

October 10, 2025

## Ajax Engineering Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based - Cash credit	35.00	45.00	[ICRA]AA (Stable); reaffirmed; assigned for enhanced amount
Non-fund based facilities	14.00	14.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>49.00</b>	<b>59.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The ratings reaffirmation for Ajax Engineering Limited (AEL) factors in its established presence in the domestic concreting equipment industry with a strong brand recognition, extensive distribution network and market leadership position in the self-loading concrete mixer (SLCM; concreting segment equipment) with around 70% share<sup>1</sup> in the domestic market. The ratings note the company's strong financial profile, marked by a healthy net worth (Rs. 1,157 crore) and negligible debt levels. Its credit profile is further aided by free cash and investments<sup>2</sup> of ~Rs. 720 crore as on March 31, 2025. In absence of major capex and investment plans, the company is likely to remain net debt-free and maintain healthy cash and liquid investments.

ICRA notes AEL's healthy revenue growth of 19% year-on-year (YoY) and sustained operating profit margins in FY2025 (15.3%, compared to 15.9% in FY2024 and 14.8% in FY2023). The growth was driven by healthy sales volumes for the company's principal product, SLCM, which reported a YoY growth of 19%, reaching 5,506 units in FY2025. This performance was supported by strong demand across multiple end-user sectors, including rural and state roads, renewable energy installations, railways, and housing. In Q1 FY2026, industry-wide volume growth moderated due to slower project execution, affected by unseasonal rainfall and subdued project awarding. ICRA anticipates a recovery in awarding and execution activity during the second half of the fiscal year. However, delays or a high comparative base may result in flat volumes for FY2026. Additionally, while the company has transitioned its full product portfolio to CEV-V emission standards (effective July 1, 2025<sup>3</sup>), the ability to timely and effectively pass on related cost hikes via price adjustments, without dampening demand, will be essential to sustaining both revenue growth and operating margins. Despite the short-term volatility, medium-term demand prospects for the concreting segment remain positive, aided by the Government's focus on infrastructure development, increasing mechanisation of projects particularly in rural and semi-urban regions, and expanded concretisation of district, gram panchayat and urban roads, especially in areas frequently impacted by heavy monsoons.

The long-term rating is, nevertheless, constrained by the susceptibility of AEL's performance to the cyclical nature in the construction industry, wherein growth is directly related to infrastructure investments and indirectly to the country's economic growth. Notwithstanding its strong market share in SLCM segment, the company's pricing flexibility remains limited owing to stiff competition from other established players (especially Chinese original equipment manufacturers (OEMs)). The ratings factor in the vulnerability of the company's operations to the fluctuations in input prices and limited ability to pass on the same to the end-users, thereby keeping the profitability margins volatile. It is also exposed to product concentration risk, given that over 80% of revenues are generated from a single product. Going forward, AEL's ability to meaningfully diversify its product profile, sustainably increase its scale of operations along with margin expansion, would be crucial from the credit perspective.

<sup>1</sup> Source: VAHAN Data pertaining to FY2025 and YTD FY2026

<sup>2</sup> Investments in financial instruments

<sup>3</sup> Sale of CEV-IV compliant equipment was allowed till June 30, 2025 while production of the same was stopped on January 1, 2025

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will sustain its market leadership position in the SLCM segment, even as volume growth may remain subdued in the near term. Further, the outlook underlines ICRA's expectation that any incremental capex or investments will be funded in a manner such that it is able to durably maintain its debt protection metrics and strong liquidity.

## Key rating drivers and their description

### Credit strengths

**Established track record in CE industry with dominant position in SLCM segment** – AEL has a track record of over three decades and an established position in the domestic concreting equipment industry with around 70% market share in the SLCM segment, despite stiff competition from other established players and increase in the number of OEMs in the segment. Its flagship product, SLCM, enjoys good reputation in the industry because of its quality, established brand name and an extensive distribution network.

**Low leverage and robust coverage indicators** – The company has a healthy net worth (viz. ~Rs. 1,157 crore as on March 31, 2025) and minimal debt on books (lease liability of ~Rs. 1.5 crore as on March 31, 2025). This has resulted in a comfortable capital structure and strong coverage indicators. AEL's revenues witnessed a strong growth of 19%, on a YoY basis, in FY2025, led by record high sales of SLCM, in contrast to the overall concrete equipment industry, which reported a modest 3% YoY volume growth. ICRA expects AEL to report a relatively modest revenue growth in FY2026 on account of prevailing softness in demand. Nonetheless, its debt protection metrics are expected to remain robust, supported by strong cash flows, healthy margins and comfortable capital structure. AEL does not have any debt-funded capex or investment plans and is likely to maintain this position over the medium term.

**Strong liquidity** – AEL's credit profile is strengthened by high free cash and liquid investments worth ~Rs. 675 crore as on June 30, 2025 (up from ~Rs. 650 crore as on March 31, 2024). In absence of any major capex or investment plans, the company is likely to remain net debt-free and maintain healthy cash balance.

### Credit challenges

**Relatively moderate scale of operations with high product concentration** – AEL remains a moderate-sized player compared to other construction equipment OEMs in the similar rating level. Over 80% of its revenues are derived from SLCMs, which exposes it to high product concentration risk. While the company has been increasing focus on other products like batching plants, transit mixers and boom pumps, their contribution to revenues remained low at ~9% in FY2025. Going forward, AEL's ability to meaningfully diversify its product profile, while sustaining healthy margin, remains crucial from the credit perspective.

**Vulnerability of earnings to cyclical downturns in economy; profitability exposed to input cost pressure amid intense competition** – The construction equipment segment is a cyclical industry and is prone to sharp swings in demand in the end-user industries. AEL's flagship product, SLCM's sales are predominantly to the roads, irrigation and real estate sector and are highly dependent on the Government's infrastructure spending and capex from the private sector. Moreover, its profitability remains vulnerable to any increase in raw material prices as the same accounts for nearly 75% of the total cost structure. The inability to fully pass on the rise in raw material costs, amid intense competition, has impacted operating profitability in the past with OPM declining from over 20% (till FY2019) to around 15-16% in FY2024-2025. Nonetheless, THE company's return indicators remain healthy with return on capital employed (RoCE) remaining above ~30%. The expectation of steady commodity prices in the near term is a positive, in the backdrop of increased in cost due to transition to CEV-V emission norms. AEL's ability to timely pass on the increase in cost though price hikes, without impacting the demand, remains a key monitorable.

## Liquidity position: Strong

AEL's liquidity is expected to remain strong, supported by healthy cash flows from operations, a lean working capital cycle and absence of any long-term debt repayments. Additionally, the liquidity profile is strengthened by sizeable cash/bank balances and investments of ~Rs. 720 crore as on March 31, 2025, with cushion available in the working capital limits. The company is likely to invest ~Rs. 50-60 crore over FY2026-FY2027 towards setting up a new manufacturing unit and routine maintenance, with funding expected entirely from internal accruals. Looking ahead, ICRA expects that AEL may distribute dividends or consider acquisitions, which could impact its cash reserves. Nevertheless, the company is anticipated to maintain a net debt-free position, with cash and liquid investments of over ~Rs. 450 crore on books, on a sustained basis.

## Environmental and social risks

**Environmental considerations** – Original equipment manufacturers (OEMs) of construction equipment remain exposed to climate transition risks emanating from a likelihood of tightening emission control requirements, with the Government focused on reducing the adverse impact of vehicular emissions. Accordingly, the OEM's prospects remain linked to its ability to meet tightening emission requirements. Industry players - like AEL - may need to invest materially to develop products that meet regulatory thresholds and expected transition to alternative/renewable fuels, which may have a moderating impact on their return and credit metrics. The exposure to litigation/penalties from issues related to waste and water management for manufacturers remains relatively low.

**Social considerations** – Construction equipment OEMs have a healthy dependence on human capital and retaining talent and maintaining healthy employee relationships as well as a supplier ecosystem remains essential for disruption-free operations. OEMs also face social risks related to product safety and quality. Recalls and high warranty costs can hurt finances and damage reputation, leading to lasting impact on demand. Sustained investment in upskilling contractors and technicians becomes important to prevent these issues.

## Rating sensitivities

**Positive factors** – ICRA could upgrade AEL's ratings if the company demonstrates increased product diversification, accompanied by sustained and substantial increase in revenue, while sustaining healthy profitability levels and a strong liquidity position.

**Negative factors** – Pressure on AEL's ratings could arise if there is a significant and sustained deterioration in the market share and volumes, leading to a decline in its revenues and/or profitability and/or if there is any material weakening in its liquidity.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Construction vehicles</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the company's standalone financial statements

## About the company

Founded in 1992, Ajax Engineering Limited (formerly Ajax Fiori Engineering (India) Pvt Ltd and later Ajax Engineering Private Limited) is based out of Bangalore and specialises in manufacturing concrete equipment like SLCMs, batching plants, concrete pumps, boom pumps, 3D printers, slip form pavers and transit mixers. Its products are widely used in infrastructure projects such as roads, bridges, buildings, canals, and dams. The company operates four facilities in Karnataka—at Obadenahalli, Gowribidanur, and two at Bashettihalli—and was listed on both the NSE and BSE in February 2025.

## Key financial indicators (audited)

AEPL Standalone	FY2024	FY2025
Operating income	1,741.4	2,073.9
PAT	225.1	260.1
OPBDIT/OI	15.9%	15.3%
PAT/OI	12.9%	12.5%
Total outside liabilities/Tangible net worth (times)	0.3	0.3
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	136.3	175.7*

Source: ICRA Research, Company; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore,

\*Excludes reversal of interest provision no longer required written back in respect of MSME parties aggregating Rs. 2.7 crore (classified under finance cost in reported financials)

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
FY2026				FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs. crore)	Oct 10, 2025	Date	Rating	Date	Rating	Date	Rating
Long term-Cash credit-Fund based	Long Term	45.00	[ICRA]AA (Stable)	Sep 24, 2024	[ICRA]AA (Stable)	Aug 23, 2023	[ICRA]AA (Stable)	Jul 01, 2022	[ICRA]AA (Negative)
				-	-	-	-	Oct 14, 2022	[ICRA]AA (Negative)
Short term- Others-Non fund based	Short Term	14.00	[ICRA]A1+	Sep 24, 2024	[ICRA]A1+	Aug 23, 2023	[ICRA]A1+	Jul 01, 2022	[ICRA]A1+
				-	-	-	-	Oct 14, 2022	[ICRA]A1+
Unallocated limits	Long Term	-	-	-	-	-	-	Jul 01, 2022	[ICRA]AA (Negative)

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term - Fund-based - Cash credit	Simple
Short-term - Non-fund based facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

#### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based - Cash credit	NA	NA	NA	45.00	[ICRA]AA (Stable)
NA	Non-fund based facilities	NA	NA	NA	14.00	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

#### Annexure II: List of entities considered for consolidated analysis- Not applicable

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## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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