

Action Construction Equipment Limited

Corporate & Registered Office

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



Date: November 13, 2025

To,
The Manager Listing
BSE Limited
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National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
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Scrip Code: 532762

CM Quote: ACE

Subject: Earnings Call Transcript Q2FY-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 (Q2FY-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



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“Action Construction Equipment Limited Q2/H1 FY'26
Earnings Conference Call”

November 07, 2025



**MANAGEMENT: MR. RAJAN LUTHRA - CHIEF FINANCIAL OFFICER,
ACTION CONSTRUCTION EQUIPMENT LIMITED
MR. VYOM AGARWAL - PRESIDENT, ACTION
CONSTRUCTION EQUIPMENT LIMITED**



*Action Construction Equipment Limited
November 07, 2025*

Moderator: Ladies and gentlemen, good day and welcome to Action Construction Equipment Limited Q2 FY'26 Earnings Conference Call.

As a reminder, all participant lines will be in 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 has been recorded.

I now hand the call over to Mr. Divyam Jain from B&K Securities. Thank you and over to you, sir.

Divyam Jain: Good afternoon, everyone. On behalf of B&K Securities, we are pleased to invite you to the Q2 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. Rajan Luthra – the CFO and Mr. Vyom Agarwal – the President from the Action Construction Equipment Management.

I now hand over the call to Mr. Vyom Agarwal. Thank you and over to you, sir.

Vyom Agarwal: Thank you, Divyam. Good afternoon and welcome everyone to this Earnings Conference Call for discussing the Results for the quarter and half year ended 30th September 2025.

Along with me in today's Earnings Call, we have our CFO – Mr. Rajan Luthra. I hope that all of you have had an opportunity to look at the Company's Financial Statements and the Earnings Presentation which have been circulated and uploaded at the stock exchanges.

As anticipated, the current financial year commenced on a relatively soft footing for the construction equipment industry impacted by the transition to new emission norms and a temporary moderation in infrastructure development activities due to extended monsoons. The first half of FY'26 has broadly played out in line with our outlook with a modest decline in Q1 followed by a stabilizing flattish performance in Q2. This trajectory reinforces our assessment that the most challenging phase is now behind us. Importantly, we are witnessing early indicators of recovery underpinned by a resilient domestic macro environment and strong policy continuity. The government's continued emphasis on infrastructure creation, reduction in direct and indirect tax burdens, improving liquidity conditions, softening interest rates and progressive duty reforms in support of the Make in India agenda collectively signal a constructive demand environment ahead.

To brief you on the standalone financial performance of the 2nd Quarter of FY'26:



The total income was flattish on a year-on-year basis at Rs. 782.18 crores with an EBITDA margin of 19.40%. The EBITDA during the quarter expanded by 137 basis points and increased to Rs. 151.75 crores in comparison to Rs. 142.19 crores on a yearly basis, which is a growth of 6.72%. The PBT expanded by 157 basis points to Rs. 137.49 crores and the PAT expanded by 131 basis points to Rs. 103.87 crores on a Y-on-Y basis. The PBT and PAT margins stood at 17.58% and 13.28% respectively. On a sequential basis, the total income increased by 11.27% and the Company was able to sustain its expanded margin profile despite a challenging environment in H1 FY'26. The contribution of cranes, material handling and construction equipment segment stood at 94% of our total revenue and we reiterated our market-dominant position while registering a revenue of Rs. 694 crores, which is flat as compared to Q2 FY'25. However, in the quarter gone by, we have strengthened our market share. The company recorded sales of 2,348 units in the quarter, which is down by 18% Y-on-Y. The margins sustained at 18.16% and stood at Rs. 126 crores. The revenue contribution of the Agri segment stood at 7% and we registered a revenue of Rs. 47.13 crores in that segment.

Now, talking about the half-yearly performance:

For the H1 FY'25, we have been able to register a total income of Rs. 1,485 crores, which is down by 4% approximately Y-on-Y. On the half-yearly basis, EBITDA grew by 10% to Rs. 294.30 crores. The PBT grew by 11.13% and the PAT grew by 12.7% to Rs. 264.13 crores and Rs. 200.70 crores respectively. Despite headwinds in the sector, we have been able to deliver sustained profit growth and for H1 FY'26, the margin profile of the Company expanded by almost 240 basis points and stood at 19.82% EBITDA, 17.78% PBT and 13.51% of PAT.

On the policy front, the government continued emphasis on fair trade and manufacturing self-reliance is encouraging. The recent recommendation to impose anti-dumping duties on certain cranes import i.e. crawler cranes and truck cranes from China is a significant structural positive for the domestic construction equipment sector including our Company. For several years, the Indian market has seen aggressive pricing and supply from overseas players which at times created distortions and discouraged meaningful investments in advanced local manufacturing. A corrective framework therefore not only protects against unfair dumping but also strengthens the long-term foundation for Indian OEMs to scale, innovate and compete globally. This move complements the broader Make in India agenda and ensures that value creation, technology development and employment stay anchored within the country. As a 100% Swadeshi company, we are deeply committed to domestic production and localization and we see this as a long-term tailwind for our heavy cranes business and our industry. Looking ahead, India remains one of the fastest growing major economies supported by policy continuity, resilient domestic demand and a strong infrastructure and manufacturing push. Continued government focus on capital investment, logistics, modernization along with rising private sector participation and increasing mechanization provides a positive multi-year demand outlook for the construction equipment industry.



While H1 required prudence and agility, the medium to long-term fundamentals remain intact. Sustained public CAPEX, easing cost pressures, improving liquidity and signs of private investment revival are laying the foundation for recovery. With our strategic initiatives, operational discipline and customer-focused execution, we are well positioned to benefit as demand strengthens across our core markets. With the strong pre-buying seeing in H2 FY'25 creating a high base, we expect the current year to normalize gradually and generally 55%-60% of our revenue is generated in the second half of a financial year.

That said, we retain a constructive and disciplined outlook. As demand recovers through the year, we are anticipating achieving flattish to single-digit revenue growth in FY'26 supported by sustained operating performance. We also expect a modest expansion in EBITDA margins versus last year, driven by cost efficiencies, product mix improvements and operating leverage as volumes scale. Over the medium to long term, we remain positive on the opportunities ahead and confident that the building blocks for sustainable profitable growth are firmly in place. Our focus remains on strengthening our capabilities, expanding our product and technology platforms and further enhancing customer value creations as we scale responsibly and profitably.

With this, I would like to open the call for questions. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Rashmika Rao from Rekha Enterprises. Please go ahead.

Rashmika Rao: I have a couple of questions to ask. My first question is, in Quarter 3 and Quarter 4 of this year, the base year sales number becomes very high because of pre-buying last year. So, will we be able to beat those numbers in Quarter 3 and Quarter 4 this year? Or are we looking at a year of de-growth in FY'26? What is your growth outlook for FY'26? Is it going to be a year of de-growth given the tough comparables for Quarter 3 and Quarter 4? What is your growth outlook for FY'26?

Vyom Agarwal: Hi, good afternoon. Thank you so much for the question. As I have already mentioned in my address, the demand outlook has started to improve and this year has exactly panned out as anticipated by us. So, we anticipated a modest beginning to the year, which happened with a modest decline in Q1, which was followed by a stabilizing performance in Q2. And we would like to view Q2 as the first sign of recovery, wherein the rate of decline has clearly moderated. So, we have every reason to believe that the demand will keep on improving from here on, starting from middle of Q3 and going strong into the Q4. So, one thing is that all the worst things are now behind us with the extended monsoons and the transition from BS-III to BS-V, along with that the price pressures that were there in the system. Now, that is behind us and the macros, on the macro front, everything seems to be falling into place with lower interest rates and liquidity back into the system. I believe the only thing is the pace of execution of projects. Once they start to pick up, then there is no reason why the demand should remain subdued. And we are already seeing very encouraging signs from the market towards the adoption of the new



technology along with the price changes that has been pushed. I believe on a full year basis, the industry volumes may be slightly close or on a slightly negative bias from here. But as we have guided that going ahead this year could be flattish to a single digit growth year for us. And we have no reason to not believe in that.

Moderator: Thank you. The next question is from the line of Suraj Malu from Catamaran. Please go ahead.

Suraj Malu: Sir, in the backhoe loader segment, can you help understand how many units were sold this quarter versus last year the same quarter and the market share in that?

Vyom Agarwal: So, I believe backhoe loader segment we have done well and Luthraji will have the exact numbers. But backhoe loader on a quarter on quarter basis, I think we have increased our numbers by around 35% to 40%. Here, the base is slightly small. And on a year-on-year, there has been an increase of 15% to 20%. Luthraji?

Rajan Luthra: We did about 280 numbers.

Suraj Malu : This quarter?

Vyom Agarwal: Yes.

Suraj Malu : And then, where do you see your market share in in 6 months?

Rajan Luthra: This quarter we have done is 168.

Vyom Agarwal: These are just the backhoe loader numbers, not the construction equipment numbers.

Suraj Malu: Right, sir. Just the backhoe loader, it is 168 this quarter?

Rajan Luthra: Yes.

Suraj Malu: Got it. And then, where do you see the market share in this segment in the next three years? Because this is the largest segment in the construction equipment and that is the next focus area, right?

Vyom Agarwal: Yes. So, currently our market share stands close to 2.5% odd which we would like to stabilize and increase gradually towards 5% to 6%. And then finally, we would like to take it to double digits from there on.

Suraj Malu: Got it. And how do you see the acceptability of this product?

Vyom Agarwal: I think it has been very encouraging ever since we have launched our upgraded backhoe 3-4 years back. The feedback that we got from the customers as well as our dealer /channel partners



was very encouraging. The only thing is that with this transition that happened from CEV4, backhoe was at CEV 4, which went to CEV 5. The price increases were there in this segment, which has been very smartly tackled by us. And we are seeing some good adoption at the customer level for these products. Productivity wise, I think it is, I would like to claim that it is one of the best in the industry.

Suraj Malu :

Got it. Thank you very much.

Moderator:

Thank you. The next question is from the line of Yash from IIFL. Please go ahead.

Yash:

Hi, sir. Good afternoon.

Vyom Agarwal:

Hi, Yash. Good afternoon.

Yash:

I had a few questions. So, what is the realization change quarter-on-quarter for our core and non-core units like the Agricultural equipment, quarter-on-quarter?

Rajan Luthra:

Quarter-on-quarter, there has been an increase in the major sector. The pick and carry crane is about nearly 15% to 20%, mainly on account of change in emission norm from BS-III to BS-V and BS-IV to BS-V. Till June of this year, most of the players were selling the old inventory lying with the dealers and all those things. So, real impact of price increase has come only in this quarter. And going forward, this is one way. Agri is more or less a similar price. There is no significant increase in the Agri, except for the reduction in the GST rate, which is again passed on to the customers. So, nothing on the Agri. Agri price realization remains the same for the quarter and definitely in our major business, which is pick and carry and other construction equipment, there has been a significant price increase and real impact of transition from CEV 3 to CEV 5 and CEV 4 to CEV 5 has come into play in this quarter only. And going forward, that is what is going to remain.

Yash:

Okay, sir. And what is our capital allocation strategy, like given that we have excess cash of the mutual fund. So, what is our strategy going forward? Are we going to do like CAPEX or dividend or buyback? What is our capital allocation strategy?

Rajan Luthra:

As of now, as you are aware that we are in an expansion phase, not for the current, but for a medium and long term, we are going for an expansion mode and we have acquired two pieces of parcel of land last year and one big chunk of land of nearly 86 acres of land will be acquired probably in this year, which will require about nearly Rs. 200 crores of money to acquire the land. But that will, and going forward as discussed in the previous concall also, the revenue from the present facility, it touches around 4,400 plus and will start expanding into the parcel of land what we do. So, going forward is a dividend, we are already paying a dividend and going forward also we can expect increase in dividend rate and balance is still, and third activity what we are going forward, going on is the improving in the robotics and mechanization and quality



improvement projects for keeping the Company way ahead for the technological improvements and for the export market. With the India adopting CEV 5 norm, now the whole world is open for export market, the world is open. So, that is bound to take time, but we are just spending, investing in the quality improvement projects mainly for the, so that our machines are as good as any European machines or American machines so that we can compete in those markets.

Yash: Okay, sir, and like what is our export revenue share as of now?

Rajan Luthra: This year we have about 4% to 5% export we did this year, but if you compare this six months as compared to previous six months, the corresponding last six months, there has been nearly a 30% increase in the export from there, but if you compare with the average company revenues, but still it is around 4% to 5% only, which is below expectation, below target, I should say, medium to long term target is to at least reach 8% to 9% of the Company revenue would come from here and the balance the 7% to 8% from the defense only.

Yash: Okay, sir. Thank you. I will join back the queue.

Moderator: Thank you. The next question is from the line of Deepak Ajmera from IGE. Please go ahead.

Deepak Ajmera: Yes, hi. Thank you for the opportunity. Yes. So, Deepak this side. So, any update on the Ghana project?

Vyom Agarwal: Ghana project has been kept on a back burner because of certain geo issues which are going on between the governments at the macro level. We are all in readiness for execution of that project. But given the territory, I think we would not like to move ahead without having advance payments or confirmed LCs in our hands. So, we are just waiting for that and the situation has been at a similar level for the last, I believe, 18 - 24 odd months. So, we continue to wait and we do not want to risk our financial assets without having confirmed payments in our hands.

Deepak Ajmera: Got it. Secondly, our defense execution, so have they started?

Vyom Agarwal: So, there are various projects in defense which we are executing. And as Luthra sir indicated, our medium to long term target is to get around 8% to 10% coming out of exports and 5% to 8% coming out of defense. So, there are a number of projects which we are doing. In the last concall also, we had indicated that there are special pick and place kind of cranes which we are doing with DRDO along with Ashok Leyland Defense and Tata Advanced Systems. So, that is very much on the cards. One of the orders is getting executed. And hopefully, in this quarter, we should get a couple of new orders of those special cranes. As far as the rough terrain forklift order goes, which we got in Q4 last year, which is the single biggest order in the history of the Company around Rs. 420 odd crores. Now, that order, when the machine was tested and the order was placed, again, there is an emission norm change between the testing and the ordering and finally, the execution of the order. So, we are waiting for a small NOC which has to come



from the Ministry of Defense that we can supply them a particular emission or rather BS-IV emission norms forklift. As soon as we get that NOC, the execution from our end will begin. It should have been there in Q3, but unfortunately, I think it will get pushed over to Q4. So, that is also one of the reasons why we have kind of tapered down our guidance for this year.

Deepak Ajmera: Got it. And the flat to single digit kind of a growth what you are guiding off is into value terms or volume terms?

Vyom Agarwal: Into value terms.

Deepak Ajmera: So, what has been the price increase from last year to this year?

Vyom Agarwal: Here it is on two different levels. Below 50 horsepower engines, they have migrated from a BS-III era to CEV 5. There the price increase has been on a higher side, let us say northwards of 12%. Depending upon models, it can be 12%, it can be 13%-14% also depending upon models and the specifications of the machine. However, when you talk about migration from CEV 4 to CEV 5, there the price difference has been a little less. So, on a blended basis, you can say that it would be close to 8-9% price differential which has come on account of change of the technology.

Deepak Ajmera: Got it.

Vyom Agarwal: It is a broad blended on the Company's average on the Company sales because there are certain machines which have not even migrated. Something like a tractor, something like a tower crane, a crawler crane, they have not migrated because they do not fall under these emission norms.

Deepak Ajmera: Got it.

Vyom Agarwal: So, on a blended basis, you can say that around 8%-9% of the price increase might come in.

Deepak Ajmera: Got it. Okay, thank you.

Moderator: Thank you. The next question is from the line of Shubham Harne from Purnartha Investment Advisers. Please go ahead.

Shubham Harne: Hi, good evening. I just wanted to understand what is our strategy for the Agri business? I can see that the margins are kind of low and what is our plan going ahead?

Vyom Agarwal: Yes, sir. Unfortunately, we have not been able to deliver on the agenda on the Agri side. If you see our numbers year-on-year, but that is more to do with some of the export orders which got executed last year. And going ahead, we have a big export order. When I say big, it is in three digit tractors orders which we have got recently and should be executed in this quarter as well



as the next one. So, I believe by the year end, we will be doing the catch up on the Agri and Agri's growth will be in line with what I have said. In fact, I am very confident that in Agri we will achieve growth in terms of volume as well as value because there is no clear-cut price increase there. So, I am very hopeful that in Agri we will definitely attain better results in H2.

Shubham Harne:

And what can I understand what sort of horizon we are looking at maybe 2 years or 3 years down the line?

Vyom Agarwal:

So, our first aim is to actually stabilize our position in the India, in Indian states. So, we are not present across the country, we are only present in certain pockets and we will try to deepen our presence in those pockets and post that we will try and slowly expand into the nearby areas. That is the broad strategy in the Agri business domestically. However, we are focusing on the export segment in the Agri where in certain countries India exports a lot of tractors and we have already seeded our tractor in those territories, again getting very good response from the channel partners there. And I believe that strategy should keep us in a good space on the bottom line as well as on the topline front. And we have been constantly participating in the exhibitions overseas to gain traction on this ground. So, all in all put together I believe this division should perform from here on because I think all the other building blocks are in place. So, a good product at a right price is definitely at place. I think the only thing where we are floundering is the channel vintage because most of these Agri, especially the tractors, they are being sold by the channel partners. So, OEM sells it to the dealer who in turn advances the tractor to the farmer. So, once you are advancing the tractor you need to have strong presence in the local district or the taluka level along with some financial power to advance the tractor which I believe we are lacking. But now I am sure with a stable channel network for the last 3-4 years slowly and gradually we will build up this competence as well and the growth will come on the domestic side too.

Shubham Harne:

Correct. And my final question is I can see that for 8 to 12 quarters our volumes are almost nearby stable. May I know at what sort of capacity level, utilization level we are at?

Vyom Agarwal:

You are talking about the construction equipment, cranes and material handling, the capacity utilization level, am I right?

Shubham Harne:

Yes, you are right.

Vyom Agarwal:

So, around 65% blended capacity utilization we are working at today. Tractor is definitely low, it is around 30%-35%.

Moderator:

Thank you. The next question is from the line of Nihal Shah from Prudent Corporate Advisory Services. Please go ahead.

Nihal Shah:

Hi, good afternoon. Thank you for the opportunity, sir. So, I had a couple of questions. One on the part of CAPEX. So, we have seen a lot of government initiatives that are promoting



consumption. And so, do you think that CAPEX part of government spending can take a pause and the private consumption hasn't been that encouraging as well in the first half? So, what is your view on that? Because we are very closely associated with that.

Vyom Agarwal:

So, in Q2, of course there were some extended monsoons and the intensity of monsoons was also high this year. So, we had seen that there was a little bit of a slowdown on the infrastructure development activity. But the government is persistent on the infra development side. And on the macro side, as you correctly said that they have given certain levers, which has boosted the consumption in the economy. Now, once the consumption starts to increase, the private CAPEX is definitely going to return on the table. And we have already seen some signs that the demand will scale up going ahead. And it gives us very encouraging signs, because see, this is what has happened in H1 is something that we had already anticipated. And the flatness in the Q2 definitely gives us a lot of confidence that going forward in Q3 and Q4, we will have a very good demand in front of all of us.

Nihal Shah:

And another question was, in the cash flow statement, I can see a huge increase in the inventory. So, was that because of delayed deliveries because of this GST cut or something like that?

Vyom Agarwal:

No, not really. Actually, these are September end numbers. And if we see this time, the festive season was slightly early. So, we had taken a decision that we will be keeping some inventories before the festive season. So, there was certain inventory into the system, which I'm sure will normalize by the end of this quarter.

Nihal Shah:

Okay. Thank you very much.

Moderator:

Thank you. The next question is from the line of Suraj Malu from Catamaran Ventures, LLP. Please go ahead.

Suraj Malu:

So, in this quarter, I see that the average selling price in the construction equipment and crane segment has increased by around 22% YOY, whereas the price increase is due to norms changes on an average 12% to 13%, right? So, can you help understand the balance group?

Vyom Agarwal:

There are a couple of factors that play out here. Number one is, of course, the price increase, which we have taken because of the technological changes, which we have discussed earlier in the call. The other major factor that has happened is the change and the favorable change in the product mix for us. So, let us address this with respect to the pick and carry crane segment. So, pick and carry crane, around 60% of the pick and carry crane plus minus was the erstwhile Hydra crane, which was a very, very cost effective lifting solution for the country and around 40% of the cranes was the new generation crane, which was slightly expensive. Now, new generation cranes went from BS-IV to BS-V, whereas the older generation of pick and carry crane, the hydra cranes, they went from BS-III to CEV 5 norms. So, there the price increase has been the maximum. But at the same time, since they were slightly cheaper, the market has taken some



more time to accept the price increase into their domain. So, you can say that the product mix has changed. And we have been able to increase our market share also in the new generation segment, where we and Escorts used to have a 50%-52% kind of a market share. In the erstwhile hydra cranes, we had more than 70% of market share. So, in the numbers, when you see, we have the hit because hydra cranes have been hit. But on the realization side, you see that the realization is on the higher side because the share of the new generation cranes, which were expensive, they have increased. And hence, if you see the profitability has also sustained itself, keeping in mind the product mix because more mature the crane, better in technology the crane is, better is the realization for us. I hope I was able to answer that to you, Suraj?

Suraj Malu: Yes, sir. So, before the contribution from new generation cranes was 40%. What was that now?

Vyom Agarwal: So, it was around 35%-40%. It has now gone up to, let's say, 40%-45% plus now. Even 50% now.

Suraj Malu: Understood, sir. Got it. You were mentioning about that you are seeing early signs of some CAPEX or positive things, right? So, when you mentioned this, like, what are the factors or parameters that you track that gives you confidence to say that?

Vyom Agarwal: So, definitely, it is the order booking. And barring this order booking also, see, on the macro side, if you see, project mobilization was on a slightly slower side because of the monsoons, which have started to pick up. The government has already started to award orders in some of the key states in the country, which gives us confidence in this demand outlook. And barring that, the other macros are already firmly in place. So, if you see, even before the general election, when the model code of conduct kicked in, we saw six months of slow period and then the Lok Sabha election, then the results came in and the economy was having very low levels of liquidity, as well as coupled with higher rate of interest. So, both of these factors have started to ease out a little. And with these GST cuts also coming in, like on some of the key sectors such as cement and all, somewhere down the line, the customers also have been given a relief on their working capital front. So, the overall sentiment in the customers with respect to spending on equipment, that seems to return. So, all these factors put together give us a lot of confidence that going ahead, we should see recovery. And traditionally also, if you see, H1 accounts for only 40% of our overall numbers. So, H2 traditionally is also strong. And this time, somewhere down the line, we also believe with the strong replacement demand, which will kick in, I think there will be pent-up demand in the system also, which has to hit the market. So, that time will tell when it will hit, whether it will hit in Q3 or Q4. But I believe, the work that has to be done by a crane will be done by a crane. And with increased level of mechanization, reduced availability of labor for doing the lifting jobs, I believe there is demand. Yes, there is a temporary slowdown. And there is a temporary phenomena. But I believe things should ease out from here. And moreover, there is another structural positive going in for us, which is the anti-dumping duty, which has been proposed on the heavy cranes. So, once that volume will also start to come in, we already have our capacities in place. The plant has the capacity to push in Rs. 300 crores to Rs. 350



crores of revenue at peak capacity utilization. So, we are ready. We are the only Indian company in that domain left as of now. And we are ready for capitalizing on the market. So, I believe all in all, given our product positioning, we are very strongly positioned to benefit from the macro levers as well as the growth revival.

Suraj Malu: Got it. And you are saying in this heavy crane, sir, like how much is the anti-dumping duty and now like what is the price difference in the Chinese products and your products?

Vyom Agarwal: So, in majorly the duty that has come on two equipment manufacturers, one is I think in the around 23%-25% and on the other it is 52%-56%.

Rajan Luthra: One is 26%, not two.

Vyom Agarwal: Luthra sir, has better knowledge on that subject, please.

Rajan Luthra: So, basically the anti-dumping notification has already come in. Government has already notified, but still to be implemented. As per that notification, one of the Chinese players, Zoomlion, will be having 26% and balance, all the Chinese companies will have around 52% anti-dumping duty. So, that is the as of now and this notification has to be notified by Ministry of Finance, implemented and which normally takes about 90 days for implementation, which should probably happen in the last week of around between 15th to 30th of December, if they go for a last date or even earlier if possible. So, that is the impact of this. So, you can imagine how much the cost will go up for those Chinese companies who are importing these products in the market and which will definitely give a boost to us because we will be now able to, we can compete them not only in terms of pricing but also as we are going for a JV with a joint venture with a Japanese partner which will be also become effective only once this notification comes into play. So, with that JV, with the permission of JV with a Japanese partner, we will be having multiple advantages which will definitely give boost to the heavy crane business which is crawler crane, truck mounted crane and the rough terrain cranes.

Suraj Malu: Good. Thank you very much.

Moderator: Thank you. The next question is from the line of Riddhi Maru from Shatrunjay Investment Managers LLP. Please go ahead.

Riddhi Maru: Hello. Good afternoon, sir. Sir, actually the questions have been answered.

Vyom Agarwal: Okay. Thank you.

Riddhi Maru: Thank you.

Moderator: Thank you. The next question is from the line of Vijay from Nuvama. Please go ahead.



- Vijay:** Hi. Thank you, sir for taking my question. Sir, a couple of things just wanted to check. One was on the defense order which we have got. So, how much of this has been accounted for as of H1 FY'26 and how much will come in the second half?
- Vyom Agarwal:** So, I believe that you are asking about the Rs. 420 crore defense order for rough terrain forklifts. As I mentioned, we have not executed as of now in the H1 and we are waiting for a small NOC from the Ministry which is expected. And if we get it in this quarter, then we will start execution from the next quarter onwards. This is one of the reasons why I have just given a very conservative guidance because this was taken into account in our earlier calculations.
- Vijay:** Okay. So, do you expect this to like the revenue to come into the 4th Quarter or will be mainly into FY'27?
- Vyom Agarwal:** Mainly it will be spilt over to the next year.
- Vijay:** Okay. And secondly, sir, we say in terms of that Chinese cranes, so what is generally the price differential between ours and theirs? And have we seen any incremental purchase over the last? I think it got announced in September. So, over the last two months, have we seen any incremental purchase either from Chinese or from us?
- Rajan Luthra:** Basically, the Chinese player as what we understand is are selling it at a price much, much lower than the cost of production. And probably, if you look, they are cheaper. But they sell not cheaper, they sell it at least below 15% to 20% of their cost. Because if you compare the Chinese, the price what they're selling about 10 years back and price to what they're selling today, the price will be nearly similar in spite of steel becoming double and dollar becoming double and all the inflation and everything. So, they have been dumping these products. That is why when we applied for the anti-dumping duties on those products, the government officials were able to see the cost difference, what cost we have and they are selling. That is why the anti-dumping duty has been notified at 26% and 52% to other players. So, besides the cost, if you can look at, not only cost they're putting into it, second thing, they're disrupting the market by giving credit from one year to three years to the customers, which is again very lucrative for a customer in terms of pricing and all those factors are already in there. I think with this notification implemented, we will be able to increase more because right now also we are selling these products in the market, but the volumes are very small. Majority has been dominated by Chinese players. Nearly 97%-98% has been dominated by Chinese players. We are selling 3%-4%. And going forward, what we feel that in the medium to long term, I think the 50% of the market should come to us in the coming 3-4 years' time.
- Vijay:** Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Divyam Jain. Please go ahead.



- Divyam Jain:** Rajan sir, you mentioned that targeting a 50% market share in the heavy load crane segment. Sir, as far as I have researched, last year, which is FY'25, India imported around 1,300-1,400 heavy load cranes. Do we expect a similar number to be imported every year going ahead? What is the life cycle of the heavy load cranes? What is the replacement timeline for these cranes? And how large of a market would FY'26 and FY'27 be in terms of numbers or units of these heavy load cranes and how much of them would ACE be able to take over?
- Rajan Luthra:** Actually, the market has developed in the last 4-5 years only. Earlier, there was no such big demand for these because these are all heavy lifting machines ranging from 40 tons to 300-400 tons. Out of the 1,300 numbers, the actual market for us will be somewhere around 800-900 cranes per annum because above that is for 300 tons and all those things which right now we are not making. So, going forward, as I said, keeping in view the price and everything, we should expect 40%-50% market share in the next couple of years. The life of these machines is again in the range of 8-10 years maximum because these are all heavy lifting machines. Some of them are already on the truck and the truck mounted cranes don't have life more than 10 years.
- Divyam Jain:** Right, sir. In terms of numbers imported or let's say purchased in India in terms of heavy load cranes, do you agree it will be around 300-400 or is it supposed to increase over a few years?
- Rajan Luthra:** The market is moving towards, going for heavy cranes because all those metros and all those things require heavy lifting. If you look at any metro site, you will find a number of these types of cranes already working on those sites. What I believe is probably in the coming years as the cities will expand and major metro like Delhi, Bombay and all those will be requiring much bridges, one bridge above the other, like what happens in the European countries. You may find two bridges going on the same road, one above the other. So, this all requires a heavy machineries. I think the market should grow for these machines.
- Divyam Jain:** Right, sir. And in terms of margins, how would we be better in margins in the heavy load cranes rather than in the pick and carry cranes or any other cranes?
- Rajan Luthra:** I think the margins will be in line. Right now, the margins in these products are less as compared to regular pick and carry in other products. So, going forward, we expect that these will also have similar margins as other crane products.
- Divyam Jain:** If I can squeeze in one last question. So, what is the manufacturing cycle time for heavy load cranes? My question is related to the fact that why would we take on such a huge product cycle if the margins are not lucrative? That is it from my end.
- Vyom Agarwal:** Divyam, let me clarify this. First of all, this is an industry which has expanded in the last 3 to 4 years, let us say five years. Once the pace of construction has increased and the nature of construction had moved more towards prefabricated. So, this is too huge a size for us to remain out given our market leadership in the lifting business in the country. So, it makes all the more



sense for us to be in this segment. Now, this segment will grow progressively from here onwards as the cities expand as what Mr. Luthra also explained to you. Now, you would say why we were not so aggressive in the last 4-5 years because of the aggressive dumping by the Chinese players into the Indian country. Now, with government taking note of it, they have already given the recommendation to the Ministry of Finance. The government will take its time before it is implemented. And by the time it is done, then our margins will be in line with the other construction equipment or the crane business. Then we will go full throttle against production of these machines. And we are already in readiness for this because before putting in such a kind of a recommendation, the government would like to come to our premise and they would like to see our readiness of catering the industry, whether we can cater the industry for these type of cranes or not, which they found satisfactory. And currently, the plant that we have set up has got a capacity to churn out a revenue of plus minus Rs. 350 crores at peak capacity utilization levels. Having said that, if the business goes to that level, which it will, and then, nothing stops us from going into the further capacity expansion for this segment. Also, having said that, we are already lining up a joint venture with Kato Works. Now, Kato works is a five-decade-old company when it comes to heavy lifting segment. So, with them joining hands with us, we will have access to Japanese technology, which any given day will be sold at a premium. So, a Japanese technology coming into the Indian setup of, I would say, with our cost competitiveness and the strength of Japanese technology, we are going to become a market leader in this segment and bring glory back to the country. And the margins will definitely be in line with what we have been doing. And you have seen that in our last 2-3 calls, we have been always saying that we will be expanding our margins. Going ahead also, given the challenging situation of what we have seen in H1, we have projected that there will be a minor increase in the operating margins going forward. So, not only we are looking at stabilizing our margins, we are looking to increase our margins from where we are. And this cannot be done if we leave aside a segment which will underperform. So, the margins in this segment will be definitely in line with what we do as a company, which we are looking to expand. I hope I am now able to articulate the answer in a better way...

Divyam Jain:

Right, sir. Makes much more sense. Thanks a lot. Those were my questions.

Moderator:

Thank you. The next question is from the line of Deepak Ajmera from IGE India. Please go ahead.

Deepak Ajmera:

So, as you articulated about the margin expansion, how can you just let us know how the magnitude of the expansion could look like?

Rajan Luthra:

See, going forward, given our product mix and cost efficiencies which play, the margin, we see a scope of slight margin expansion. But going forward as the volumes pick up, because now we are sitting at a production capacity which can give us a revenue of almost Rs. 5,000 crore plus. So, as the volumes pick up, the operating leverage will also kick in. And there is one anecdotal evidence also, if you see, when the technology change happened from for above 50 horsepower



from BS-III to BS-IV, we had very smartly migrated our machines in a very cost effective technology and our margin saw bump up. Now, again, in the migration to a BS-V territory, we are very confident that with our solutions and the technology that we have gone to the customers with, it poses significant challenges to the competition. And at the same time, we will be able to, upgrade our margin profile from here on as well. Yes, the quantum and the speed will be dependent upon how quickly the volumes catch up.

Deepak Ajmera:

Got it. And how the guidance for this year or upcoming year could look like?

Vyom Agarwal:

As of now, the current margin profile that we have posted in H1, I think there can be a small uptick from here.

Deepak Ajmera:

Got it. Anything on the revenue side of guidance for medium term or let us say not for this year, next year?

Vyom Agarwal:

Our medium to long term guidance remains intact, which we had projected that probably by the end of FY'27, we would be around Rs. 4,000 crores to Rs. 4,400 crores and from FY'29 to FY'30, we should be somewhere at around Rs. 6,000 crores to Rs. 6,200 crores. So, our medium to long term guidance is very much intact, because we believe that this is a very temporary transitory phase, where we have seen a shift in the emission norms and the market is somewhat slightly subdued because of the exorbitant price increases that has been pushed into the system. This will normalize. And going ahead, nothing has changed structurally except the imposition of anti-dumping duty, which is a long term structural positive for us. So, nothing has changed on the ground and whatever we have lost in the last six months, I think with the pent up demand, we will make it up very quickly.

Deepak Ajmera:

Okay, thank you.

Moderator:

Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of the question-and-answer session. I would now like to hand the conference over to the management for closing remarks.

Vyom Agarwal:

Thank you everyone for joining in. And just in case there are some questions which have been left unanswered, please feel free to write to us. The email IDs can be found on the websites. So, please write to us, we will be more than happy to address any of the unanswered questions. Thank you so much.

Moderator:

Thank you. On behalf of Action Construction Equipment Limited, Q2 FY'26, we conclude this Call.