

Action Construction Equipment Limited

Corporate & Registered Office

Dudhola Link Road, Dudhola, Distt. Palwal-121102, Haryana, India



Date: August 19, 2025

To,
The Manager Listing
BSE Limited
5th Floor, P.J. Towers,
Dalal Street,
Mumbai-400001

Scrip Code: 532762

The Manager Listing
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
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CM Quote: ACE

Subject: Earnings Call Transcript Q1FY-2026.

Dear Sir/Madam,

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith, Earnings Call Transcript (Q1FY-2026) of the Company.

Kindly take the above in your record.

Thanking You.

Yours faithfully,

For Action Construction Equipment Limited

Anil Kumar

Company Secretary & Compliance Officer



Corporate Office: Phone: +91-1275-280111 (50 Lines), Fax: +91-1275-280133, E-mail: works2@ace-cranes.com

Mktg. H.Q.: 4th Floor, Pinnacle, Surajkund, Faridabad, NCR-121009, Phone: +91-129-4550000 (100 Lines), Fax: +91-129-4550022, Email: marketing@ace-cranes.com
Customer Care No.: 1800 1800 004 (Toll Free), **CIN:** L74899HR1995PLC053860, **Website:** www.ace-cranes.com



“Action Construction Equipment Limited Q1 FY'26 Earnings Conference Call”

August 11, 2025



MANAGEMENT: **MR. SORAB AGARWAL - EXECUTIVE DIRECTOR,
ACTION CONSTRUCTION EQUIPMENT LIMITED
MR. RAJAN LUTHRA - CFO, ACTION CONSTRUCTION
EQUIPMENT LIMITED
MR. VYOM AGARWAL - PRESIDENT, ACTION
CONSTRUCTION EQUIPMENT LIMITED**

MODERATOR: **MR. RAVI SWAMINATHAN - AVENDUS SPARK**



*Action Construction Equipment Limited
August 11, 2025*

Moderator: Ladies and gentlemen, good day and welcome to the Action Construction Equipment Limited Q1 FY'26 Earnings Conference Call hosted by Avendus Spark.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ravi Swaminathan from Avendus Spark. Thank you and over to you.

Ravi Swaminathan: Good afternoon, everyone. On behalf of Avendus Spark, we are pleased to invite you to the Q1 FY'26 Earnings Conference Call of Action Construction Equipment Limited. I would like to welcome the management and thank them for the opportunity.

We have with us today Mr. Sorab Agarwal, Executive Director; Mr. Rajan Luthra, the CFO and Mr. Vyom Agarwal, the President from Action Construction Equipment Management.

I shall now hand over the conference to Mr. Sorab Agarwal, Executive Director of Action Construction Equipment. Thank you and over to you, sir.

Sorab Agarwal: Thank you, Ravi. Good evening and welcome everyone to this Earnings Conference Call for discussing the results for Q1 ended June '25. Along with me in today's Earnings Conference Call, we have our CFO, Mr. Rajan Luthra and our President, Mr. Vyom Agarwal.

The Company's financial statements and the earnings presentation summarizing the performance of Q1 FY'26 has been circulated and uploaded on the stock exchanges and I will take you through some of the key highlights of our performance in the quarter gone by. As anticipated, in our previous quarterly commentary, the current financial year began on a subdued note. This was primarily driven by the implementation of CEV Stage V emission norms and enhanced safety certification requirements, which have aligned our industry with global benchmarks. These regulatory changes have led to a consequential price increase of 7% to 12% across majority categories of products. Additionally, the Indo-Pak border tensions and prevailing global uncertainties have further weakened customer sentiment towards capital investments. The situation was compounded by pre-buying of equipment in Q3 and Q4 of the previous fiscal year, along with the early onset of monsoon, all of which contributed to a muted demand in the quarter under review.

Amidst the challenging operating environment as stated above, the company delivered resilient performance during the quarter and we were able to achieve targeted margin profile. We continue to focus on improving product superiority while fortifying our balance sheet and



distribution strength to reinforce our competitive position. In the last few years, we have delivered high growth across our business segments and our operating metrics are best in the industry now.

Now to brief you on financial performance of Q1 FY'26 on standalone basis. Our total income stood at Rs 703 crores, which is lower by 7.63% as compared to the same quarter last year. Despite the challenges, our margin profile expanded by almost 300 basis points and the EBITDA increased by more than 13.6% to Rs. 142.55 crores as against Rs. 125.5 crores. The EBITDA for the quarter stood at 20.28%. The PBT grew by 13.66% to Rs. 126.64 crores and the PAT grew by 15.67% to Rs. 96.83 crores as compared to Rs. 83.71 crores for last year's corresponding quarter. The PBT and PAT margins now stand at 18.02% and 13.77% expanding by 338 basis points and 277 basis points respectively for the quarter on a standalone basis. Margin expansion for the company was driven by our cost efficiencies, soft commodity prices and price increase that we had affected in the last quarter on account of general inflation and implementation of revised emission and safety norms coupled with increase in other income of the company. It is important to note that the first half of the year typically contributes around 40%-45% to our annual revenues with the second half generally being stronger as market condition stabilize. In H2 of last year, we saw a surge in demand driven by anticipated purchases ahead of the transition to new emission norms resulting in liquidation of older inventory within Q1 of FY'26. Looking ahead, we expect market activity to normalize from Q2 onwards.

Moving on to segmental performance, in the cranes, construction equipment and material handling segment during the quarter gone by, we registered consolidated revenue of Rs. 605.43 crores as compared to Rs. 690 crores in Q1 FY'25. However, the margins expanded to Rs. 107.83 crores as compared to Rs. 103.76 crores which leads to an expansion by 279 basis points for the division. The agri-revenue increased by 8.26% on a year-on-year basis to Rs 46.51 crores as compared to Rs. 42.96 crores.

Going forward, with retreating monsoons, early festive season, better liquidity and consumer credit availability, we expect the demand momentum to improve across our product range. Looking ahead, the macroeconomic fundamentals of the Indian economy remain resilient despite global headwinds marked by geopolitical tensions, evolving trade policy dynamics and heightened uncertainty and volatility in the operating environment. Lower inflation, reduction in interest rates and liquidity support by RBI coupled with tax cuts announced in the recent Union Budget are expected to support growth in the coming quarters.

Cranes and construction equipment and metal handling business has done well in the recent time and is poised well for further growth with government's trust on attaining sustainable growth in manufacturing and focus on infrastructure projects. There has been short-term turbulence but the demand for construction machinery is expected to normalize post-monsoons and we expect the medium to long-term growth momentum to continue. However, we will



communicate our guidance post the monsoons depending on the overall macroeconomic scenario, settlement of geopolitical issues and the festive season sales trend.

Further, with our capacity built up and process optimization in place, we remain optimistic about the medium to long-term prospects of the company and remain committed to deliver our sustained agenda of growth.

With this, I would request the moderator to open the call for question and answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Puneet Javeri from Javeri & Co. Please go ahead.

Puneet Javeri: Hello sir and thanks so much for the opportunity. I just wanted to understand, in this quarter you mentioned that there were some new emission norms and that's the reason why a lot of pre-buying happened in Quarter 3 and Quarter 4. So, currently, has that continued in quarter 2 or do you see that demand has come in between July and August? I know you can't give any numbers but the conversation with the customers, has that already happened that you are seeing that the demand is back to a certain level compared to the second half of last year?

Sorab Agarwal: Yes, Quarter 1 was a dampener because of the price increase and obviously the technology change especially from BS III to BS V. So, a lot of customers especially for machines having engines smaller than 50 horsepower were very skeptical about the electronic engine going straight from mechanical to electronic and that seems to have settled. Even the price increase seems to have settled in now with a reasonable number of deliveries for BS III to BS V compliant machines which has happened. So, things seem to be stabilizing there and yes, the inquiry level, I would say especially in the last 10-15 days, 20 days started to normalize a little. Yes, only thing is this is more or less peak rain time happening and the rain starts to recede post August 15. So, that's when things really start to improve and by middle of September, they are more or less normal. That has been the normal trend over all the years in the past. So, yes, things are looking a little better.

Puneet Javeri: And sir, the expectation that Quarter 2 will largely be flat compared to the same time last year?

Sorab Agarwal: Yes, I think so. You know it has always been like that generally and looking at the current scenario coupled with global uncertainties and a general sentiment. So, it should be flattish, maybe slightly more but the best time to comment would be with respect to Quarter 2 would be I think another one month down the line. Action would have started to happen.

Puneet Javeri: And sir, could you give us some picture on your exports? Currently, I think in this quarter, you sold roughly 2,337 construction equipment and material handling equipment. So, out of that, if



not a direct number, could you give us what was the export revenue in this quarter and how is it shaping up?

Sorab Agarwal: I think the export revenue in the current quarter was close to around Rs. 27 crores and it is shaping up well. So, in terms of what our expectation for the whole year for export, last year we had gone down to 4% of to our total revenue contribution and this year it appears that it can easily go up to 6%-7% and so that is for exports and like we have always said coupled with defence, so 3%-4% for defence in this year 6%-7% for exports. So, let's say about a 10% contribution can come from both of these put together and like generally in the past our median term target was about 10%-15% from these two segments put together. So, hopefully we should be hitting a 10% mark this year.

Puneet Javeri: Got it sir. And in terms of margins as well, is your exports currently at similar margins to domestic because your domestic, your overall margins have actually now hit a life high I think at over 20%. So, how should we look at margins for the export? Is it similar generally because it's a little higher than domestic but for you specifically if you can give us some color?

Sorab Agarwal: Yes, definitely the export margins are slightly better than the domestic margins and this 20% there has been a reasonable contribution in this quarter from the other income. So, I think, I believe that they should stabilize for overall margins somewhere around 16%-17%.

Puneet Javeri: And the final question in terms of you know both defence as well as one of your, you had a Ghana project as well. So, if you can give us some update on that for defence. I think you mentioned it in your presentation as well that you'd gotten a single order. How much of that is already executed up until now, if you can give us some update and when do you expect this to fully finish and would it be in the next two years? And you also had a Ghana project I think sometime last year but I think it had gotten stuck because of the government there. Is that still on or is that now that seems distant to start at least in the near term?

Sorab Agarwal: First I will answer with respect to Ghana project. I think it is in a limbo as of now. It has been like that for the last 1.5-2 years and till such time there is financial clarity, we really don't know how to proceed about it although our agreement with the Exim Bank of India and the three-party agreement everything is in place but the funding has been stopped. So, obviously as of now we see no light there. With respect to defence, yes we did receive our single largest order. I think it was in the last quarter and execution is stated to start Quarter 3 but in a small way because there are a lot of requirements with respect to training and a lot of documentation that needs to be done for this which is happening. The order is in place everything is fine. So, hopefully in Quarter 3 we'll start executing and it will pick up steam in Quarter 4. So, we'll get some contribution within this year from maybe about Rs. 50 crores-Rs. 60 crores-Rs. 70 crores of business we'll be doing out of this order in this year and most of it will go into the next year. So, maybe most about 50 so let's say or 200 crore execution in the next year and whatever will be the balance will go into the year after that. So, about I would say 50cores-60 crores in this



year 200 crores in the next year and the balance 100 plus whatever will go into the year after that.

Puneet Javeri: And sir, have you participated in any more tenders or are you expecting any more tenders to come from at least from the defense space in the orders that you want to get go for in this year? Is there something that you're already doing in Quarter 1 and the start of Quarter 2?

Sorab Agarwal: Yes, but this right now the business I am going to talk about is basically with Ashok Leyland defence because there's a lot of projects which are happening integrated on a Tata or a Leyland vehicle. So, the order we are about to get is again a good order not very big but let's say close to about 45 crores-50 crores, it's already done. And another one, similar one another 90 odd machines after this which would be again close to 70 crores-80 crores is on the anvil. So, yes things are progressing there. In the interim we are, I think nearly finalized some more 602 model cranes which we had supplied to army recently that is in the pipeline. Very recently we have executed orders for BRO again for backhoe loaders and for motor graders again there is this time one of the biggest requirements they have come out within a single tender. So, yes things are happening and I foresee this as some sort of a continuous pipeline of around maybe 3% to 4% on a yearly basis to continue.

Puneet Javeri: Thanks a lot, sir. Thank you for the opportunity and for being so transparent. Thanks a lot.

Sorab Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Ritesh Chordia, an Individual Investor. Please go ahead.

Ritesh Chordia: Good afternoon sir.

Sorab Agarwal: Good afternoon.

Ritesh Chordia: Sir, in the last quarter we have taken part in the Bauma Munich exhibition. So, do you have any takeaways especially with respect to the European order export market post the exhibition?

Sorab Agarwal: Yes, we had participated in Bauma in April. We got very good response and the main purpose was to showcase our products and especially get dealerships distributors and similar partners in different countries or maybe get better ones in the countries we are already operating in. So, yes a long list of possible future dealers distributors has been drawn up and we're working on it. We have established a couple of new ones and we have also been able to establish a couple of dealerships within Europe as well, especially for our smaller tractor, the orchard tractor which is which is very popular there. So, I think very soon again in the next 2-3 months we are going to be participating in, I think it's called Agritechnica or whatever which is especially for agriculture in Europe. We intend to participate there as well.



Ritesh Chordia: Okay sir. Best wishes.

Sorab Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Aman, an Individual Investor. Please go ahead.

Aman: One of your peers known as Escorts. They gained a market share of around 150 basis point, so like so what's happening, so have you lost any market share in the current segment?

Sorab Agarwal: No, not really. I will explain it to you. See, the pick and carry cranes consist of two types of cranes. One is a hydra type, the old generation and the new generation. The split between hydra and new generation is approximately about 55%- 60% for the hydra type, about 35%-40% for the new generation type. Within the new generation the market share between the Escorts and our company is similar. We are about 50%-51% rather, they're close to over that 49%-50%. And the other type which is about I would say 55%-60% of the market, the hydra type, there our market share is 70% plus. I would say maybe in the range of 70%-75% and those are the machines which have majorly gone from BS III to BS V, which have 12%-13% price increase and not 5%-6%-7% price increase. And those machines primarily go to the retail segment, to the industrial areas, to the rental companies and transporters and handling people working in the industrial areas and manufacturing sectors. And this is the part of the market which has been, which was in some sort of a suspended awareness in the last 2-3 months and that's why the numbers have not been so healthy. So, because we have more than 70% market share here and this market shrank the maximum because of CEV BS V effect, so that is the reason you are temporarily seeing maybe a 1% or 2% share here and there. By the end of this quarter everything will normalize. As a matter of fact we might be slightly a little up only. As soon as these hydra type of cranes the market normalizes which has started happening.

Aman: Okay, sir. And the second question I had is on the construction equipment side, what is the outlook for the rest of the year and we are seeing any government CAPEX in the future?

Sorab Agarwal: Yes, quite a lot. See construction equipment and road machinery side of our business we are hopeful that that should be able to grow at least 30%-40% this year and only 3-4 days back our minister Mr. Gadkari, Minister for Road transport and Highway, he's conveyed that the process for releasing orders for roads and all going to be sped out very quickly. So, 2 lakh crores worth of orders have been released but 7 lakh crore would be released very quickly and in the next year he's planning for 10 lakh crores. So, I think with respect to especially construction equipment and road machinery, I think there should be good times ahead.

Aman: Okay. Thank you.



- Moderator:** Thank you. The next question is from the line of Deepak Ajmera from IGE India. Please go ahead.
- Deepak Ajmera:** Thanks for the opportunity. On the volume side, since you said Q3 and Q4 was like early buying because of the transition, so this year we will be looking at like degrowth in volume by the year end or how should we look at?
- Sorab Agarwal:** I don't think so because the second half is definitely much better for us and all the rains and everything most of the issues would have been settled including the BS V. So, I don't think we would be looking at volume degrowth or anything, as a matter of fact there should be contribution with respect to price increase which has happened, coupled with some volume growth. But yes the exact quantum of what growth we should be looking at for this year let's say a reasonably precise number I think the best time would be end of second quarter to come out with that.
- Deepak Ajmera:** Got it. What is our strategy on the price increase and how much we are planning to increase in Q3 say Q4 and by when we can expect the transition is fully over in terms of price increase?
- Sorab Agarwal:** Transition from our side with respect to price increase started happening in April and obviously there are no old stocks left anyway not even with our dealerships and they could not have been registered post June. So, price increase has been pushed, market has come to terms with the price that has been increased because of increased safety requirements and especially the tier 5 the CEV BS V emission norms and so the effect is already showing somewhat in the last quarter numbers which we have released and they'll be more pronounced in the current quarter. And generally on account of inflation and other expenses increasing, we take a price increase every January. So, apart from what we have done in April, I don't see any price increase till December and the commodity prices also as of now remain reasonably under control. So, I see no need for pricing. Until and unless there is a very swift movement in steel or some other major commodity price, I don't foresee any further price increase in the current year.
- Deepak Ajmera:** Got it. Thank you.
- Moderator:** Thank you. The next question is from the line of Aditya from Old Bridge Mutual Fund. Please go ahead.
- Aditya:** Hello sir, good evening and thank you for the opportunity. Sir, my first question is, sorry if I am repeating the question as i joined the call a bit late. So, my first question is on the gross margins, so this quarter we have seen gross margins expand considerably to 34% kind of a number. So, is this all due to the pricing increase that we have taken place?



- Sorab Agarwal:** Yes, it's a mix of a lot of things but yes, especially price increase and reasonably accommodative commodity prices, all put together. But yes, you can say definitely the major factor is the pricing increases.
- Aditya:** Okay. So, how much of this would be sustainable going forward and where do you see this gross margin stabilizing for the year?
- Sorab Agarwal:** I think this is totally sustainable and as we have communicated earlier. So, I think around gross margins of anywhere between 33% to 35%, let's say, 34%, what you mentioned is actually the ballpoint plus minus a percentage from there are sustainable.
- Aditya:** Okay, sir. Just on that, with this new engine emission norm change, how much would be the price increase that we have taken a vehicle and how much can commensurate to that how much would be the cost increase for the particular vehicle that we make?
- Sorab Agarwal:** The price increase we have taken from machines which were below 50 horsepower. So, that is BS III to BS V, is close to about 12% to 13% and machines which went from BS IV to BS V is close to about 6% to 7% and the price increases are accommodative of this approximate gross margin.
- Aditya:** Okay.
- Sorab Agarwal:** Otherwise, if you would have just passed on the price increase, our gross margins would have gone down.
- Aditya:** And one last thing on the tower cranes. Sir, in this quarter so if we see the overall cranes construction equipment segment volumes, volumes were down by 21%, what would be the case for tower cranes if we look at a Quarter 1 FY'25 last year or over last quarter as well, if you can give some volume numbers for the Q1 FY'25 and Q4 FY'25?
- Sorab Agarwal:** Tower crane, year-on-year Quarter 1 to Quarter 1, tower crane have increased from 144 to 167. Real estate side of our business has been holding up. So, even when we look at the overall industry not only our Company but let's say all other segments of construction equipment wherein we are not present also, for example earth moving year-on-year has held up, material handling which includes our types of cranes primarily has gone down a little and owing to that 50 horsepower the price increasing 12%-13%, an engine from being mechanical straight away going to the high-end electronics. So, this is the biggest sufferer. If you look at material processing type of equipment, again the volumes have held up. If you look at concrete machinery, concrete pumps, transit mixers, again the volumes have held up. So, I think this is a temporary phenomenon with respect to the price increase coupled with the pre-buying that happened. So, like I said the tower cranes have gone up and most of the other categories within us, even if you look at the forklifts the numbers have gone up by about 10% on a year-on-year



and they were primarily driven by pick and carry cranes on account of pricing and other factors put together, pre-buying.

Aditya: All right. Thank you so much, sir.

Moderator: Thank you. The next question is from the line of Rajeev Maheshwari from Praj Investment. Please go ahead.

Rajeev Maheswari: Good evening, everyone. Thanks for giving me an opportunity for asking the queries. The first update which I want is, it's been almost a year when this Kato JV was formally announced in the stock exchanges, but somehow the official statement on the finalization has still not come up. So, can you just update me on the same?

Sorab Agarwal: Yes. It is very much under progress and we are hopeful that within this quarter or early next quarter, the agreement would be concluded in totality and work can start. So, we are targeting to start work in Quarter 3.

Rajeev Maheswari: Okay. Another part regarding the Q1 Result is the other income has come up around I think Rs. 50 odd crores. So, what exactly is this other income which has come up in the numbers increasing by Rs. 50 crores?

Sorab Agarwal: This is more to do with the investments the company has made over the years with accumulated cash and I think Mr. Luthra would be the right person to shed more light on it.

Rajan Luthra: Yes, sir. You are right, this is the income generated on the investments what we have made. We have surplus cash what we generate from a business, we do investments and all those and do not pump into a working capital and just save it for a future expansion.

Rajeev Maheswari: Okay. Coming to the July '25 sales, can you give me the numbers how many equipment and machines we have sold in the month of July this year?

Sorab Agarwal: I don't think we would be having July data with us right now, Luthra sir, do you have it?

Rajan Luthra: The July numbers are you can say more or less similar to June numbers and overall if we talk about the main, all put together I will have to work it.

Sorab Agarwal: Maybe Mr. Luthra you can send the numbers to Mr. Rajeev Maheshwari, right?

Rajeev Maheswari: Yes.

Sorab Agarwal: We will send it across.



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- Rajeev Maheswari:** No problem. The number for July '25 or maybe till 10th of August is the same if we compare to year or year July 2024.
- Sorab Agarwal:** We will send that to you, otherwise I don't have them in front of me.
- Rajeev Maheswari:** No, if you can just give me a fair estimate that it's flattish or it's a degrowth or it's a growth that would serve and Mr. Luthra can send me later on, not an issue.
- Sorab Agarwal:** It should be similar with a slightly negative bias, I am sure.
- Rajeev Maheswari:** Okay, maybe with a negative bias, it's on the similar lines. One thing you told in the beginning of the call is, I think three of the orders in which we are almost done or on the verge of getting it, one was you told is in tie up with Ashok Leyland and the other one was some motor grader order and another third one was Rs. 70 crores to Rs. 80 crores. So, can you throw a light on these orders in a details and when exactly do we expect to get a formal announcement for the same?
- Sorab Agarwal:** Yes, I think first is with Ashok Leyland, with respect to 54 special machines which are again for the Army, they are called HRV which is more or less through, the only thing army wants another 90 and looking at let's say the lead time for the components for putting it together we are not able to confirm the delivery. So, 54 machines which is more or less confirmed and the 90 machines order we are hopeful that over the next week, 10 days, we are able to try and our people are working on it how to catch up on the delivery part which the army wants because otherwise liquidated damages and other things come into play and yes, there is a tender for motor graders which has come up. We are very hopeful we'll be in a position to get it, but that's in the process. But apart from that another 2-3-4 things are also happening.
- Rajeev Maheswari:** Okay, so lots of things are there which are expected to maybe come into the normal domain maybe next month or so. And any organic or inorganic growth which we are looking currently or any discussions going or we are through all those things as of now?
- Sorab Agarwal:** Now, we are looking at inorganic growth and we are working very actively on some proposals. So, hopefully over the next 1 or 2 quarters as things progress we would like to update as and when know there is something concrete, but definitely we are looking at some inorganic proposals and we're also looking at some organic and especially some white labeling, small ones have started. There was a reasonably big proposal on the anvil with respect to white labeling but unfortunately the tariffs have played spoiled sport in the last 10-15 days.
- Rajeev Maheswari:** The trump tariffs.
- Sorab Agarwal:** The Trump tariffs, yes. As of now, this one very big proposal which was, it was a very good thing to happen the way it was shaping up over the last 7-8 months. And we were nearly there.



It was sort of done but nevertheless I am sure it will come back again, but not in a hurry, till such time --

Rajeev Maheswari: So, is it still on with the tying gap or it's off the radar?

Sorab Agarwal: No, the discussions were happening. Everything was in place. It has been suspended as of now till such time further --

Rajeev Maheswari: Okay. And one final update, I read in somewhere that the Ministry is considering of putting tax on the construction equipment from the Chinese imports and all. I read in somewhere is it coming into some discussion or reality or it is just a rumor or something like that?

Sorab Agarwal: Finally, I think the Indian government has understood that certain categories of machines and construction equipment are facing very stiff challenge from Chinese pricing, subsidized pricing is the right word because you know India is at a price disability of 30%-40% at least because of the benefits they get in China apart from a 15%-20% lower commodity pricing for their self-consumption within China. So, government has been very active on that and they have been thinking of a lot of tariff and non-tariff barriers. This article you are referring to is especially with focus to hydraulic excavators which are produced by Tata Hitachi, L&T, Komatsu, Hyundai plus plus in the country. And the government is serious on it and generally when Mr. Gadkari says something he follows up upon it. The government is looking at in all directions one is, tariff and non-tariff, how it is possible that the indigenous industry can grow faster and bigger. They are also you know to some extent looking at incentivizing the industry as they have incentivized other sectors, but I cannot say any more than that at this juncture, especially with respect to incentivization. In our own case, last year we had initiated the DGTR proceedings with respect to anti-dumping duties on heavier and bigger cranes which are made in very few numbers in the country or not made, so that is also in the process. We were expecting it to finish by June-July, all the final hearing submissions everything has happened. So, hopefully that should also see the light of day within August or Latest by September.

Rajeev Maheswari: So, if these things fall in place in terms of the construction industry as a whole and if these things formally happen in terms of the anti-dumping duty and so then it will be a really good boost for the domestic sector as well as our company as a whole in terms of that reduced competition and more realization from the revenues?

Sorab Agarwal: Yes, especially with respect to the Chinese machines where our company faces stiff competition for crawler cranes and truck cranes. And competition for tower cranes, yes, it will be a very good scenario to be in and over the years, over the next 3-4-5 years, it can lead to a Rs. 500- Rs. 1000 crores revenue addition only on account of these type of machines and we are very hopeful all of this will go through. And if you look at the excavator industry, Chinese entered 5-7 years back and in 4-5 years, 6 years they have taken 25%-30% market share. So, if they are not checked today, they will go to 50%-60% and eventually they will make the Indian



industry, excavator industry sick, just like they have done in the past, two of ours cell phones or other industries. They take over the ridiculous prices, ridiculous credit terms. So, it is a very good thing to happen that the government at the senior most levels has taken notice of this and are proactively planning for this.

Rajeev Maheswari: Okay, right. Let's hope this Swadeshi movement takes a leap and it helps everybody that's all from my side.

Sorab Agarwal: It has to, it has to. Thanks to Mr. Trump, it has to.

Rajeev Maheswari: Right. Thank you, Mr. Agarwal.

Sorab Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Ravi Swaminathan from Avendus Spark. Please go ahead.

Ravi Swaminathan: Sir, thanks a lot for taking my question. My question is regarding the growth which we had seen in the past five years had been stupendous, we had tripled our revenue. Over the next 4-5 years, what are the top 2-3 sectors that you think might be driving the growth for ACE and what kind of growth one should think of is the question that I have in the mind.

Sorab Agarwal: Obviously, our growth is primarily driven by the manufacturing and the infrastructure and obviously both of them are of prime importance and concern to the government. So, hopefully we are in safe hands. Now that the government especially with respect to the current geopolitical scenario and the tariff scenario the only way for the government to spruce up the sentiment as and when it goes down or starts to dampen a little is to focus more on infrastructure because that is where they can do direct spending and we anticipate and we are very hopeful that and Mr. Gadkari has already said 3-4 days back that the spending on infrastructure project is going to increase immediately. So, hopefully all of that is going to gel well for us going forward in our country with respect to manufacturing and infrastructure because most of our machines are made and developed for this scenario and the government is definitely focused on the 2047 Viksit Bharat, so that is not possible unless and until you know self-reliance and manufacturing is increased in the country coupled with focus on infrastructure and making world-class infrastructure. One of the major disabilities India has as compared to china is also logistics cost which is higher than China. So, by improving infrastructure even the logistic cost goes down. Apart from that, yes, our focus on more defense business and export markets will further help us grow a little in times to come. We have been doing that. Yes there has been this quarter has been a little slow on account of primarily pre-buying and the cost factor and the technology factor. But such hiccups are sometimes good. They wake you up. They bring you out of complacency, they check your agility, so I hope all of that happens.



- Ravi Swaminathan:** Got it, sir. And private sector I mean as of now it doesn't fully fired like steel CAPEX etc. but if it does, can it make a big delta to your topline, bottomline?
- Sorab Agarwal:** Yes, definitely, it will fire. It has to fire, if you were talking about our growth. So, we wanted to triple ourselves between FY'23 and '26 and unfortunately we have a little slowness we had in the last year on account of elections and this year because of the emission norms or whatever but I am sure one year here and there, so as conveyed even last time, so maybe it will not happen in three years tripling of our revenue, it will happen in 4 years FY'23 to FY'26 and then we had also thought, sorry doubling, and then we had also talked of tripling from FY'23 tripling by FY'28. So, maybe things can be get preponed, postponed by a year here and there but I think as a country and as a company, I think everything is moving in the right direction and all our medium term, long term things are pointing to growth and hopefully we are able to capitalize on that and in the recent past as well included. We have increased our capacities, we are capable of Rs. 5,000 crores plus. We did close to Rs. 3,300 crores. So, we have excess capacity available. Apart from that we are operating around close to about 100 acres of land, for future growth and expansion we have taken about 138 acres of land. So, going forward, first of all we have 30%-40% extra capacity available to increase our revenue without any CAPEX, significant CAPEX and then even for future CAPEX after that we have most of the land available. And land is one of the most costliest resources when you're doing CAPEX today. So, I think we have put all our blocks in place things are looking good. So, let's see how it pans out.
- Ravi Swaminathan:** Got it, sir. Thanks a lot.
- Sorab Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vinay Maheshwari from IGE. Please go ahead.
- Vinay Maheshwari:** Thank you for the opportunity. Can you please elaborate some colors over the current CAPEX going on and how could be the commissioning timelines?
- Sorab Agarwal:** See, for our capacity expansion which we had planned, most of the CAPEX has happened and is in place and our capacity is now the revenue capacity is about a little over Rs. 5,000 crores but apart from that in the current year, we have envisaged the CAPEX of over Rs. 100 crores with respect to further modernization and upgradation and introducing more robotics etc. into our setup, so that we are able to compete in the global stage with respect to our export markets and also bettering our products and quality for the Indian market. So, that's about a little over Rs. 100 crores. And apart from that, the lines which I mentioned we have to make some balance payments for those lands, so that will be close to about Rs. 130 crores plus minus outflow that will happen in this year. We did have plans to further increase our capacity, for a particular type of product which currently we have put on hold for the next 3-4 months. So, we



are continuing with the land development and the other part of it. I think the major part of that expansion should take shape in the next year. So, that expansion is close to about I think 250 to 300 crores of CAPEX and but yes most of that will be happening in FY'27 and FY'28.

- Vinay Maheshwari:** Got it. Is there any particular area where we are facing any kind of bottleneck as of now?
- Sorab Agarwal:** Yes, sir. The market to come back to its same spirits, nothing else, for the markets to bounce back and I am sure it will happen because the festival season is a little early. So, September onward things should be good with respect to capacity our readiness, our products the upgradation within the products I think we are totally geared up for the future and hope it is good as it has been in the past.
- Moderator:** Thank you. The next question is from the line of Kartik from Multiple Equity. Please go ahead.
- Kartik:** Good evening. Thank you for this opportunity. So, just wanted to understand one thing, when I look at Vahan volumes, what would be the time gap between wholesale dispatches and Vahan registrations or they would be fairly one-to-one basis?
- Sorab Agarwal:** I think there is a lag of one-to-two months at least. Minimum would be one month, average put out you can easily say 45 days to 60 days because they are delivered to the dealerships then to the customer and then the registration application so the Vahan data is representative but not of the current factual, it is with a lag of 1.5-2 months.
- Kartik:** Okay, got it. Thank you so much. That is from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Kushal Dhuri, an Individual Investor. Please go ahead.
- Kushal Dhuri:** Hi sir. My question is in relation to the previous one only. So, for July, the IPO data was showing volumes of some 577 units. So, you mean to say that might be higher than what you have been dispatched?
- Sorab Agarwal:** Let's say July 577 Vahan would mean machines which were delivered to customers. Let's say in June or within July. So, this data is because sometimes registration happens immediately, sometimes it happened with a lag of 10-15 days. Then sometimes at our end, let's say the delivery to the dealership and that dealership holding some stock for some time. So, it is skewed by 1 or 2 months. So, very difficult to put a number to it, but maybe next time when we have a concall, we will figure out a correlation for the last 4-5 months, maybe that could be helpful to all of you.



- Kushal Dhuri:** Okay, thank you. But on a year-on-year basis has there been any change in the volume for the month of July, is it lower or same, the volume number?
- Sorab Agarwal:** I don't have the July number, but they were similar to June number for us. July is the heaviest, the rains are at fiercest, and the peak of rain happens in July, but they were similar to June. But unfortunately, we have numbers for June and before, we don't have July number right now.
- Kushal Dhuri:** Okay. Thank you.
- Vyom Agarwal:** Kushal, Vyom this side. I would just like to add a little bit to the Vahan data, I mean Vahan number which you and Kartik also asked. See there are certain number of machines which we manufacture they do not go on the Vahan data. So, for example, tower cranes. They do not get registered. So, our numbers will have a little bit of a disparity with respect to the Vahan data and as per Sir that there will be a lag. So, Vahan data may not be the right or i would say the exact parameter to look at us because some of the machines which are not getting registered are also in our portfolio.
- Kushal Dhuri:** Vahan data would be signifying more of the retail sales, right?
- Vyom Agarwal:** Yes, sir. It will be more or less the registration sales, yes.
- Vyom Agarwal:** But it will not have crawler cranes and tower cranes and in fact some of the forklifts which we do and they are may be running inside a factory premise which may or may not be registered.
- Sorab Agarwal:** Even for some people do not take registrations which are running inside closed premises.
- Kushal Dhuri:** Okay and one last query from my side, any developments on the registration of electric cranes?
- Sorab Agarwal:** Yes, development is happening. Our approvals are pending with the ARAI, the CMVR authority. I think last hitch some Exide battery approvals with respect to electric vehicles are pending at the end of Exide, so we are hopeful it should get through quickly.
- Kushal Dhuri:** Thanks a lot, sir.
- Sorab Agarwal:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jenil from Prudent Corporate Advisory. Please go ahead.
- Jenil:** My question was regarding the industry outlook. So, there are numerous forecasts or something about the non-agri segment about cranes, construction equipment growing by around mid single digit to some forecasting by growing it by double digits or so. So, what do



you think these segments like cranes or construction equipment can grow? What can the industry growth and what can the Company see in its volumes too?

Sorab Agarwal:

In our last call, you know being a little conservative we had projected 14% to 15% of growth, but looking at the current juncture I think it would be prudent that we take this call by end of quarter 2 to give a more realistic picture and it would not be wise to come out with a number at this juncture. So, once there is more clarity on every front including the BS V emission norms acceptance which has happened and the numbers will normalize and the second half of the year will start where the numbers actually start to normalize the government focus coming back to infra, all the basic things coming into place so I think it won't be prudent to give but yes, one thing i can tell you for sure now just let's forget our Company for a second but let's talk of the industry. The earth moving industry has been flat year-on-year for the first quarter, the road machinery industry has been flat. The concrete or concrete carrying or concrete processing that has increased by about 16%, so that is more of civil structure and real estate plus plus plus. The material processing is flat and cranes were a little down and the main was 50 horsepower and below which is what we have been able to pinpoint at. So, I would feel that we would like to answer that only at the end of September when the second quarter has gone by, to be able to give you a more predictively correct answer.

Jenil:

You said something about construction equipment or some segment growing by around 30% or so. Sorry, I missed it.

Sorab Agarwal:

16%, that is the concrete industry. When I say concrete, I am talking of batching plants, concrete pumps, transit mixers, so the concrete part of the construction equipment industry has grown by about 16% in the last quarter year-on-year.

Jenil:

So, that's it. Thank you

Moderator:

Thank you. The next question is from the line of Puneet Javeri from Javeri & Co. Please go ahead.

Puneet Javeri:

Thanks so much for the opportunity again for this. One question, you mentioned that of course the guidance will come at the end of Q2, so we'll wait for that. But your previous plan was of course double revenues to roughly about 4,400 crores in FY'26 and Rs. 5,500 crores in FY'27, but given your capacity roughly about Rs. 5,000 crores revenue, when should we expect the additional if any capacity that you will need because by FY'27 you will be very close to almost 95% utilization. so is the Rs. 100 crore CAPEX number of this year including that or do you we have to do a lot more CAPEX either the end of this year or the start of next year to get to additional revenue capacity of Rs. 5500 crores and above, that's the only question.

Sorab Agarwal:

For the first part of your question, so hopefully this 4,400 crores instead of FY'26 should happen by FY'27 which I clarified even in the last call, tripling from our FY'23 revenue and



taking it to Rs. 6,600 crores should happen by FY'29. So, that means we have capacity, enough capacity till FY'27 that is end of next financial year. But in any case in the next year we will start to expand our capacity which I did mention making a new plant for particular type of product entry, so which will give us an additional revenue of maybe around close to Rs. 1,500 crores plus minus, but that will start to do next year. Early we were thinking of starting to do it in the second half of this year but we start to do it next year once you know there's more certainty because today already we have Rs. 5,000 crores worth of capacity and you know generally for us keeping the land parcel out which we have more or less acquired, so let's say a Rs. 100 crore investment can generate about Rs. 800 crores to Rs. 900 crores worth of revenue for us. Right Vyom, that is how it works out.

Vyom Agarwal:

Yes sir, you were right.

Sorab Agarwal:

So, our CAPEX to revenue capability is about 8x-9x which we will start to exercise in the next year again looking at the scenario.

Puneet Javeri:

Got it sir, but so essentially because you mentioned that you're at least about 14% to 15% growth this year and of course you'll revise it, so I just thought that you were a little conservative because 40 you already done Rs. 3400 crore of revenue in FY'25 and even a 15% growth will be Rs. 4000 crores. So, the guidance of Rs. 4400 crores by FY'27 just seems very conservative because we should be able to touch Rs. 5000 crores at a minimal growth rate as well right, so that's where the question was coming from but thanks so much for the clarification.

Sorab Agarwal:

Yes. Things are little different from what they were perceived, so keeping everything in mind but you can be rest assured we will leave no stone unturned in terms of doing a more revenue and losing it out on account of CAPEX or capacity, I think we are very well geared for that in our minds and we will deploy our money as soon as possible, as fast as possible as soon as the opportunity is there. So, you should be very comfortable from that aspect and we have enough software to make sure that we don't lose out on the market share or the growth potential.

Puneet Javeri:

Got it. So, thanks so much for your opportunity.

Sorab Agarwal:

Thank you.

Moderator:

Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to Mr. Ravi Swaminathan for closing comments.

Ravi Swaminathan:

Thanks a lot everyone. On behalf of Avendus Spark, we will conclude today's call. We thank you all for joining us and you may disconnect your lines. Thank you.

Sorab Agarwal:

Thank you everybody. Thanks a lot, bye-bye. Thank you.



Action Construction Equipment Limited
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Moderator: Ladies and gentlemen, on behalf of Avendus Spark and Action Construction Equipment Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.