 basis points.

**Pritesh Chheda:** Okay. Just that you are a lean quarter and I just added the 200 bps back to the EBITDA margin of this quarter --

**Tuhin Basu:** EBITDA, not gross margin. I was talking about the gross margin.

**Pritesh Chheda:** So, soon as I adjust that 200 basis points, 225 200 basis points to the EBITDA margin reported, I am at 15%, which is similar to what we did last year. Now, this is after the fact that -- from that only.

**Tuhin Basu:** Understood. So, see, on the EBITDA, I think, yes, as we progress the volume will play a part. If you see our employee cost as a percentage of sales, just as a proxy, which I wanted to call out, it's in the range of 6-plus-percentage, which will normalize more towards what FY '25 was. So, yes, to that extent, you can say that, the EBITDA will start getting closer to 15%. That's correct.

**Pritesh Chheda:** Okay. The other question is, it is closer to 15% even this quarter, actually, adjusting for the product mix?

**Tuhin Basu:** Yes. And the volume, correct.

**Pritesh Chheda:** Correct. Okay. Now, my second question is, with SLCM and with the CEV-5 machine already being the larger portion of this quarter, I couldn't understand the 3% price decline in SLCM. So, if you could throw some light there?

**Tuhin Basu:** So, that is purely because of the volume mix. See, we have a very wide range of SLCM capacities. ARGO 2 series, ARGO 4 series have very different price points given just the throughput they have. So, that obviously plays a part in terms of when we just divide the quantity and the value. So, that is essentially because of that. It's not a secular decline of 3% across all models we have experienced in this quarter. That's not the case.

**Pritesh Chheda:** Okay. And can you quantify the extent of cost increases on account of the CEV-5 emission change?

**Tuhin Basu:** On a blended level it's just above 400 basis points at direct material cost, yes.

**Pritesh Chheda:** Okay. And my other question is, what is the progress now on the machine which was supposed to introduce in the market?

**Shubhabrata Saha:** Pritesh, I had just answered that question in a previous conversation where I had mentioned that we took up a beachhead market, we did test and validation, we took consumer feedback and stuff like that, which gave us a degree of confidence for us to have a soft launch with about 15-20 dealers based across various locations in the country. Given the fact that we are in the thick of the monsoon season, the quantum of throughput to be done through these machines will be limited. But I think it's important for the dealers to start understanding and conversing with a completely new set of, let us say, target audience in this category to be ready to be able to push out volumes in the next few months when the second half of the year begins, which is when we see great attraction in these activities.

- Pritesh Chheda:** Okay. And my last question is, what kind of revenue growth or volume growth do you see for FY '26, considering transition on emission what the market is playing out, and automation in large? Do you see yourself closer to your long-term CAGR of 18%, which you mentioned earlier?
- Tuhin Basu:** I think we do not typically give a forward-looking, sacrosanct statement. But Pritesh, just to call it out that we do not anticipate the volume growth to be 18% this year, we expect it to be more, let's say, in the early double-digits. But yes, I mean, 18% was also not every year clockwork, it was a block of years. So, these some years of low double-digits and some years of high double-digits, or let's say high-teens will cover the CAGR to 18% in a block of a few years.
- Shubhabrata Saha:** On a lighter note, Pritesh, I think the onset of Ganpati, and his arrival will augur for good times, if you will. And --
- Pritesh Chheda:** Hopefully, sir. Thank you very much. Yes, please go ahead, sir. You wanted to mention something, sir.
- Tuhin Basu:** I mean, no, I think Shubho mentioned in his opening remarks as well that we do see a slight tepidness in the progress of some of the infra projects. And that they obviously impact the cash flow for the contractors as well, which is also representative of sorts in terms of the volume which we have experienced in Q1 of FY '26. So, considering those aspects and the volume upswing only expected more towards end of Q2, I think early double-digit is what we will expect on the volume front this time.
- Pritesh Chheda:** Okay. Thank you very much, sir.
- Tuhin Basu:** Thank you.
- Operator:** Thank you. The next question is from the line of Sankaranarayanan from ithought PMS. Please go ahead.
- Sankaranarayanan S.:** Good evening, sir. Sir, my first question is regarding the customer acceptance of our latest CEV-5 machines. And how well our customers are accepting? And is there any price difference compared to CEV-4 machines? My second question is that, apart from emission changes that you have done, have you done any other modifications in the latest machines?
- Shubhabrata Saha:** Okay. So, I think, there are two parts to this question, actually three questions in the same. As far as acceptance is concerned, I think I did mention about the fact that in Q4 FY '25 itself, a third of our volumes came from the CEV-5 category. We believe, and Tuhin has also spoken about the volume mix of CEV-4 and CEV-5 in the first quarter of FY '26 as well. So, clearly, we have done our homework very well in terms of our operational preparedness and getting the machine right when we put it out in the market.

And the best way to compare this is, did we receive any significant complaints? Did customers have any challenges? Was the machine not operating to its specs and so on? I am also happy to report back that the strong test and validation mechanism that we have put out based on our learning from the previous transition that took place in FY '21 and '22, the machine performance has been quite good so far. So, that is the first part.

I think Tuhin has also spoken about the pricing and the impact of pricing on the margins in the first quarter between all that was sold both for CEV-4 and CEV-5.

As far as the product value proposition is concerned, clearly, the product value proposition is stronger. We work very strongly with all the suppliers. For example, if you look at the product nomenclature, the nomenclature has also shifted in certain cases. Our old 4,300 has become 4,500. We have introduced a 3,000, and so on and so forth, which actually addresses some of the gaps that may have existed in the portfolio.

And the way customers will look at it in terms of the throughput that the machine provides and the value, therefore, to them on a cubic capacity basis every time that they use these machines. And this, so far, has turned out to be good. If you look at it in terms of machine performance, many of the machines initially that were put out in the marketplace have already completed 500 hours. And that's a good number to have in terms of operational capabilities of the machine, redressal of anything that has arisen. We have not seen anything very significant to upset our sleep.

**Sankaranarayanan S.:** Got it, sir. Sir, and still we maintain a premium compared to other competitors, SLCM sir, right sir?

**Shubhabrata Saha:** Our intent has been that and our intent will continue to be that.

**Sankaranarayanan S.:** Got it, sir. Thank you, and best of luck.

**Shubhabrata Saha:** Thank you.

**Operator:** Thank you. The next question is from the line of Vaibhav Shah from JM Financial. Please go ahead.

**Vaibhav Shah:** Yes. Sir, firstly, what was the paver revenue in Q1 last year in FY '25?

**Tuhin Basu:** Vaibhav, it was more than Rs. 140 million plus.

**Vaibhav Shah:** Okay. Sir, secondly, you mentioned that we have switched from 4300 to 4500 and we have introduced ARGO 3000. So, has ARGO 3000 replaced any older machine, or we have other machines as well?

**Shubhabrata Saha:** Yes, it has. So, 2800 has moved to 3000.

**Vaibhav Shah:** So, now we have reached 23000 and 3000 and 45000 and 48000.

**Shubhabrata Saha:** So, 2000, 2500, 3000, 4000, 4500, 4800.

**Vaibhav Shah:** Okay. And sir, what is our market share right now in SLCM? And how do we see it maintaining ahead?

**Tuhin Basu:** Can you come back again?

**Vaibhav Shah:** Our SLCM market share right now?

**Shubhabrata Saha:** Yes. So, I think as far as July is concerned, I think we have returned back with a very strong number upwards of 75%. So, that is something good to have, especially during a quarter where we did see some unsustainable business practices and we didn't want to walk down that path.

**Vaibhav Shah:** Okay. And sir, lastly, how do you see the realizations moving forward, especially for the SLCM business? In Q1 it was flattish, so it should be a similar trend for the entire year or there may be some cuts for the year?

**Shubhabrata Saha:** So, I think we called it out during our initial speech. I think pricing is something that we will follow through very actively. We need to look at the current demand scenario in the marketplace and basis that I think we will take prudent calls to make sure that our financial position continues to remain strong. I think financial discipline at Ajax has remained the cornerstone of how we have done business and we will continue to make sure that we do that.

**Vaibhav Shah:** Okay. Sir, then lastly on the ARGO mix. So, it should be similar to 50-50 for the lower end and the higher end in terms of drum sizes?

**Shubhabrata Saha:** I think it's very early to call anything out at this stage. See, there are two parts to it. It's very early to call out anything at this stage. We will also have to look at very clearly there are states, which are 2 Series states, there are states, which are driven more by the 4 Series, etc. If we see that certain states are not doing as well as the other states, I mean who knows, how it will all pan out. We are only hoping and expecting that the government's emphasis on putting infrastructure back on track and getting cash flows on track will be a more secular trend in terms of growth across all states.

**Vaibhav Shah:** Okay. Thank you, sir. Those were my questions.

**Shubhabrata Saha:** Thank you.

- Operator:** Thank you. The next question is from the line of Mayank Bhandari from Asian Market Securities. Please go ahead.
- Mayank Bhandari:** Yes. Thanks for the opportunity, sir. Sir, just checking, you have given a very diverse customer base in your presentation, in which you have categorized five categories, individual contractors, small, mid-sized, contracting firms. Is it possible to give any breakdown around that?
- Shubhabrata Saha:** So, I think in the past we have given a broad breakdown, but I think this is too early for us to really call out as to how the whole structure will pan out from a CEV-5 perspective. But I think on a very broad basis, we used to call it out as a 30:30:40 kind of a scenario, depending upon how it kind of plays out. So, I think it's too early for us to even say anything at this stage with these new products being on the anvil.
- Mayank Bhandari:** Okay, sir. So, this mix, what was it earlier if I may ask?
- Shubhabrata Saha:** So, you can assume roughly about 40% coming in from the first-time buyers, about 30% coming in from people who are small and mid-sized contractors, and about 30% coming in from rental companies, which we believe is a very good mix.
- Tuhin Basu:** And Mayank, just to clarify, the government construction agencies do not directly buy from us, it is routed through the contractors.
- Mayank Bhandari:** Yes, that I understood. That's quite helpful. And secondly, sir, you highlighted about spending in Pradhan Mantri Gram Sadak Yojana going down by 30%. So, you are referring to which period, is it last two couple of quarters or?
- Shubhabrata Saha:** '24-'25. We are talking about '24 and '25. And I put that very clearly during my initial conversation, the PMGSY length of road construction between '24 and '25, FY '24 and FY '25.
- Mayank Bhandari:** Okay. And like, so there's not much visibility around that for the next two years, or how is it?
- Shubhabrata Saha:** So, I cannot comment on what will happen in the next two years. But very clearly, this is data from the past, which has had some kind of an impact in terms of the absolute quantum of work available with contractors.
- Mayank Bhandari:** Okay. And sir, just one thing, one clarification. If I see VAHAN data and if I see July month data, we are seeing very sharp fall in July month for Ajax as well as for the transport category of construction vehicle, which has, I mean, even Y-o-Y, it has declined by almost 50% kind of. So, will you be able to comment on that for the July month?
- Tuhin Basu:** So, Mayank, see, Q1 was a special quarter. And I am using the word special quarter literally. See, ordinarily you will have a time lag when you do your first sale, which is the wholesale from us to the dealer, then the final registration of the machine. In this quarter, it had the registrations

of what happened in Q4. So, let's say, the March vehicles for sure, the registration happened in Q1 this year. And then given the regulations were coming through, most of the CEV-4 machines, not most, all had to be registered within this quarter itself. That's why you see that the lag effect, which is there typically experienced in the industry is not as wider in the Q1, yes.

So, Q1 had both the April, May, June, all the CEV-4 machines and the CEV-4 machines, which have been sold previously and CEV-5 machines also which were sold previously. Now for the sales of CEV-5, then that natural cycle of 30 to 45 days of registration time kicks in and hence that will happen over time. So, I do not think we need to have a very, let's say, excited view on this particular registration number of June or Q1, given the special circumstance we and the rest of the industry was in.

**Mayank Bhandari:** Okay. I was referring to the July number.

**Tuhin Basu:** But that's the reason I am saying that June will have April, May, June and March, and July will have only one month because CEV-4 machines all would have been sold. And ordinarily, we will have those machines percolating through every month. Now, it is only CEV-5. And CEV-5 whatever we have sold, we see that the registrations have not happened for the full stock in any case. So, that will happen over time. So, once we are end of the quarter of let's say the Q2, and then the Q2 when we publish our results, you will see the number of machines, etc., getting more in sync with the VAHAN registration as was there in previous quarters and years.

**Mayank Bhandari:** I see. Okay. So, basically registrations were front-loaded in both the categories in April, May, June. Thank you, sir. Thank you very much.

**Shubhabrata Saha:** Thank you.

**Operator:** Thank you. The next question is from the line of Balasubramanian from Arihant Capital Markets Limited. Please go ahead.

**Balasubramanian A.:** Good afternoon, sir. Thank you so much for the opportunity. Sir, my first question regarding this hybrid dealer B2B model covers eight markets. How do we balance channel conflict and revenue contribution target from B2B for FY' 26 onwards?

**Shubhabrata Saha:** So, I think clearly the B2B channel contract is there in only the top eight markets, number one. Number two, typically these buyers are substantially larger and they typically would like to deal with the companies directly, right? The third facet is that our dealers provide the installation, the support services, whenever and whenever that is required, so there is no real conflict of interest in those areas because these are customers that would want to deal directly with the company. As far as the rest of the customer base is concerned, clearly there is enough opportunity for the dealers to take advantage of, so there is no real conflict of interest between the two channels that we have.

**Balasubramanian A.:** Okay, sir. Sir on exports, around 5% of the sales, which are the regions we have prioritized for scalable growth, like for example, Africa, Russia? And secondly, 3D concrete printers and slip-form pavers are niche innovations, what are the revenue contributions and how they are scalable?

**Shubhabrata Saha:** Okay. So, since you asked about exports, first, clearly our markets are South Asia, Southeast Asia, Africa, Middle East, Central America, Caribbean, etc. And the progress across those markets will continue. You also mentioned about Russia because that is the market where we sold our pavers, right, and that was last year. So, our focus across these geographies will continue to happen. We are living in a world order where the country risk and the currency risk is something that we need to continuously evaluate when we do business.

We have seen in the past that when we identify strategic markets, the markets do not turn out to be as strategic as we would like them to because of the nature of the world economics and geopolitics around us. So, we are very clear that we do not take either currency risk or country risk and look at suitable opportunities when we do the business from an export standpoint. So, that's the first part.

As far as pavers is concerned, clearly we are on a continuous lookout on opportunities to do paver business on a slightly more consistent basis as time goes along. So, we would definitely like to report back whenever that arises. As far as 3D printing opportunity is concerned, again I think our products are well received. The project that we did with one of India's largest engineering companies was also very well received. I think this will see its own inflection point as time goes along.

And as you know that Ajax School of Concrete is working extensively in the area of material science. We are trying out quite a few things. Incidentally, it is quite possible that when we inaugurate our Hosahalli plant, you might see a structure, which is made out of our own 3D printed piece. So, that will be the most efficient way of discussing proof of the pudding, so to say.

**Balasubramanian A.:** Got it, sir. Thank you.

**Operator:** Thank you. The next question is from the line of Rahul Kumar from Vaikarya. Please go ahead.

**Rahul Kumar:** Yes. Hi. Sir, the question is, how much is the cost between this transition from CEV-3 to CEV-5 and CEV-4 to CEV-5 has been passed to the end consumers?

**Tuhin Basu:** I think we spoke at length on this. At this point in time, given both the machines were there in the market in Q1 and also in Q4 when we launched our first lot of CEV-5, the pricing shift has not started to happen in the manner which we expect. We will look at it towards the end of Q2.

**Rahul Kumar:** Okay. And the second question is, again, I am sorry if you have already answered this, but what percentage of your sales was your CEV-5 this quarter?



- Tuhin Basu:** Yes, the question was answered, but happy to repeat it. We had Rs. 310 crores of CEV-5 sales and CEV-IV sales were Rs. 25 crores, so 90-10.
- Rahul Kumar:** Okay. Thank you. That's all. Thank you.
- Operator:** Thank you. The next question is from the line of Nidhi Shah from ICICI Securities. Please go ahead.
- Nidhi Shah:** Hi. Thank you so much for taking my question. So, while we have discussed the possibility of a price hike at length, I just wanted to understand that other than the customer appetite and our input cost, what other factors would we be looking at when we would be deciding the price hike strategy? That is my first question.
- Tuhin Basu:** See, we have to also see how the competition is, right? We are selling at a premium. Shubho mentioned it in one of the questions asked to him. And for whatever reason, and we have seen bizarre behavior in the first quarter. We do not anticipate the competition to behave in the same way, but if in a situation they do, we will also be mindful as to how much of price delta we have versus our competition, and that will drive certain decisions at our end. So, it will be a balanced approach and then we will see where it lands. That's going to be a driver, for sure.
- Nidhi Shah:** Secondly, you mentioned that 90% of our sales in Q1 were coming from the CEV-5. Now, I wanted to understand what were some of the reasons why this happened. Is that because we had lower inventory of CEV-4 on our end and the customer would prefer to stick with us rather than move to another player for their need, or is it that CEV-5 was from our end coming at the same price that probably CEV-4 was? So, from your understanding, what led to the fact that we were able to make 90% of our sales CEV-5 regardless of the fact that the deadline was actually in June?
- Tuhin Basu:** I think we have to kind of go back to Q4. In Q4, already 30% was sold of CEV-5 and that was done with the strategic view that we get into the market earlier. The customers and the end consumers start to experience the machine, and that obviously allowed us to push CEV-5 also with equal earnest in Q1. And that contributed, of course, let's say the stickiness with the customer because they trusted the machine, they have seen the machine in action. And of course, our customers also go with the brand name, which has been created over years. So, a combination of these two resulted in CEV-5 being the dominant machine.
- Nidhi Shah:** All right. Thank you so much. Those were my questions.
- Operator:** Thank you. The next question is from the line of Raghunandhan from Nuvama Research. Please go ahead.
- Raghunandhan NL:** Thank you, sir, again. One question. On other expenses, there was a dip of 17% Y-o-Y. What factors led to this decline? Any cost-saving benefits, which can be sustained?

- Tuhin Basu:** So, Raghu, in Q1 of FY '25, we had, let's say, a one-time expense on certain business promotional activity, which in Q1 FY '26, we do not have. If needed to have a separate specific business promotion, we will do it on the merits of a business case. But in Q1 FY '26, we didn't feel that there is a need for it and we have not spent the money. Whether it's sustainable or not, I think after Q2 we will definitely be able to tell whether we need to spend this separately or not this year.
- Raghunandhan NL:** Sure, sir. Thank you.
- Operator:** Thank you. The next question is from the line of Raashi Chopra from Citigroup. Please go ahead.
- Raashi Chopra:** Thanks. Hi. So, just a couple of questions. On the cost side, you have taken the hit on gross margins now, but are there any incremental costs beyond this for the transition, or is this something that we are going to work with as a constant?
- Tuhin Basu:** I think, because of transition, the answer is no, Raashi. I think we have maintained that it will be in the range of 400 basis points. It's in that range. So, there is no change, which we expect because of the transition. The commodity pricing, of course, is an impact which we cannot foretell, and I will not like to speculate on it. But if that changes, that can have a bearing. But that is not because of transition, that would have probably had an impact even outside transition.
- Raashi Chopra:** Right. And in order for you to kind of recover the market share, would you need to go back to like additional expenses, like you did last year in terms of branding, marketing, etc.?
- Tuhin Basu:** Well, at least we have not spent that money in Q1, and Shubho mentioned that July we are already back at 75%. So, hopefully, let's say, actions on the ground should push it through. But if there is something specific which we need to do to increase the customer engagement and entrenchment, we will take that business call based on the specific metrics at that time.
- Shubhabrata Saha:** Raashi, it's important for the activity level as far as project execution on ground is concerned to come back stronger as much as we expect cash flows to the contractors to be provided in certain cases the overdue in certain cases on time.
- Raashi Chopra:** Understood. Okay. And cash balance as of June?
- Tuhin Basu:** Cash balance as of June, I mean, the investment portfolio was about Rs. 650 crores, and we had about Rs. 30 crores, which was in sweep-in accounts.
- Raashi Chopra:** Okay. Thanks. Those were my questions.
- Operator:** Thank you. The last question is from Krupanshu from Thinqwise Wealth. Please go ahead.

- Krupanshu Shah:** Yes. Thank you for the opportunity. Just a few data-keeping questions. So, could you give us the volume for those CEV-5 and CEV-4 SLCM machines? And also, in the non-SLCM mix, you mentioned that batching plant and transit mixers were the majority of our mix. But even for that, could you break it up, please, in revenue and volume terms? Thanks.
- Tuhin Basu:** So, as we have disclosed previously, we will not give segmental volumes for the non-SLCM. This is not an identified KPI by the company. So, we will report it the way we are doing it for as part of our earning presentation. On the CEV-5, CEV-4, I can lay out the volumes. CEV-V, we sold 883 machines, and CEV-IV, 93.
- Krupanshu Shah:** Okay. Thank you.
- Tuhin Basu:** Thank you.
- Operator:** Thank you. Ladies and gentlemen, due to time constraints, we will take that as the last question. I now hand the conference over to management for closing comments.
- Shubhabrata Saha:** Thank you all for joining us on today's call. We hope that we have been able to address all your questions. For any further queries or clarifications, please feel free to connect with us or SGA, which are our Investor Relations partner. Thank you once again.
- Operator:** Thank you. Ladies and gentlemen, on behalf of Ajax Engineering Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.