BUY (Maintain)

CMP: **INR 555** Target Price: **INR 770** ▲ 39%

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10 November 2026

India | Equity Research | Results Update

Ajax Engineering

Capital Goods

A strategic course correction

Amidst weakness in the broader infrastructure sector and a slower pace of project executions, Ajax is increasingly targeting the private sector while scaling up its UDAAN series penetration. Ajax took a price hike of 1% in Sep'26, which could reflect in Q3FY27; it is also evaluating further price hikes in a calibrated manner. Management struck an upbeat tone on exports and the non-SLCM segment, while it evaluates opportunities in the South American market. In Q2FY27, SLCM volumes grew 6% YoY to 1,186 (nos.), which led to revenue of INR 4.9bn (+10% YoY), EBITDA of INR 515mn (+14% YoY) and PAT of INR 509mn. Raw materials (RM) cost rose 5% YoY, which remains a key margin headwind. We maintain **BUY** with an unchanged TP of INR 770, valuing Ajax at 25x FY28E earnings.

In-line print

Ajax reported revenues of INR 4.9bn (+10% YoY). However, gross margin contracted 200bps QoQ on account of rising raw material costs. Thus, EBITDA came in at INR 515mn (+14% YoY) and PAT at INR 509mn (+30% YoY).

Price hike implemented

Ajax had taken a price hike of 2% in Q4FY26. It hiked price by another 1% in Sep'26, which largely offset the RM inflation. Despite these price hikes, its SLCM market share rose to 75.5% in H1FY27 vs. 70.7% YoY. Ajax is evaluating further price hikes in a calibrated manner.

Volumes up 6% YoY

Ajax reported SLCM volumes of 1,184 (+6% YoY), against a base quarter impacted by CEV stage-V transition. Non-SLCM volumes came in at 174 units (+50% YoY). UDAAN recorded volume of 216 in H1FY27 vs. 49 YoY.

A change in approach

Management highlighted the weakness in the infrastructure sector and slower pace of execution. Amid this, Ajax is pivoting towards private-sector projects, as evident from roads' contribution falling to 40% in YTD FY27 from 70% in FY25, with building and urban infra consequently scaling up their share.

Maintain BUY; TP at INR 770

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

Financial Summary

Y/E Mar-31 (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	20,739	21,025	24,588	28,586
EBITDA	3,241	2,658	3,593	4,325
EBITDA Margin (%)	15.6	12.6	14.6	15.1
Net Profit	2,626	2,283	2,973	3,522
EPS (INR)	23.0	20.0	26.0	30.8
EPS % Chg YoY	16.6	(13.1)	30.3	18.5
P/E (x)	24.2	27.8	21.4	18.0
EV/EBITDA (x)	17.8	20.2	14.0	10.8
RoCE (%)	25.4	17.9	19.3	18.9
RoE (%)	25.3	17.9	19.3	18.9

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Market Data

Market Cap (INR)	64bn
Market Cap (USD)	7mn
Bloomberg Code	AJAXENGG IN
Reuters Code	AJAX.BO
52-week Range (INR)	678 /395
Free Float (%)	20.0
ADTV-3M (mn) (USD)	0.7

Price Performance (%)	3m	6m	12m
Absolute	(1.8)	0.1	(6.5)
Relative to Sensex	(5.1)	(4.8)	(4.0)

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

07-08-2026: Q1FY27 results review

20-05-2026: Q4FY26 results review

Exhibit 1: Quarterly financial highlights

Particulars (INR mn)	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	QoQ (%)	YoY (%)	FY25	FY26	YoY (%)
Net sales	**4,665**	**4,448**	**4,335**	**7,577**	**4,746**	**4,870**	**3%**	**9%**	**20,739**	**21,025**	**1%**
EBITDA	**614**	**453**	**445**	**1,147**	**591**	**515**	**-13%**	**14%**	**3,241**	**2,658**	**-18%**
EBITDA Margin (%)	*13.2%*	*10.2%*	*10.3%*	*15.1%*	*12.5%*	*10.6%*	-189 bps	39 bps	*15.6%*	*12.6%*	-299 bps
Other income	126	101	133	132	182	198	9%	96%	428	492	15%
Interest	1	1	1	0	2	0	-79%	-42%	18	3	-85%
Depreciation	30	27	29	19	28	30	7%	14%	109	104	-5%
PBT	709	526	548	1,260	743	682	-8%	30%	3,542	3,043	-14%
Adjusted PAT	**529**	**391**	**414**	**950**	**556**	**509**	**-8%**	**30%**	**2,626**	**2,283**	**-13%**
Reported PAT	529	391	383	950	556	509	-8%	30%	2,601	2,252	-13%
EPS (INR)	4.6	3.4	3.3	8.3	4.9	4.5	-8%	30%	22.7	19.7	-13%

Source: I-Sec research, Company data

Exhibit 2: Segmental highlights

Particulars (INR mn)	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	QoQ (%)	YoY (%)	FY25	FY26	YoY (%)
SCLM	3,848	3,738	3,465	6,525	3,877	3,958	2%	6%	17,532	17,576	0%
Non-SLCM	448	339	493	654	477	558	17%	65%	1,813	1,934	7%
Spares & Others	369	371	378	398	392	354	-10%	-5%	1,395	1,516	9%
Net sales	**4,665**	**4,448**	**4,335**	**7,577**	**4,746**	**4,870**	**3%**	**9%**	**20,739**	**21,025**	**1%**

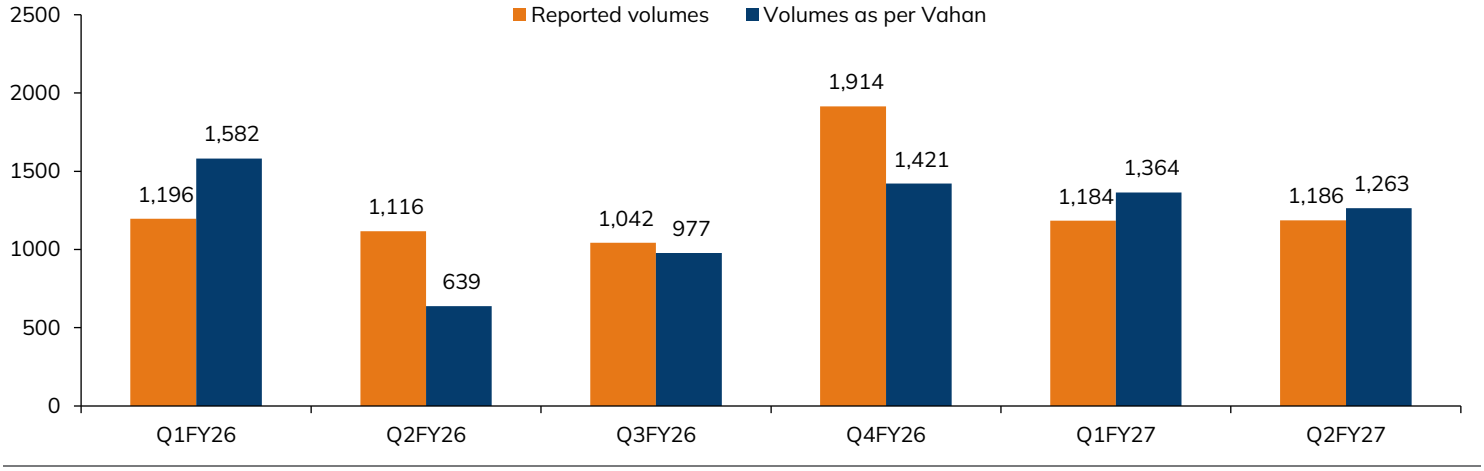
Source: I-Sec research, Company data

Exhibit 3: Volume and realisations

Particulars	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27	Q2FY27	QoQ (%)	YoY (%)	FY25	FY26	YoY (%)
Volumes (nos)											
SCLM	1,196	1,116	1,042	1,914	1,184	1,186	0%	6%	5,506	5,268	-4%
Non-SLCM	153	116	151	192	129	174	35%	50%	568	612	8%
Realisation (INR mn)											
SCLM	3.22	3.35	3.33	3.41	3.27	3.34	2%	0%	3.18	3.34	5%
Non-SLCM	2.93	2.92	3.26	3.41	3.70	3.21	-13%	10%	3.19	3.16	-1%

Source: I-Sec research, Company data

Exhibit 4: Reported SLCm volume vs. Vahan



Source: I-Sec research, Company data

Valuation and outlook

Ajax is a market leader in SLCM with a 75% market share (10-year average). It has been dominating the market over the last three decades, which has resulted in strong financial performance. Revenue/EBITDA/profit has seen CAGR of 20%/19%/24% over FY15-25; RoE has been >20% in last 10 years. We expect SLCM to grow at a 15% CAGR in the medium term on rising share of mechanisation in concrete production.

Also, its new suite of concrete equipment—such as pavers and boom pumps—could grow at higher rates due to a low base effect. As a result, we expect its earnings to accelerate at a 25% CAGR between FY25–27E.

At ~18x FY28E, the stock is trading at a discount to its immediate peers and the broader capital goods universe. Note that Ajax has reported more consistent earnings compared to its immediate peers over the last decade.

We maintain **BUY** with an unchanged TP of INR 770, based on 25x FY28E earnings.

Risks: 1) Growth of construction equipment is tied heavily to infrastructure growth; 2) high dependency on SLCMs; 3) fluctuations in material costs; 4) regional risks; 5) changing pollution norms; and 6) liquidity risk at the buyer's end.

Exhibit 5: P/E-based valuation

Particular	FY28E
PAT (INR mn)	**3,522**
No. of shares (mn)	114
EPS (INR)	**30.8**
Multiple (x)	25
TP (INR)	**770**

Source: I-Sec research, Company data

Exhibit 6: Shareholding pattern

%	Mar'26	Jun'26	Sep'26
Promoters	80.0	80.0	80.0
Institutional investors	15.8	15.8	15.3
MFs and other	6.5	7.4	7.4
Banks/ FIs	3.7	3.7	3.8
Insurance Cos.	0.0	0.0	0.0
FIIs	5.7	4.7	4.1
Others	4.2	4.2	4.7

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Net Sales	**20,739**	**21,025**	**24,588**	**28,586**
Operating Expenses	2,380	2,656	2,923	3,251
EBITDA	**3,241**	**2,658**	**3,593**	**4,325**
EBITDA Margin (%)	15.6	12.6	14.6	15.1
Depreciation & Amortization	109	104	121	129
EBIT	3,132	2,554	3,473	4,196
Interest expenditure	18	3	5	-
Other Non-operating Income	428	492	497	500
Recurring PBT	**3,542**	**3,043**	**3,964**	**4,697**
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	916	761	991	1,174
PAT	2,626	2,283	2,973	3,522
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	**2,626**	**2,283**	**2,973**	**3,522**
Net Income (Adjusted)	**2,626**	**2,283**	**2,973**	**3,522**

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	6,095	5,576	8,938	13,173
of which cash & cash eqv.	675	1,689	5,117	8,731
Total Current Liabilities & Provisions	3,137	3,436	3,904	4,489
Net Current Assets	**2,958**	**2,140**	**5,034**	**8,685**
Investments	6,565	9,517	9,517	9,517
Net Fixed Assets	1,758	1,819	2,048	2,120
ROU Assets	-	-	-	-
Capital Work-in-Progress	206	350	200	-
Total Intangible Assets	-	-	-	-
Other assets	201	256	256	256
Deferred Tax Assets	-	-	-	-
Total Assets	**11,688**	**14,081**	**17,055**	**20,577**
Liabilities				
Borrowings	**-**	**-**	**-**	**-**
Deferred Tax Liability	**-**	**-**	**-**	**-**
provisions	-	-	-	-
other Liabilities	116	159	159	159
Equity Share Capital	114	114	114	114
Reserves & Surplus	11,457	13,808	16,781	20,303
Total Net Worth	**11,571**	**13,922**	**16,896**	**20,418**
Minority Interest	-	-	-	-
Total Liabilities	**11,688**	**14,081**	**17,055**	**20,577**

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**702**	**4,114**	**3,507**	**3,485**
Working Capital Changes	(1,924)	1,832	534	(37)
Capital Commitments	(119)	(205)	(79)	129
Free Cashflow	**820**	**4,319**	**3,587**	**3,357**
Other investing cashflow	**-**	**-**	**-**	**-**
Cashflow from Investing Activities	(119)	(205)	(79)	129
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(62)	-	-	-
Dividend paid	-	68	0	0
Others	(558)	(2,964)	-	-
Cash flow from Financing Activities	(621)	(2,896)	0	0
Chg. in Cash & Bank balance	**(38)**	**1,014**	**3,428**	**3,614**
Closing cash & balance	675	1,689	5,117	8,731

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending Mar-31)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	23.0	20.0	26.0	30.8
Adjusted EPS (Diluted)	23.0	20.0	26.0	30.8
Cash EPS	23.9	20.9	27.0	31.9
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	101.1	121.7	147.7	178.5
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	19.1	1.4	16.9	16.3
EBITDA	17.6	(18.0)	35.2	20.4
EPS (INR)	16.6	(13.1)	30.3	18.5
Valuation Ratios (x)				
P/E	24.2	27.8	21.4	18.0
P/CEPS	23.2	26.6	20.5	17.4
P/BV	5.5	4.6	3.8	3.1
EV / EBITDA	17.8	20.2	14.0	10.8
P / Sales	3.1	3.1	2.6	2.3
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	27.1	25.3	26.5	26.5
EBITDA Margins (%)	15.6	12.6	14.6	15.1
Effective Tax Rate (%)	25.9	25.0	25.0	25.0
Net Profit Margins (%)	12.7	10.9	12.1	12.3
NWC / Total Assets (%)	0.1	-	-	-
Net Debt / Equity (x)	(0.6)	(0.8)	(0.9)	(0.9)
Net Debt / EBITDA (x)	(2.2)	(4.2)	(4.1)	(4.2)
Profitability Ratios				
RoCE (%)	25.4	17.9	19.3	18.9
RoE (%)	25.3	17.9	19.3	18.9
RoIC (%)	25.4	17.9	19.3	18.9
Fixed Asset Turnover (x)	12.1	11.8	12.7	13.7
Inventory Turnover Days	49	29	30	30
Receivables Days	32	31	25	25
Payables Days	43	43	45	45

Source Company data, I-Sec research

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