REGISTERED OFFICE:

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MAKES CONCRETE SENSE

Date: March 13, 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 March 10, 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, March 10, 2025, on the Unaudited Financial Results (Standalone) of the Company for the quarter and nine months ended December 31, 2024.

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
Digitally signed by SHRUTI VISHWANATH SHETTY
Date: 2025.03.13 14:59:42 +05'30'

Shruti Vishwanath Shetty
Company Secretary and Compliance Officer
Membership No. A33617

"AJAX Engineering Limited
Q3 & 9 Months FY25 Earnings Conference Call"
March 10, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 10th March 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
SGA – STRATEGIC GROWTH ADVISORS – INVESTOR RELATIONS ADVISORS

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9 Months FY25 Earnings Conference Call of AJAX Engineering Limited. 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 do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant line will be in listen-only mode and there will be an opportunity for you to ask question 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.

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: Good afternoon, everybody. Thank you for joining us on AJAX Engineering Limited Q3 and 9 Months FY25 Earnings Conference Call. Along with me on the call, we have our CFO, Mr. Tuhin Basu and SGA, Strategic Growth Advisors, who are our Investor Relations Partners. We have uploaded our result and investor presentation on the stock exchanges and our website. I hope everybody has had an opportunity to go through the same.

AJAX got listed on Indian stock exchanges on 17th of February 2025 and I would like to take this opportunity to thank the entire team at AJAX, our bankers for their efforts as well as all the stakeholders including the investors who have shown faith in our business. Since this is our maiden earnings call, I would like to give you all a brief overview of AJAX Engineering. The company was founded in 1992.

Today, AJAX is a leading concrete equipment manufacturer with a comprehensive range of concrete equipment, services and solutions across the application value chain. We manufacture equipment to cater to production, transportation and placement of concrete. We are headquartered in Bangalore and currently operate three assembly cum manufacturing facilities in and around the city.

Since our inception about 32 years ago, we have developed a comprehensive product portfolio that includes equipment such as the self-loading concrete mixers, SLCMs as they are more popularly known, and batching plants for the production of concrete, transit mixers for transportation of concrete, boom pumps, concrete pumps and self-propelled boom pumps for the placement of concrete, slip form pavers for the paving of concrete and 3D concrete printers for depositing concrete.

A brief overview of our product basket is given in the investor presentation. After manufacturing and supplying the equipment, we continue to assist the customers throughout the life of the equipment by providing spare parts and after-sales services through our dealers and the company service team.

Our concrete equipment has diverse use cases and is deployed across transportation projects like roads, railways, underground tunnels, elevated tracks, flyovers, bridges, irrigation projects like canals, dams, infrastructure projects involving airports, power plants, factories, building renewable energy such as building the foundations for windmills or for that matter large solar applications for the solar foundations. Coming to our business mix, the self-loading concrete mixer is our core product. AJAX was the pioneer of SLCMs in India and is currently the country's leading supplier, commanding a retail market share of around 75%.

SLCMs are efficient machines that mix and transport concrete on site. They feature self-loading arms with a hatch bucket for smooth ingredient flow with minimal spillage and concrete batch controllers for precise measurement of materials ensuring high quality mixes. These capabilities make SLCMs ideal for projects requiring mobility and quick turnaround.

SLCMs currently contribute to about 85% of our total revenue. Our non-SLCM portfolio comprises batching plants, transit mixers, boom pumps, concrete pumps, our patented self-propelled boom pumps and slip form pavers. This segment contributes to about 7% to 8% of the total revenue.

Given that monsoons have an impact on the concreting activity and in Q2 our annual revenue is skewed towards the second half of the year, our general revenue mix between the first and second half tends to be around 35 to 65. Design and innovation have been at the forefront of AJAX's operations, with

15% of our permanent employees dedicated to design and engineering. The AJAX School of Concrete represents our commitment to integrate advanced concrete machinery with material science.

Through the AJAX School of Concrete we are dedicated to advancing innovation and material science and skill and development in the concrete industry with a primary focus on innovating concrete application equipment to improve efficiency in application and enhance sustainability in the use of concrete.

We are also engaged in the research and development of pre-mixes optimized for 3D printing applications where precise material properties are critical for effective extrusion and setting of concrete.

Also through TASC, which is the AJAX School of Concrete, we offer specialized training programs such as youth skill programs for the operation, maintenance and repair of concrete construction equipment and these are certified through the Infrastructure Equipment Skill Council and the National Council of Vocational Education and Training tailored to provide both practical skills and insights and offering participants learning experiences and professional growth opportunities in the concrete ecosystem.

With continuing focus on design and development AJAX has built quality products that address diverse customer requirements. One of our early innovations was the load cell technology used in our SLCM. This technology ensures better quality assurance in concrete production.

In 2019, AJAX launched its patented self-propelled boom pump, which is a concrete pumping machine that can place concrete at height. We became the first and only Indian company till date to develop a slip-form paver ground up in-house in 2019. While the domestic market for this product is at a nascent stage, we have witnessed interesting demand in the international markets which we are pursuing.

Some of you may be aware that two of our products are already plying in global markets, one of them in Russia and the other one in Gabon in Africa. In 2023, AJAX became the first Indian company to commercialize 3D printing machine developed in-house. These are robotic printers which deposit concrete layer by layer according to specified design.

We commercialized this product by partnering with a leading engineering company to be part of helping build potentially one of the world's largest 3D printed campuses for the Border Roads Organization in Mohali and subsequently in Ujjain, for their own administrative requirements. These products are a proof of AJAX's capabilities and commitment to transcend the boundaries of technology and come up with effective products that cater to a diverse range of customer requirements.

Now, coming to our assembly and manufacturing operations, currently we are operating three assembly and manufacturing facilities at Obadenahalli, Gowribidanur and Bashetihalli, all in Karnataka around the outskirts of Bangalore, each specializing in key and distinct product lines.

The Obadenahalli facility of AJAX Engineering is amongst the largest SLCM facilities globally in terms of area. Our lean and technology-led processes include adoption of the Andon system, just-in-time production, Kaizen, Poka Yoke and online traceability. We assemble equipment and manufacture boom arms using horizontal boring machines at our manufacturing facilities.

We have a diverse set of customers which include individual contractors, small and mid-sized contracting companies, rental companies, large construction companies and in few cases government construction agencies. We sell our equipment through a network of dealers with a presence across India as well as select overseas markets. As of December 2024, we have a network of 51 dealers across 23 states in India.

We are accessible to our customers at 114 touch points which comprise of these 51 dealer headquarters and 63 dealer branches. This is the largest dealer network in terms of dealers and service touch points amongst leading concrete equipment manufacturers peers in India. In the export market, we have 25 dealers and distributors across South Asia, Southeast Asia, Middle East, Africa, Russia, etcetera. We have long-standing relations with our dealers.

On the input side, we have a network of more than 540 suppliers from whom we source our materials. With a focus on localized procurement, we have kept the share of important materials to less than 10% of our total material procurement.

Apart from following a detailed onboarding and quality control process, the proximity of our suppliers to our assembling and manufacturing facilities makes our entire procurement chain more efficient.

Lastly, speaking of our management team, we are a professionally run company. Our founder and current Chairman Mr. Krishnaswamy Vijay has over 41 years of experience in the manufacturing sector. I come with experience of more than three decades in the industry. Our management team including our CFO, Chief Marketing Officer, Chief Planning and Strategy Officer, etcetera, all come with multiple years of experience in the relevant fields of expertise.

Just to summarize what AJAX is, we are a supplier of concrete equipment and provider of related services and solutions across the entire value chain with a dominant market leadership position in the self-loading concrete mixer market in India. Our assembly and manufacturing operations are lean and technology driven with strong in-house design and development capabilities. We sell through a wide network of dealers and serve a diverse set of customers.

Speaking of the industry, infrastructure and real estate development will continue to drive demand for cement, concrete and construction equipment, which in turn will drive demand for our products. Within the concrete industry, transition from manual mixers to mechanized mixing either through SLCMs or batching plants. The Indian mechanized concrete equipment market is expected to grow from INR 6,100 crores in FY24 to INR 17,800 crores by FY29, nearly three times the size in the next five years.

The share of mechanized mixing in the overall concrete consumption in India is expected to increase from about 25% in FY24 to about 41% by FY29. With this leadership position in the self-loading concrete mixer segment and a comprehensive product portfolio, AJAX is well positioned to tap this growth opportunity over the medium to long term.

Coming to how our business panned out in recent times. After a robust growth in FY23 and 24, momentum somewhat cooled in FY25, particularly in the first half of the year. We've had general elections and elections in the key states of Maharashtra, Haryana, etcetera. which has led to a government capex slowing down, hopefully temporarily. Additionally, the transition from CEV-4 to CEV-

5, which will come into effect from 1st of July, has had some impact on the industry this year.

As we were allowed to manufacture previous emission norm machines until December '24 for sale up to 30th June 2025, inventory was built up to cater to customer needs. Another impact is on the cost side due to the implementation of the new emission norm. We do not expect the entire cost increase to be passed on to the customer, which will lead to some pressure on gross margins in FY26. However, we expect to cushion that through some price hikes and operational efficiencies and hence we expect our operating EBITDA to remain stable in the mid-teens range.

While we expect things to be a little subdued in the immediate term due to transition into new emission norms and slower recovery in capex in key states, we have total confidence in the longer-term trajectory of the business, given the amount of infrastructure development that the country requires and is likely to see, leading to steady demand for concrete and increasing shift towards mechanized equipment.

The capex momentum should pick up again as the new governments, especially at the state level, settle in, which should lead to a stronger uptick in volume. We expect the business momentum to regain stronger pace from the second half of FY26. Going forward, we will strive to maintain our leadership in the SLCM market along with strengthening our capabilities in the non-SLCM business and expansion in our international business footprint.

Thank you for all the patient listening and I would now like to hand over the call to our CFO, Mr. Tuhin Basu, to take you through the operational and financial highlights. Over to you, Tuhin.

Tuhin Basu: Thank you, Shubho. And first of all, a good afternoon and a warm welcome to everybody on AJAX Engineering Q3 and 9-month FY25 earnings call. And despite the challenges in terms of the capex slowdown due to the election process and also rather prolonged monsoon which we experienced, we have delivered healthy growth in the YTD FY25.

Speaking of the top line, for the nine-month FY25, total revenue stood at INR 1,318 crores, growing by 21.6% year-on-year.

SLCM revenue grew by 21.5% and stood at INR 1,098 crores. Non-SLCM revenue stood at INR 122 crores, growing by 20.6%. The Spares and Service revenue grew by 23.5% and stood at INR 98 crores.

Our total revenue in Q3 grew by 37% year-on-year and stood at INR 548 crores, in which the SLCM revenue stood at INR 470 crores, growing by 37% year-on-year. Our non-SLCM revenue stood at INR 44 crores, growing by 71.5% year-on-year and revenue in the Spares and Service business grew by 13.6% year-on-year and stood at INR 34 crores.

Moving on to profitability, for the nine-month FY25, our EBITDA grew to 24.6% year-on-year and stood at INR 207 crores. EBITDA margin improved by 40 basis points and came in at 15.7%. The PAT for 9-month FY25 stood at INR 169 crores, growing by 23.6% year-on-year. And the PAT margin also improved slightly by 20 basis points and came in at 12.5%.

For Q3 FY25, our EBITDA grew by 31.8% year-on-year and stood at INR 88 crores. The EBITDA margin dipped by 70 basis points and came in at 16.1%. The PAT stood at INR 68 crores, growing by 26.3% and the margin coming in at 12.3%, showing a decline of about 90 basis points.

With this, I would like to now open the floor for questions and suggestions that you may have. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Raghunandan N. from Nuvama Research. Please go ahead.

Raghunandan N: Congratulations, sir, on continuing stellar performance. Thank you for the comprehensive opening remarks. The first question is long-term outlook is positive. In the near term, how do you see the growth outlook for FY26 for mechanized concreting equipment industry and AJAX?

Shubhabrata Saha: So, Raghu, I think two, three things. First, thank you for your confidence in what we have delivered so far. We believe that the long-term structural story, of course, remains intact. You would want to believe that the whole theory centered around the context of relative under penetration of cement, relative under penetration of concrete, and particularly RMC, and the overriding factor of increasing mechanization trends will continue.

I think the first half of the year did see a slowdown in capex. We have seen some uptick in capex as we moved into the quarter three, and there is going to be some amount of pressure to be able to meet up to the expectations that the government had set in terms of the budget outlays for the full fiscal. I think there is a transition that is also happening in CEV-4 to CEV-5, that will have a little bit of bearing on how the industry fares.

So I would want to believe that the second half of FY26 is likely to be a good, strong base on which I think the industry should be able to operate. I think we have given a broad outlook when we discussed earlier, and I think that broad outlook stays.

Raghunandan N: Thank you, sir. Can you give some colors on new products that can be expected in SLCM and non-SLCM over the next two years?

Shubhabrata Saha: I think the first piece is around SLCM. I think we are currently undergoing a transition from 4 to 5, and I think that itself is a new product to look at. The entire series therefore becomes new. I think that itself will open up an opportunity for us completely new in the category of CEV-5 machines because you will see some amount, for example, we had the 4,300. We have just about started selling the 4,500. Only one variant has been sold. So I think this is an early start as far as the entire range is concerned.

As far as the non-SLCM portfolio is concerned, I think we are a small player, 7% to 8% of our revenue there. I would want to believe that there will be greater focus as we strengthen our B2B as our channel also starts perking up on the potential demand in this area as you know that there is relative under penetration of RMC. So we would love to contribute in that segment too.

As far as opportunities in the democratization of mechanization is concerned, there is an interesting opportunity. We are testing a product in that category at the lower end, particularly in production of concreting. So I think that is an area of interest for us. As we move forward, we will be able to provide you more news centered around those.

Raghunandan N: Thank you. Looking forward to that. Just the last question before I fall back to the queue. Exports have done really well. The share of exports have increased to 6% of revenue versus 4% last year. Can you talk about the growth drivers in terms of regions, products and the triggers ahead?

Shubhabrata Saha: So I think we have 25 international dealers and over 45 countries that our products have been exported over time. But I think the core geographies of South Asia, Southeast Asia, Africa continue to be strong. Pavers have been sold to Africa, in Gabon and also in Russia.

So I think a fair bit of contribution in value terms, obviously, because each paver costs a lot of money. It's anywhere in the range of INR 8 crores to INR 12 crores. So I think those have contributed towards it. We'll continue to drive wherever the opportunities in these markets that come up.

Raghunandan N: Thank you, sir. I'll come back again. For now, I'll fall back to the queue.

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

Nidhi Shah: Yes, thank you so much for giving me the opportunity. I'd like to congratulate you on the great set of results. My first question would be, am I audible?

Shubhabrata Saha: Yes, you're audible.

Nidhi Shah: Yes. So my first question would be is that in products like other than the SLCM category, where we are not currently the market leaders like the transit mixer and the batching plan, what is your overall strategy in gaining market share in both areas?

Shubhabrata Saha: I think it's very important for the product to do the talking. Our strategy very clearly is not to use pricing as a tool to win market share, because we've seen for a lot of companies, it becomes a slippery slope. It is the quality of our products, the reliability of the performance of our products, the service uptime availability and the availability of spare parts wherever and whenever it is required will be the driver of our success.

Second, I think the channel is very important. So we have both the channels available to us, our established dealer channel, and we decided to start a separate B2B channel to redress the requirements of large customers, particularly in the top seven or eight cities that have just started working this year. So a combination of the dealer channel and this would be the second driver which would potentially help us drive market share.

We don't want to play the game by just trying to win a few brownie points by winning share here and there. We would want to ensure that we are here staying for the longer term to ensure that our product, our service and our spare parts and the reliability does drive this through improved accessibility and connect with our customers.

Nidhi Shah: All right, my next question would be on what are the key states that we are seeing the demands sort of slow up, especially for SLCM in the southern states and if you could give some commentary on what the climate in these states looks like for the future?

Shubhabrata Saha: So I would say that first of all located in south of India does not mean that we are a south centric player. The top 10 states of the country generally contribute about 70%-72% of our business and we are seeing that happen. There are, you know, there will be some blips here, there, etcetera, because of the near-term challenges. For example, one state goes through elections, there could be a blip somewhere. But more than that the top 10 states of the country contributing to about 70%-72% of the business continues to remain stable.

Nidhi Shah: All right, my last question would be on if it's possible for you to share the volume of SLCM sold for nine months and in the third quarter?

Shubhabrata Saha: Sure.

Tuhin Basu: The number of SLCM sold till YTD FY25 is about 3,700.

Nidhi Shah: All right, thank you so much. Thank you.

Moderator: The next question is from the line of Sabil from UNIFI Capital. Please go ahead.

Sabil: Thank you for the opportunity and congratulations for a strong set of numbers. Sir, my first question is regarding, like we said in the opening remarks that CEV-4 for emission norms vehicle allowed to be manufactured till December '24. Just wanted to understand what impacted our gross margins for this quarter in December '24?

Tuhin Basu: So, I will probably take that one. So, Sabil, if you look at the nine-month FY25, we are around 28% which is also similar to the gross margin averages which we have experienced in FY24 and also the EBITDA. See, on a quarter-on-quarter basis, the revenue mix, the weightage of spares versus new equipment, all of it plays part.

So, if the question is that are we experiencing per unit direct material costs more than what we had previously experienced in FY24 versus nine-month December '24, the answer to that is no. That is not the issue. The 300-basis points reduction which you see is predominantly driven by the product mix for us on a quarter-on-quarter basis.

But the nine-month, as I previously mentioned, is kind of flat-lined with a marginal improvement.

Sabil: Just to follow up on that, just to clarify, I mean, we are not facing any pricing pressure in the SLCM segment. I just wanted to ask that?

Tuhin Basu: I mean, see, on a deal-by-deal, there is always a pricing pressure. We do sell at a premium from our nearest competitor, and those pressures exist. But is that the per unit margin is showing a different curve than what was previously experienced?

The answer is no. And hence, what we are trying to articulate is that it is dominant by the product mix versus any secular trend either on the cost of production per unit or the sale price per unit.

Sabil: Okay. My second question was, in our opening remarks, we said that we have built up the SLCM inventory on the CEV-4 emission norm compliant, and that would sort of be sold over the next six months. I just wanted to understand if the quantity was enough to give us sort of a same level or a little higher growth than the March '24 numbers which were reported last year?

Tuhin Basu: Well, just with that, we manufacture, people need not buy, Sabil. So, while we were allowed to manufacture, the answer is yes. Whether we have been meant to sell these machines, if you see the uptick on the demand, I think Shubho mentioned also in his opening remarks that it was post-monsoon, I also covered it when I was referring to the earnings, that post the H2, the uptick triggered, and that's where the growth also came through.

Even as at December, we had a sizable amount of inventory in our books, which you can obviously, you know, let's say it's not probably visible in the P&L, in the LODR, but we have 1000 plus machines in December and also in our books, which would get liquidated over time, till the time we're allowed to sell the CEV-4 machines. So, the uptick on demand has got nothing to do with till when we would be able to, or we were allowed to manufacture the CEV-4 machine.

Sabil: Okay. So, I actually just wanted to understand, you know, I mean, by when do we expect? So, the thing is, let's say in December quarter, if we see the Vahan data, right? In the Q3, it was about 19% registration. And now I think we have seen an uptick in Jan and in Feb. I mean, Feb, it tapered down.

So, just wanted to understand, our revenue growth was higher in Q3. And so, I mean, we have inventory built up in December. So, just want to understand, what would be our sort of, you know, overall FY25 revenue target? I mean, if we have to see, because I think we are almost like 20 days away from March.

Tuhin Basu: We will not give you a specific number on it, Sabil. And we had, see our decadal growth percentage is in 18%, 14% to 24%. We expect that AJAX will grow in the range of, let's say, mid-teen plus in FY25 and also, let's say, as a look ahead. But that's our view at the current time.

Moderator: The next question is from the line of Sankara Narayanan S from Ithought PMS.

Sankara Narayanan S: And first, I would like to congratulate AJAX Engineering for being a company which holds highest market share in the self-loading mixer, despite industry-wise competition from Chinese players. So, my question is regarding the self-loading mixer. So, first, in the industry, you have introduced your self-loading mixer, and your competitor, Schwing Stetter, also introduced that same product later. So, you are saying that you sell the products in premium. So, what kind of product differentiation or what kind of innovation basically you bring into the product by differentiating with your competitors?

Shubhabrata Saha: Sankara, thanks for your question. I think two, three things I need to call out. First, I think being a pioneer and a category creator, our machines have gone through multiple cycles of testing and validation and refinement. And that refinement ensures that the machine is far more reliable, highly productive, and hence ensures higher total cost -- a better total cost of ownership and the highest resale value in the industry. We need to understand that the machine is used by a contractor. And the proof of the pudding is that when he uses the machine, the machine should be able to deliver the right throughput at the lowest cost.

It cannot have a situation where the machine has a capacity of 4.5 and delivers 3.9. And this refinement comes through design and engineering, working with suppliers and making sure that across multiple sets of test applications, we are able to refine some of these. So, that's the first big advantage, which other players have not yet been able to replicate, which is why customers, both new and current, come back to us to make sure that they are able to get the best machine in the market.

The second facet is the availability of service across the country, along with spare parts. As we indicated, we have the largest network of dealers across the country and 51 dealers with 114 touch points, 23 states that are covered. This provides an enormous amount of confidence and comfort to our customer partners who are able to get the access to this across the board.

The third element is the context of finance. The availability of wholesale finance for dealers and also retail finance ensures that there is enough liquidity in the system for people to access, buy the products, and use the products. It is also equally important that when a product becomes older, the person should be able to get a better resale value and be able to sell this product off to somebody else down the value chain, especially in this particular category. So, this has enabled the product to do better.

Finally, I must say this, that we were the first to introduce the load cell in our business and the design and the type of load cell that happens ensures a higher reliability in terms of the quality of the mix that the machine delivers. So, all these five competencies have been able to ensure that AJAX stays ahead of the curve each time, every time that people decide to buy any new machine.

Sankara Narayanan S: Got it, sir. Thank you for your detailed explanation. My second question is regarding the average life cycle for the product. Could you put a color in this?

Shubhabrata Saha: We believe that the ownership cycle ranges anywhere around eight years, but people do own these machines for a little more. You will see machines in the range of about 12, 15 and more years, but they go all the way down in the value chain for a small amount of work in the rural hinterland. But the average would be about eight to nine years.

Moderator: The next question is from the line of Bhavin Vithlani from SBI Fund Management Limited. Please go ahead.

Bhavin Vithlani: So I have two questions for Tuhin. One is on the gross margin where you said the drop of 340 basis point is due to change in product mix. But when I actually look at the mix between SLCM and the non-SLCM, it's more or less similar to what we saw in the previous quarter. So if you could just help us understand a bit better.

Shubhabrata Saha: So, Bhavin, I think in the product mix, that's just not the SLCM and non-SLCM. It's also what is getting sold within those SLCM, non-SLCM. And that's where I was alluding to the product mix. So at an overall level, if you see the SLCM, non-SLCM, you're absolutely right. The 80-odd or 83%, which we have in Q3 FY25 was 85.8% if I remember correctly on the SLCM in Q3 FY24 was 86%. That way it's equal.

But when we look at the different SKUs, there is a deviation there which had a margin implication. And also on the non-SLCM, what we sell has an implication. So a batching plant versus boom pump versus transit mixers will all have different margin corridors. And that plays a part in terms of how the individual SKUs shape up and also in terms of the variants of these products. And that drove the margin decline on a Q3 to Q3.

And hence, I was kind of alluding to the fact that if you look at a full year where these SKUs and the variants of the SKUs kind of more get universally spread out, we ended the FY24 at 15.8% EBITDA margin and with a gross margin of about 27%. And if you look at the nine month of FY25, we are in the range that our gross margin is in the range of again, slightly higher than 28% in fact, with the EBITDA coming at 15.7%. So that's where the SKU normalization also happens over a full year.

Bhavin Vithlani: Second is December was the period where we saw a sunset for the emission norms. And when I look at the balance sheet, which is there as on September and we have seen significant increase in the inventory days. If you could talk about how was it as at end of December, and we were also looking at the VAHAN data where we were seeing significant growth in SLCM in January and February. So if you could talk about the inventory situation that has been there over the last couple of months as at the companies end and the channel end?

Tuhin Basu: Sure. I think, I mean, in terms of let's say September obviously was the peak in terms of what we hit on the working capital on the inventory days. And the peak was because of two reasons. One is that obviously, you know, there were leaner months in the second half of the year and we use those lean months to ramp up the stock. We have been able to liquidate a sizable portion of it. So if I look at September 24, these I'm just quoting unanalyzed, our inventory days of finished goods was 74. And as of December, it has already reduced by about -- to about less than 70. So the reduction has already started on the inventory pileup.

In terms of the VAHAN data, Bhavin, just one thing to call out is that there's always a delay in terms of when we sell versus the registration, which is there in VAHAN. And those delays can be, let's say, state to state and can vary between anything between three to sometimes even five weeks. So that is a time lag which will happen. So the retail market share kind of follows what we sell.

If we look at the overall stockage situation at the dealer's level, when we look at December, it gives us comfort that the dealer stock level on an average is not more than two to three weeks, which is, let's say, similar to what we have experienced secularly over a period of time. So there is no real stocking at the dealers. The stock which we are maintaining is predominant to cater to the six-month gap between December to June. Bhavin, the retail has continued to be strong.

Bhavin Vithlani: So is it like that what we produced looks like now that we could be short of given the demand that you are now seeing?

Tahin Basu: No, I think Shubho mentioned that the first variant launch of the five series has already happened. So we are mindful of what we stock based on the grounds of demand and what we need to produce more across the new variant of the five series as we progress along. So we do not see any need to - there is no, I would say, nerve-shrilling in terms of not having adequate inventory to cater to the customer.

Shubhabrata Saha: So, Bhavin, I think I must say this that the learnings that we had in 2021 has held us in very good stead. I think the nature and type of product mix that we need to have across SLCM portfolio was well devised. Second, I think our readiness for the new set of variants in the CEV-5 category has also been done very well. We have recently introduced one product that I spoke about 4,500. So I think we have a very good mix to go with for this fiscal.

Bhavin Vithlani: Okay, just last question from my side. Under the CEV-5, if you could just give us an indication of what is the kind of increase in the cost that we are seeing range across our various SKUs or for SLCM in particular and what is the cost increase of the engines that we are seeing?

Tuhin Basu: So, I mean, I will, let's say, take a broader brush at it. See, we have launched one variant and that's where the experience is more nuanced in terms of what's the cost increase. And there we have experienced a cost increase of, let's say, low single digits and as we roll out variants on a certain series of, let's say, our Argo which is the SLCM machine, we expect that about a large part of the SKUs will be more in the low single digits in terms of the experience cost increase.

And for the lower capacity Argo, the cost increase could be a bit more pronounced, which we had also declared in our prospectus that it could be early double digits. But given that background, we are also seeing that our supply chain measures, our engineering tweaks are also coming and settling in. So there is still, let's say, a month or two to go before we are able to completely button down the exact extent of cost increase across our different SKUs.

Bhavin Vithlani: And what would be the cost increase on the engine side?

Tuhin Basu: I mean, it depends on the variant, but I think more in the range of 10% to 15% overall.

Bhavin Vithlani: Okay, great. Yes, that answers my question. Thank you so much for taking my questions.

Moderator: Thank you. The next question is from the line of Darshil Pandya from Finterest Capital. Please go ahead.

Darshil Pandya: Sir just want to understand, what is the capacity that we have today? Is it 7,200 units for full year?

Tuhin Basu: For a single shift, SLCM, it's 7200 yes.

Darshil Pandya: Okay. So as I was seeing your DRHP, for 6 months, you have sold around 3,300. And on the other side, you mentioned that for 9 months, you have sold around 3,700 units?

Tuhin Basu: I mean, are you referring to produce number or sales number when you're referring to the DRHP?

Darshil Pandya: It shows like actual production volumes.

Tuhin Basu: Actual production volume is not sales volume. So you might have to rephrase the question for us to able to answer.

Darshil Pandya: What were the sales volumes then?

Tuhin Basu: So the sales volume was around 3,000. So, let's say, the SLCM volumes overall till about 2,600, 2,300 to 2,400. Yes 2,400 machines was the SLCM volumes till September.

Darshil Pandya: Okay. Got it. And sir just want to understand from your side, for H1 what is the percentage of revenue that we have done for H1. As you suggested, 35-65 is our ratio. So for H1, what is the kind of revenue that you have?

Tuhin Basu: INR 770 crores was the H1 revenue.

Darshil Pandya: No, I'm asking in the percentage term?

Tuhin Basu: That we will not give you because I had told you explicitly that we are not going to give a precise number for the full year. We have given the number for the 9 months. You have the half-year number and Shubho had mentioned the split. I'm sure you can do the math, but we are not going to give you a projected number of March.

Darshil Pandya:: No problem, sir. I'll do that. And one final question would be on the client's side. So if you can just share, what is the kind of revenue mix between the clients, the private and the government side?

Tuhin Basu: See, we do not sell to the government, if that's the question. I think since you have referred to the DRHP, I think you would have also gone through the dealer and the customer set which we have. We have, of course, a dependence on the government projects like anybody else in this sector, but it's not that we have direct exposure to any government or their agency.

Darshil Pandya: Okay, so indirectly, we are supplying to the government?

Shubhabrata Saha: No, we are not supplying.

Darshil Pandya: Not supplying, but…

Shubhabrata Saha: Can I comment if you have completed your question?

Darshil Pandya: Yes.

Shubhabrata Saha: So there is a government capex. To fulfill the requirement of that capex, to complete a project, there are contractors. These contractors buy these machines. So they are in a sense, completely private.

Darshil Pandya: Okay, so any number for the contractor's revenue mix that we can have. Just to understand all the dynamics?

Shubhabrata Saha: About 70% would be related to government-centered projects and about 30% would be in private projects.

Darshil Pandya: Got it. Okay. And just one final question, sir on the IPO proceeds, since the company has not received anything, so is the money supposed to be reinvested by promoters or it will not be used by the promoters in the company?

Tuhin Basu: The promoters will take the decision as and when it's needed. The company, obviously, at this point in time does not need cash and hence you would have otherwise raised an IPO. So when the time comes the decision will be taken.

Darshil Pandya: Okay. I'll fall back in the queue. Thank you so much for your time.

Moderator: Thank you. The next question is from the line of Ridhima Goyal from Acquaint Bee Ventures. Please go ahead.

Ridhima Goyal: Thank you so much for giving me the opportunity. I have two questions for you. First is since we are reading across the board that the government cater to…

Tuhin Basu: Sorry, we could not get that line. We couldn't hear you very clearly. If you can just again repeat the question, please.

Ridhima Goyal: Yes. So what I'm trying to ask here is, since that we know that government capex is going to slow down in near term, so how is it going to affect our revenue and like will it be possible for us to maintain that 30%, 32% kind of a CAGR which we have done in the last 3 years? Will it be possible for us to maintain it for the next 3 years? Since we are expanding the new capacities also, that is going to come post 1 or 2 years. So what is your like broader picture related to the growth figures?

Shubhabrata Saha: Yes first thing first, I think the government has already given its intention in the budget when the government budget announced very recently, where INR 11.21 lakh crores commitment has been provided, which is a 10% growth over the last year's base of INR 11.11 lakh crores. I think the government has full intention. I cannot ascribe anything negative on that front.

I think the thing is that in H1 of this year, there has been some amount of slowdown because of the election process followed by monsoons and certain critical elections in certain states. Having said that, we have seen some amount of activity improve, increase in terms of government cap expense in the third quarter and we hope that the fourth quarter will follow through.

Going forward, as I had indicated, that the second half of the year, the pace of activity in FY26 should definitely show a stronger uptick.

Tuhin Basu: And I think you had asked about the growth number. See, we have not stated anywhere that 30% is the growth number.

Ridhima Goyal: No, historically I think you guys have achieved 30% CAGR. I was mentioning that will it be possible to maintain those?

Tuhin Basu: Maybe if I'm allowed to answer the question, I think it would be helpful. So, the CAGR from 22 to 24 is 51%. The year-on-year, on a 9 month basis, we have grown by 21%. I think Shubho mentioned about how does the long-term growth averages, I will repeat, we expect the long-term growth averages to settle to what we have experienced over the decade, which is around 18%.

So, we expect that the growth would be in that range between 15% to 18% depending on which year we talk about. And the growth, just to clarify, does not only come from the growth of capex alone. It also comes from the mechanization or the extent of the increased mechanization with the country and the industry is experiencing.

So, there's a two-factor impact. And if you, let's say, look at our earnings presentation as well, you would note that there is a cement growth, there's a concrete growth, and there is a mechanization override, which has a multiplier impact, which drives the growth. And there we have clearly articulated that what is our industry view in terms of the long-term and the mid-term growth averages, and we will be in line with those industry averages.

Ridhima Goyal: Yes, that's it from my side. Yes. Thank you.

Moderator: Thank you. The next question is from the line of Shaurya Yadav from TradeWalk Research LLP. Please go ahead.

Shaurya Yadav: Thanks for the opportunity. I have two questions. One is, any diversification of revenue like we are looking, since we are too much dependent on SLCM only? Like, what are the steps we are taking to grow our non-SLCM product portfolio? And the second one is, are we looking for any acquisition, especially on the 3D printing side, since we are sitting on a very good cash balance?

Shubhabrata Saha: So, I think first things first, the size of the industry last year was reported at about INR 6,100 crores, of which the self-loading concrete mixer segment was reported at about INR 2,100 crores. That's the single largest segment. Having said that, when we are talking about the growth in that category and the overall growth, it's about 18%, which is quite a significant number.

So, we still have fairly strong headroom for growth for the use of SLCM, given the fact that use of cement and use of concrete itself is underpenetrated. And given the fact that the mechanization levels are low, we foresee that SLCM will continue to grow at a fairly strong pace. Given the fact that we have a leadership position, we would definitely want to extract more out of that. That's the first part.

Second is that, from a revenue dependence standpoint, 7% to 8% of our revenues actually come from the non-SLCM business, where we do see very strong headroom for growth. I think we need to understand that SLCM is a wide portfolio. Similarly, the non-SLCM is an equally wide portfolio.

So, I think we still have enough headroom for growth in concreting equipment standalone itself. Having said that, the context of the question that you asked about, do we need acquisitions in 3D printing?

I think AJAX is very well equipped in its design and engineering capabilities to be able to redress the needs and requirements of being able to build complex machines in 3D printing space as well. Currently, we have all the capabilities to be able to address the requirements that are coming up in this country and potentially outside the country.

If and when we think there is a need to look at suitable technologies that will propel us, we will, as an organization, continue to examine and look at the landscape. And if we need to do something, we shall come back at that stage.

Shaurya Yadav: Okay, sir. Got it.

Moderator: Thank you. The next question is from the line of Sahil Rai from Samdareeya Capital. Please go ahead.

Sahil Rai: Yes. I wanted to ask that in H1, you have mentioned during the IPO meet, etcetera, in interviews that there was a blip in cash from operations due to inventory pile-up. So, is that eased in the nine months result?

Tuhin Basu: I think we have kind of belabored on the point, but for the risk of repetition, I'll still do it. See, we were allowed to make the previous emission norms machines till December 24. September was a pile-up. December continues to be high on inventory, while the liquidation has already started in Q3.

We anticipate that the inventory, let's say if you see the December results also, we have about INR 300 crores of inventory, which is there as part of our FG, and that will get liquidated in the ensuing month, if not March, but by early of Q1 next year.

Sahil Rai: And another question that is expansion from South India to North India. Is that possible?

Shubhabrata Saha: We do not get this question at all. It's very unclear. If you can try again, please?

Sahil Rai: One minute. Hello.

Shubhabrata Saha: Yes.

Sahil Rai: Yes. I wanted to ask that which regions AJAX is trying to expand other than South India?

Shubhabrata Saha: First of all, let me once again reiterate that being present in South by way of manufacturing and our corporate office, it is not a South-based company and only sells in the South. We are a Pan-India company with 51 dealers present across the country. And if you look at our top 10 states, which account for 72% of the business, it has got nothing only to do with the South.

We are present and agnostic of the region in which we operate. We cater to the needs and requirements of the customers wherever and whenever the demand may arise across the length and breadth of this country. We have 51 dealers, 23 states covered, 114 touchpoints, if that helps.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Shubhabrata Saha: I take this opportunity to thank everyone for joining the call. We will keep updating the investor community on a regular basis for incremental updates about the company. I hope we have been able to address all your queries. For any further information, kindly get in touch with us or Strategic Growth Advisors or Investor Relations Advisors. Thank you once again.

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