

Action Construction Equipment Limited

Corporate & Registered Office

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



Date: May 26, 2026

To,
The Manager Listing
BSE Limited
5th Floor, P.J. Towers,
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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 Q4FY26/FY26.

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 (Q4FY26/FY26) 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
Q4 FY '26 Earnings Conference Call”

May 21, 2026



MANAGEMENT: **MR. SORAB AGARWAL – EXECUTIVE DIRECTOR –
ACTION CONSTRUCTION EQUIPMENT LIMITED
MR. RAJAN LUTHRA – CHIEF FINANCIAL OFFICER –
ACTION CONSTRUCTION EQUIPMENT LIMITED
MR. VYOM AGARWAL – PRESIDENT – ACTION
CONSTRUCTION EQUIPMENT LIMITED**

MODERATOR: **MR. DIVYAM JAIN – 360 ONE CAPITAL MARKET
PRIVATE LIMITED**



Moderator: Ladies and gentlemen, good day, and welcome to the Action Construction Equipment Q4 FY '26 Earnings Conference Call. As a reminder, all participants line up for 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Divyam Jain from 360 ONE Capital Market Private Limited. Thank you, and over to you, sir.

Divyam Jain: Good afternoon, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Mr. Sorab Agarwal, Executive Director; Mr. Rajan Luthra, the Chief Financial Officer; and Mr. Vyom Agarwal, our President.

I shall now hand over the call to the management for their opening remarks. Over to you, sir.

Sorab Agarwal: Yes. Good afternoon, everybody, and welcome to this earnings conference call for the fourth quarter and year ended March 2026. Along with me in today's earnings con call, we have our CFO, Mr. Rajan Luthra; and our President, Mr. Vyom Agarwal. I hope 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.

During the quarter, the demand conditions remained stable across the market, except the month of March, supported by conducive macroeconomic environment and a series of fiscal and monetary measures implemented through the year. Lower headline inflation for a significant part of the period also supported demand in quarter 4.

Towards the end of the period, the escalation of West Asia crisis led to a sharp rise in crude and crude linked commodity prices, supply side disruptions and continued rupee depreciation. Despite these geopolitical headwinds, we responded with agility and operational discipline to deliver our best ever revenue performance in quarter 4 last year with sustained operating margins to fortify our balance sheet.

Let me take you through some of the highlights of this fiscal. On a standalone basis, we have achieved a total income of INR3,395 crores in this fiscal, which is more or less flattish. Our EBITDA margin for the year expanded by 81 basis points to 18.33% from 17.52% last year. And profit before tax expanded by 80 basis points to 16.68% from 15.88% and PAT increased by 73 basis points to 12.53% from 11.8%.

In absolute terms, EBITDA grew by around 4% to INR622.36 crores as against INR599 crores in the preceding year. We were able to increase our PBT by 4.3% from INR543 crores in FY '25 to INR566 crores in FY '26. Similarly, our PAT also increased from INR404 crores to INR425 crores, thereby registering a growth of 5.4% in the last financial year.

The quarter began on a strong note, supported by a healthy market sentiment. However, during March, the escalation of West Asia prices led to raw material supply disruptions, inflationary



pressures, continued rupee depreciation impacting the overall cost environment. So briefly on the financial performance of the fourth quarter FY '26 on a standalone basis. The total income stood at INR1,021 crores for the quarter, which is up 15% sequentially and grew by about 5.58% on a year-on-year basis.

The EBITDA for the quarter at INR163.7 crores, the EBITDA for the quarter stood at INR163.7 crores, whereas the PBT and PAT were at INR151 crores and INR108 crores, respectively.

Our company was able to sustain expanded margin profile and EBITDA margin stood at 16%. The PBT and PAT margins stood at 14.8% and 10.65%, respectively. For the quarter, the operating margin expanded 145 basis points sequentially. However, owing to volatility caused due to geopolitical environment, the other income was subdued in the quarter.

We continue to be debt-free with sufficient availability of liquidity for the future. The Board of Directors has recommended a final dividend of 100%, that is INR2 per share for the year ended 31st March 2026. Our cranes, metal handling and construction equipment business recorded an income of over INR2,946 crores in the last year.

In this segment, FY '26 -- in this segment, FY '26 was a year of normalization for the industry following exceptionally strong FY '25, which also benefited from significant prebuying ahead of emission norm transition. Industry demand during the first half of the year was impacted by emission norm transition, geopolitical situations, extended monsoon and a slower project mobilization, leading to further moderation in demand.

Encouragingly, the industry continued -- the industry conditions improved progressively during the year and the demand momentum returned in quarter 4 FY '26, reinforcing our confidence in the medium-term outlook for the sector. For this division, we were able to maintain our expanded margin profile at 18.6% and recorded profit of INR548 crores.

The agri division registered a growth of 9% and generated a revenue of around INR251 crores with margins at 1%. Further, we are pleased to announce the finalization of a 50-50 joint venture between Action Construction Equipment Limited and KATO Works Company, Japan, bringing together ACE's strong manufacturing and distribution capabilities with KATO'S globally recognized leadership in heavy crane technology.

The JV will serve as a dedicated platform for truck cranes, crawler cranes and rough crane businesses, strengthening our presence in the heavy crane segment. This partnership positions ACE to accelerate technology upgradation, deepen localization, expand -- export opportunities and participate meaningfully in India's growing infrastructure and industrial capex cycle.

Our strategic positioning in the core sectors of infrastructure, construction, manufacturing, logistics and agri will provide necessary impetus to our growth ambitions. In the past year, we have successfully completed our capital expenditure as planned, expanding our capacities. We have also enhanced our operational capabilities through modernization and automation



initiatives aimed at strengthening our quality and capabilities while improving market competitiveness.

Our blended capacity utilization for cranes, metal handling and construction equipment stands at around 60%, which provides us with enough headroom to capitalize on any immediate demand uptick in the future. On the macroeconomic front, the Indian economy continues to demonstrate resilience despite ongoing global uncertainties.

We remain positive on the long-term outlook of the construction equipment industry supported by sustained government emphasis on infrastructure creation. Improving project execution and driving investments across urban infrastructure and industrial sectors.

At the same time, we remain mindful of the evolving geopolitical environment, which could lead to temporary supply chain disruptions and demand side hyperinflation and input cost volatility. Against this backdrop, we expect a steady start to the year and remain focused on delivering on our growth agenda.

Steel, which is our biggest input material, remains volatile and at elevated levels. We will continue to look for all levers like savings, judicious and calibrated pricing actions whilst maintaining right growth equation to protect and sustain our business model.

Our focus remains on driving volume-led competitive growth with right balance on pricing. We will continue to dynamically manage our EBITDA margins broadly in the existing range. We continue to closely monitor the inflationary environment, and our focus is to ensure sustainable of our margin profile during the course of the year.

We remain confident in the company's medium to long-term growth path. Our strategic priorities remain unchanged, that is driving operational excellence, improving cost efficiency, maintaining disciplined capital allocation and investing in capabilities that enhance competitiveness and profitability. With a strong market position, a focused strategy and continued execution discipline, we believe we are well positioned to create sustainable long-term value for our stakeholders.

With this, I would now like to open the floor for question-and-answer session. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Mudit Bhandari from IIFL Capital.

Mudit Bhandari: Regarding our truck crawlers and truck cranes, which we were there were discussions regarding implementation of LD and potential tapping of the market? What has been the status?

And secondly, if we look at the other cranes like pick and carry and other products, so how has the Chinese player in this -- is there has been any price point change or capability of Chinese players, which are restricting them to enter, let's say, pick and carry or any other cranes?



Sorab Agarwal:

See obviously, your question is two, three-pronged. First is pick and carry cranes, the Chinese are really not doing pick and carry cranes. So we do not have any competition as such in the pick and carry crane range, which is generally below 30, 35 tons capacity and is a pick and carry crane.

What the Chinese are doing good is the slew cranes or the heavy cranes, which are, I would say, 40, 50 tons and bigger. There are different types of cranes. They are 360 degrees slew and with outriggers. And wherein we had applied to DGTR with respect to the disabilities and the problems which the Indian industry is facing on price front or credit terms front, whatever these Chinese people are offering.

And obviously, the entire proceedings happened, everything happened. And last year in September, there was a DGTR order for antidumping duties. But very unfortunately, for some good bad reason, it has not been notified by the Ministry of Finance. And that is the situation as on date. And generally, it's a 90-day time bar.

So ideally within December, it should have been notified. So even we really do not know what is going to be the future fate of that antidumping order, wherein 25% to 52% duties were put on Chinese manufacturers. But unfortunately, that order has not been implemented by the Finance Ministry.

Mudit Bhandari:

Good, sir. And regarding the point that Chinese are not into pick and carry cranes, so any specific reason? Like is there any capability which they don't have or they are not able to meet our price point, which we are able to supply or any other reason?

Sorab Agarwal:

Just generally, basically, the way how you are used to working within your countries or your territories. So the Chinese from day 1, even for smaller cranes, less than, I would say, 40 tons, I would say, let's say, 10, 20, 30 tons, they have always been used to the concept of a truck-mounted slew cranes.

And that is what they continue to use even today, and that is what they have mastered over the years in the last 20, 30 years, 35 years. So they really do not manufacture any pick and carry cranes. And pick and carry cranes are very popular and the mainstay of construction and lifting and shifting activity even in the industrial areas in our country.

And so India pick and carry cranes are very popular. Similar is the case in Australia pick and carry cranes are very popular. Even in Italy pick and carry cranes are very popular. So it is country specific.

And in China, they are used to slew cranes or truck cranes, 360-degree slew cranes. So that's the main reason that they are not used to using pick and carry cranes, and that's why they don't manufacture pick and carry cranes.

Mudit Bhandari:

Understood, sir. Secondly, regarding the geopolitical conditions and other things, is there any specific parameter of types of crane where the industry tracks, let's say, fuel price efficiency to

check which product to be used or to be demanded further. So is there any such parameter or any of our customers or players use this type of thing to -- which affects their decision?

Sorab Agarwal: Not really. See the main parameter for using cranes and construction equipment is their capacity and capability. So for cranes, it is in tonnage. And for other types of machines, it is more to do with the volume of aggregate material which we are handling. So fuel consumption with respect to which crane to use or which crane not to use is really not the criteria. It totally depends on the load which need to be handled.

Mudit Bhandari: Understood, sir. Just a bookkeeping question. How much percentage of our cranes would be whoever customer is buying is financed, then how much would be approximately their own finances and not through any financial institution?

Sorab Agarwal: I think approximately about close to, I would say, 85%, 90% of the cranes as well as construction equipment is generally financed to NBFCs and banks.

Mudit Bhandari: Got it, sir. And all this would be the rental players or the EPC customers?

Sorab Agarwal: No, everybody. See the entire market, which is split between rental as well as contractors. So most of them prefer to get it financed to NBFCs or the banks.

Mudit Bhandari: And for our share of revenue, what percentage or any approx broad range would be rental customers and developer or EPC players?

Sorab Agarwal: I would say the ratio would be close to around 50%, 50%. So let's say, approximately half or maybe a little over half are bought by rental players and balance directly by end users, which are EPC players as well as the manufacturing and the logistics industry per se because they also use a lot of pick and carry cranes for their lifting, shifting requirements, the engineering industry, manufacturing industry, logistics.

Moderator: The next question is from the line of Akash Metawala from Nine Rivers Capital.

Akash Metawala: Yes. On the guided numbers. My first question is that on the segment revenue, I see a line item mentioned others, which wasn't present in the previous quarters of the year, which is roughly INR76.55 crores. Can you clarify what that segment other revenue is?

Sorab Agarwal: I think Mr. Luthra will take that question. But if I'm not wrong, that is revenue from miscellaneous exports and things which we sell out of India. So that is getting captured there because it has become significant. That's why I think we put it as a separate line item. Mr. Luthra, please?

Rajan Luthra: Yes, you are right that it is small some export to miscellaneous. So that is reported separately as by the auditors.

Akash Metawala: I see. And my second question is in the financial report, can you clarify on the line item impairment losses on financial assets, what's the breakdown there and where it's coming from?



Sorab Agarwal: See, basically, this is the -- as a prudent accounting policy, we provide for expected credit losses depending on the receivables. So as a prudent accounting policy, actually, this is not a real loss, but we have to be provided keeping in view the -- any expectation or any risk coming going forward. This is the only provisions for payments which are slightly delayed.

Moderator: The next question is from the line of Neel Shah from Purnartha Investment Adviser.

Neel Shah: Can you explain what the negative other income contains actually? I'm not able to understand why the other income is negative.

Sorab Agarwal: I think it has more to do with mark-to-market losses with respect to the investments that we have made, the extra liquidity and the cash that we have. I think Mr. Luthra will explain.

Rajan Luthra: Sir, you're right. Actually, we have investments because we have a surplus cash, which have been invested. So we -- as a prudent accounting policy, we do a mark-to-mark provisioning at the end of every month. So there is a mark-to-mark.

And as you are aware, the market was slightly on a negative side in the month of March -- in the last quarter itself, which has resulted in mark-to-mark provisional loss, not an actuarial loss, which has been partly recovered in the month of April as the market has slightly moved upward as compared to the March month.

Neel Shah: Okay. So what you mean to say is that in Q1, we can expect higher other income now that the loss has been reversed?

Rajan Luthra: It really depends how the market behaves. If the market be good, so definitely it will be recovered. But definitely, April month was slightly better as compared to March. Partially, we have recovered that losses mark-to-mark provisioning in the month of April. I'm hoping that if market remains static or slight improvement, we should expect a good number in this quarter.

Sorab Agarwal: Most probably we should be hopeful that it would get back in the range of anywhere between INR20 crores to INR35 crores, right Luthra?

Rajan Luthra: That's right sir.

Sorab Agarwal: I think it should be back on track within this quarter.

Neel Shah: Okay. And one more question. So since you have reported under other segment in the segment revenue, so can you also let me know the volume that pertains to this other segment, which means the volume that you exported, the miscellaneous export because that will really help me.

Sorab Agarwal: To the best of my knowledge, I think the volume will be very difficult to segregate because there were miscellaneous things that were exported out of the country, which we did. And so I don't think there is actually a volume number to it. It's more of a value number to it.

Neel Shah: Fine. Okay. Can you please repeat what -- did you say that there were cranes that were exported?



- Sorab Agarwal:** Some part of it was construction equipment, but I think generally, it was miscelinous items along with it. Some order that -- of that division.
- Moderator:** The next question is from the line of Rochan Charan from Global Consilient Research.
- Rochan Charan:** Sir, am I audible?
- Rajan Luthra:** Yes.
- Rochan Charan:** Sir, my question was with regards to does your existing clientele include any shipbuilding clients, sir? I am asking this question since there have been news of new clusters coming up, right? So I just wanted to understand if you see any opportunity in this segment of customers?
- Sorab Agarwal:** Yes. We supply to more or less all the shipbuilding yards, whether in Goa, whether in other parts of the country. And what I remember recently, we supplied some three special tower cranes to even garden REIT shipbuilding for big tower cranes so that -- which can be used while building the ship as well as placing material on the ship once it's ready, other aggregate material which needs to be put on. So we do work with all the shipbuilding yards and they require tower cranes, they require pick and carry cranes, they require everything.
- Rochan Charan:** So, like with this expansion currently taking place, how much of your revenue do you expect to be contributed from these clients, sir, in the coming years?
- Sorab Agarwal:** Very difficult to put a number to it, but let's say, out of the 700-odd tower cranes that we sell, so if 10, 15, 20 in a year, the bigger ones go to them. So I mean you can just put a number, maybe around close to 1% or maybe less. Something similar, I would imagine even for pick and carry cranes.
- Our market is very, very diversified. Wherever in the country, there is any lifting, shifting material movement required, whether it is infrastructure, whether it is construction, whether it is an industrial unit, engineering unit or, let's say, a shipbuilding unit, which I would call as an engineering unit, a big engineering unit.
- So wherever there is any lifting shifting requirement of loads, their cranes are required of different types. So -- and practically, we work with more or less everybody in the country who has a lifting shifting requirement.
- Moderator:** The next question is from the line of Aditya, Old Bridge Mutual Fund.
- Aditya:** Sir, my first question is on tower cranes. So you said we did 700 units this year. What would be the -- what expectations should we keep for FY '27 in terms of volume for tower cranes, given the construction activity we have?
- Sorab Agarwal:** I think the tower cranes we did in the current year was slightly lower than 700. I think close to 680, 690, something like that. And I think obviously, the real estate market has been good in the



recent past, and that is a trend that we are seeing. With respect to tower cranes, our order books are all full.

Yes, it slows down a little in the monsoon season, but that happens every year. But it has not happened so far. It starts to happen only by middle end of June. So hopefully, we should be looking at growth again in the tower crane segment. To put some number to it, would be very difficult at this juncture because we have a capacity right now to do close to about 950, 1,000 cranes. And we would definitely love that we are able to utilize it going forward.

Overall, the sentiment, the economic scenario, how it is going to pan out owing to the geopolitical uncertainty, which is hanging around and the imbalance in trade deficit, rupee depreciation, I do not know how the scenario pans out going forward, how positive it remains or how neutral or on the other side it goes. So -- but we are reasonably confident that we should be doing more numbers than what we did last year.

I can just give you, let's say, what's happening. See, we are nearly in the end of May, I would say. So nearly 1.5, 2 months have gone. So I mean, the tower crane demand as of now is there full throttle, what I see.

And even looking at our other products. So we are looking at reasonable growth within quarter 1 itself, but that is quarter 1. And things have started improving end of quarter 3 last year. So going forward, how the economic scenario pans out, how is the sentiment because at the end of the day, all the machines that we make are capital goods. So we are first hit last out, to be very frank with you. Traditionally, that is what I have seen. So as of now, things are looking good.

But what happens in Q2, Q3, I think middle end of Q2 is a precise time we should be able to guide even on an annual guidance. And that's why we've also refrained from giving an annual guidance so far. We are looking at a good quarter that I can tell you. Yes, there will be increase because of inflation with respect to our selling prices that will add to revenue that will happen.

We will have some additional revenue coming in from defense because we have about INR575 crores order book pending in defense. That will happen. Some exports will also increase. But to put a number to it at this juncture would not be prudent. So that's why we would like to wait middle end of quarter 2 to put a number to it.

Aditya:

So yes, that's what my next question was reading pertaining to about defense. So you have INR575 crores of orders execution left, right? But there, I think we have more visibility about the order execution in terms of the deliveries. So what kind of expectation should we have from that part?

Sorab Agarwal:

See, last year, there was a contribution of close to around 3% from the port defense business in our overall revenue share. And this year, we feel that it will go up to anything between 5%, 6%, maybe slightly more, but yes, 5%, 6%. So that should be upwards of INR200 crores, INR200 crores, INR220 crores, whatever it is within this year. If we get a chance to execute more than that, we will definitely try to do it.



- Aditya:** All right. All right. And any kind of price increase or price hikes expected in the upcoming quarters because of the cost inflation that we are seeing?
- Sorab Agarwal:** 101%. We've already increased our prices. I'll talk of the calendar year in January, we took a 1%, 1.5% general inflation price increase. And only on 1st of May, we've again increased our prices by close to about 4%, maybe a little more.
- And from 1st of June onwards, we are again pushing in a price increase of another 5%. This will bring the total to 9% to 10%. But I think looking at the overall cost increase, it could be anywhere between the range of 11% to 14% -- and 11% to 14%.
- We do not know where it will settle in the next 1 or 2 months, 3 months because steel being the biggest contributor has increased by 20%, 22% from 1st Jan onwards. And that is about 65% approximately of our cost. So let's say, 20% of 65% means 12%. So we will have to go to at least 12% price increase eventually. It could be slightly more than that.
- Moderator:** The next question is from the line of Vedanta Bhadani from Canara Bank.
- Vedanta Bhadani:** Am I audible? Actually, I'm having two questions. The first question is regarding the noncurrent investment which we are doing. So like outflow of INR831 crores of cash. So just -- can you just throw some light on it? So why we are doing so much investments on it. I've already seen that investments in some unlisted shares and debentures. So can you throw some light on it?
- Sorab Agarwal:** Basically, the extra surplus money which we are able to generate. So we are putting it to use by investing it with respect to obviously not keeping it redundant. And I think Mr. Luthra will be able to share more light on it. Luthra?
- Rajan Luthra:** So basically, noncurrent -- the audit -- the definition of noncurrent starts, anything maturing after one year is considered as a noncurrent. So we -- as rightly said, we have been investing in surplus in the -- some bonds, etc., which the maturity lies after one year, but most of my investment will be having a tenure of between 1 to 2 -- 2 to 3 years only.
- So that has been classified as noncurrent only. But these are basically also classified as noncurrent. But because most of them are secured and listed and bonds, etc., the reality it can be sold in the market and can be converted into cash in a very short notice if required for any other use by the company.
- Sorab Agarwal:** And what would be the amount in this noncurrent invest approximately the...
- Rajan Luthra:** Noncurrent will be somewhere about -- so basically, noncurrent is the accounting definition of noncurrent. Actually, it may not be noncurrent in practical real sense, but...
- Sorab Agarwal:** I have understood that they are liquid and they can be traded in the market or sold in the market, but just to get an idea because I am sure that would be the next question.
- Rajan Luthra:** About INR700 crores of INR750 crores.



Vedanta Bhadani: And the next question is regarding -- and my next question is regarding the antidumping duty. So right now, all our competitors, so earlier it was said that they are importing the high tonnage crane kits to India and then they are selling it. But now slowly and steadily, they are moving towards full-fledged manufacturing facility.

So with all these things happening, so after this, how will this antidumping duty help us? Because now if they are going to manufacture cranes -- high tonnage cranes in India only, then how will this -- if applicable, then how will this help us?

Sorab Agarwal: See unfortunately, antidumping duties have not been implemented. I think they should have been impacted within December. So I really do not know the fate. As of now, it seems that because there is a 90-day bar, so I think it has become time bar. But there are government regulations and rules and in the past, it has been done after that also. So I really do not know whether they will be put in place or not.

But yes, one or two of the manufacturers out of the three main manufacturers or importers into India, Chinese company, they have started to -- because of the fear of antidumping duties coming in, they have started to at least assemble these machines in India, some of the models and also trying to design some of the components, which is definitely leading to a cost increase for them, which I understand very clearly because luckily, I had a discussion with one of them three, four months back.

So their costs are going to go upside by 8% to 10%, which will make us more competitive but the costs are going up because of trying to do local manufacturing because earlier what they were doing, it was practically dumping of complete machines from China and at subsidized prices, whether being done by the company itself or eventually being subsidized by the government, which is a mystery to everybody who works with China. And -- but yes, this is -- this will work in our favor eventually because their costs are going up by 8% to 10%. That is what I understand.

Moderator: The next question is from the line of Nidhi Shah from ICICI Securities.

Nidhi Shah: So, my question is that with the price increases that we have implemented and are going to implement, do you believe that there is enough appetite in the market in the cranes segment that we could see at least a 10% growth in crane volumes in FY '27 or is that something that seems out of reach?

Sorab Agarwal: To be very frank with you, I would not like to put a number to it at this juncture. And as I mentioned, quarter 1 has been strong. Yes, even because the base in the quarter 1 last year was a little less. So because of the low base effect, we will be doing reasonably good, okay in quarter 1. Maybe we can even look at a growth of 15%, 20% or maybe slightly more, I don't know, within quarter 1.

But going forward, how it pans out, that is difficult to answer at this juncture. But in saying this, I would just like to say that last year when the new emission norms, BS5, CEV5 kicked in, there



are two types of cranes mainly. One is the hydra type, which is the old generation and the new generation crane.

So the old generation crane is primarily bought by retail hirers used in a lot of industrial areas. And they were very skeptical because that -- those type of cranes are moving from Tier 3 straight to Tier 5 standard. For the first time, they were becoming electronic. So they were scared of the technology, how they will be able to take care of it.

And also the price increase there was the maximum between 12% to 15%. So that part of the market, let's say, around 60% of the cranes, which are old generation cranes, that part of the market shrank in the last year because of skepticism or fear or whatever you say, which had come back on track in January, February.

So if that remains going forward, then we should definitely we can look at increase in crane numbers. But this -- looking at the current overall the scenario and let's say, how the economy is going to pan out in the future. It is difficult to put a number to it. But yes, as a company, I think we should be able to grow because of the inflation giving us a 5%, 7%, 8% leverage in our revenue, additional 2%, 3% defense business giving us some leverage and certain other levers.

So we are definitely looking at growth in this year. But to put a number to it, either in form of numbers or, let's say, in the form of turnover or percentage, we would like to do that only in the second half of quarter...

Nidhi Shah:

My second question is on margins. So margins for the last 3 quarters has roughly been EBITDA margin ex other income has largely been in the 16% region for the last 3 quarters. Given the price increase that you have taken conversely with the increase in the material cost, do we believe that these margins will largely sustain or can we see like a 50, 60 bps reduction in the margin?

Sorab Agarwal:

See, we are hopeful that we should be able to sustain our margin profile, EBITDA without other income in the range of around 15% to 16%. That is our primary target and aim looking at what has happened in the last two, three months. With respect to commodity pricing and inflation.

And we will keep a very keen eye on this with respect to our costs wherever they're going up. Accordingly, we will take calibrated price actions wherever required to compensate for that. We are hopeful that we should be able to maintain our margins.

Nidhi Shah:

Lastly, on the price increase, is the rest of the competitors within this segment also taking this proactive approach to pricing where they are updating prices regularly. My question mainly aims to get at, is there a significant price now after all of these price hikes, is there a significant price difference between you and the competitors or is largely the entire market in the crane segment running at similar prices?

Sorab Agarwal:

See, the prices have been rising. That's what I've been given to believe from our sales department that our competition has also increased their prices, in the recent past. And because the cost -- the input cost, whether it is steel, rubber, plastic, copper, oils, paints or any other type of



commodity that comes to your mind that goes into automotive type of product or engineering product, it has increased across the board for everybody.

So our competition at segment level, I think they are at 8%, 9% margin, whereas we are close to 18%, 19% margin. So I see no reason that if the input cost goes up by 12%, 13%, 14% and if their company margin is at 8%, 9%, that why they will not increase the cost, unless they want to go into a 5%, 6% minus type of scenario.

So far, they have increased their costs. That is what is our knowledge. And going forward, whether they increase or not is their prerogative, but we will definitely be increasing another 5% from 1st of June. And maybe we will have to follow it up by another 3%, 4% sometime later in quarter 2.

Moderator: The next question is from the line of Richa from Equitymaster.

Richa: My question was related to this JV with KATO. Could you highlight like what kind of opportunity can we see in two to three years, what kind of revenue and margins are we targeting with this?

Sorab Agarwal: There are -- I would like to put it in two scenarios. Currently, when -- with the antidumping duties have not been implemented. So in the current scenario, I think in the next three to four years, we should be looking at a revenue of upwards of INR300 crores from this joint venture. It could be slightly more, it could be slightly less. But yes, it's antidumping duties and even in yesterday's newspaper, the main headlines in economic times was we should immediately curb nonessential imports.

So these machines are nonessential imports because if these machines can be made in India, why should India be importing them. So if the government wakes up and the Finance Ministry puts antidumping duties. In that scenario, we could have looked at even upwards of INR700 crores, INR800 crores. But yes, currently, I would say it is close to INR300 crores.

Richa: And sir, currently, what would be the pricing difference between when it gets made in India versus in the import?

Sorab Agarwal: Pricing difference with respect to the cost of the Chinese is slightly difficult to put it. But yes, it cannot be cheaper than what we are doing in India. But if you talk of, let's say, the gross margin or the selling prices, so what I can say is that the pricing at which the Chinese are selling needs to be at least higher by 25%, 30% for them to make any money because they have an additional barrier of 7.5% current custom duty. Then there is also the freight cost coming in from China.

And now even our currency has depreciated by more than 10%. So even in all this scenario, they continue -- I think they are under selling by at least 25% to 30%, if not more -- and on top of that, they also offer a one year, two year credit period, which is again a 7%, 8% benefit per year for the customer.



Richa: Sir, my next question is related to capex. Given everything that is happening on the macroeconomic front, although Q1 is doing well, but you're also withholding guidance. So I mean, what's the capex plan? What are the investment plans? And has there been any kind of change as compared to what it was last year?

Sorab Agarwal: So in the current year, I think we will be spending close to around approximately INR130 crores, INR135 crores to complete the land parcel, which we have already contracted for about 1, 1.5 years back. So that will happen for our land for future expansion.

Apart from that, we are setting up a new plant within our existing complex, especially for the defense machines, defense equipment and also for some new products, which we envisage that we should bring in, in the next 1 or 2 years. So that will be around INR40 crores to INR50 crores. So let's say -- and some maintenance capex, INR20 crores, INR25 crores put to it. So I think including land, our capex for this year should all be put together should be close to INR200 crores.

And we also intend to make a new tower crane factory where we envisage a capex of upwards of INR400 crores. So currently, we have capacity. So we will just wait and watch and wait for the momentum. And as soon as we see things, so maybe within this year, we'll start working on that. But that is again need based.

Richa: Right. And sir, how much time does it take, let's say, we plan today to set up this factory for tower cranes?

Sorab Agarwal: For the tower crane factory, we will require at least, I would say, 12 to 18 months, more towards 18 months because it is going to be highly autonomous and...

Moderator: The next question is from the line of Akash Metawala from Nine Rivers Capital.

Akash Metawala: Is there any clarification on the defense NOC that was mentioned earlier and hasn't been required from them?

Sorab Agarwal: Yes, we have got the required approvals from there. And if everything goes well regarding that big order of rough terrain forklifts, actually a telehandler. So we should be starting execution in the next quarter.

Akash Metawala: Lovely. And my second question is last quarter, you all had mentioned that you all have figured out something with respect to the JCB backhoe segment, when we should expect something in the future. So have we tracked that or is there any clarification there?

Sorab Agarwal: Yes, it is work in progress. We have tested some success. I think the proof of concept with respect to that should be there with us in June or July. And hopefully, that will help us aid us in increasing our numbers reasonably within this year itself. And then going forward, it should be much better. So I think we are on track with that, yes.

Moderator: The next question is from the line of Ganesh Gupat from SS Family Office.



Ganesh Gupat: My question would be on the guidance provided by you in Q2 FY '26 for FY '29 or FY '30 of approximately around INR6,000 crores to INR6,200 crores. However, given the relatively muted industry environment currently, how do you expect us to the road map evolved originally versus any updates you would like to make now? And specifically, which business segment would now expect to drive bulk of the incremental revenue?

Sorab Agarwal: Yes. INR6,000 crores to INR6,200 crores by FY '29 and worst case by FY '30, if I'm not wrong, that should have been our guidance. And obviously, to do that, we need to add at least about INR800 - 1000 crores in revenue over the next 3 years or maybe at the rate of INR700 crores, INR800 crores for the next 4 years.

Yes, this year, really putting a number to the guidance will be difficult at the current juncture, but hopefully, we should be able to do it in quarter 2. I think looking at a slightly medium to long term, we should be on track to attaining this INR6,000 crores plus in FY '29 or latest by FY '30 because there are certain other things on the annual, which will also aid us in achieving this.

Apart from, yes, in the last year, there was actually a drop in numbers of cranes and construction equipment. So they will also come back. And in any case, the product mix and the price mix with respect to higher models has increased. Some inflation will also aid us and our increasing defense and export business because last year, combined, we did close to 9% for the first time, and our target is 10% to 15%, more towards 15%, export and defense put together.

So within this year itself, hopefully, we should be doing close to about 5% to 6% revenue contribution from defense and about 6%, 7% from export. So that will take us anywhere between 11% to 13% plus with respect to our -- within the Cranes and Construction Equipment segment, even looking at our construction equipment part, we expect a decent growth within this year with all the endeavors and the things that have happened, coupled with exports, coupled with defense, coupled with some other initiatives which we have already started. So I believe we are on track. Maybe a year here and there is maximum what we are looking at.

Ganesh Gupat: And sir, a follow-up on this. How does the potential for operating leverage look like on this guidance?

Sorab Agarwal: See, I'll be very frank and upfront, and I think I did answer a similar question in the last or the call before that. We are at 15%, 16% EBITDA level, excluding other income and about 17%, 18%, including other income. So I believe that these are very healthy margins and trying to expand our margins anything beyond this would be detrimental to our market shares eventually. So I think we are reasonably satisfied at these margin percentages. And anything beyond this, we'll try to be more competitive.

Moderator: The next question is from the line of Jenil Barad from Prudent Corporate Advisory.

Jenil Barad: So my question was regarding other expenses. Although in this year, our volumes have gone down by 18% to 20% something, but our other expense has been flattish or has declined by close to 2%, 3%. So can you throw some light on why it has not decreased materially?



- Sorab Agarwal:** Other expenses. Luthra sir, if you can take that question.
- Rajan Luthra:** Yes, yes. Basically, if you look at the other expenses, most of the other expenses are not variable. They are out of fixed nature. So that has got no core direct relation with the revenue. That is the main reason for it.
- Jenil Barad:** Okay. My second question was regarding our realization per unit has decreased drastically in Q4 compared to what it was in 9 months. So how has the product mix changed? And how do you -- and how the demand is expected for each of the segment cranes, construction equipment and material handling for next year and how it has been in FY '26?
- Sorab Agarwal:** See the question is demand in FY '26 and next year and price realization per machine. See, what is happening is definitely within the -- especially within the crane segment, the market is moving more towards higher tonnages machines, whether it is the hydra type of cranes or new generation type of cranes. So that is the reason that realization per piece you see there is an increase there.
- Apart from obviously, cost increase also happening because of the emission transition, which we did last year. That also contributed, I think, 5%, 7% to increase in cost per unit on an average blended basis. FY '26, the demand was very tepid because of the emission norm change, especially quarter 1, quarter 2. Second half of quarter 3, things started to improve and quarter 4 was good.
- As a matter of fact, within quarter 4, we could have done at least INR40 crores, INR50 crores more revenue. But unfortunately, because of the war, which started in the Middle East. So some of our export shipments, which are still stuck with us and have not moved because they were meant for Middle East.
- And obviously, there was some moderation with respect to deliveries happening within the country in March, some people become tactical. So that's what happened. Going forward, within this year, we feel that we should definitely be looking at a handsome growth with respect to especially backhoe loaders and construction equipment.
- Material handling, that is mainly forklifts and similar machines, again, we should be looking at a reasonable growth in numbers. And in cranes, because the hydra type of cranes, which had lost traction last year because of -- people were skeptical because of the major technical change owing to the electronic engine. So that has also come back in the last 2, 3 months.
- So hopefully, I think we should again see an increase in number of Hydra cranes within the crane segment, apart from increase in our market share in new generation cranes on account of special features, safety features, world-class advanced features, I would rather say. which are IoT enabled and AI-enabled, which we have started giving in our cranes along with our ACE live app.



So all of this put together, I think we should be looking at increase in numbers within the crane segment also. But like I mentioned earlier in the call, the yearly guidance, we would like to give only sometime middle of quarter 2.

- Moderator:** The next question is from the line of Tushar Raghatate from Omega Portfolio Advisor.
- Tushar Raghatate:** I just wanted to know the guidance which you gave like INR6,000 crores to INR7,000 crores for FY '29 or FY '30, that account that JV revenue in that?
- Sorab Agarwal:** Yes. Obviously, that will also contribute it.
- Tushar Raghatate:** So in case it's above INR300, that would be a bonus, right?
- Sorab Agarwal:** Yes, that will be a bonus. And there is a possibility it can be above INR300, yes.
- Tushar Raghatate:** Okay. Fair enough. Sir, I could see that our realization per average company realization per vehicle has reached to INR25 lakhs to INR28 lakhs and the gross profit about 8 lakhs to INR9 lakhs Post this high, big size crane coming in and you mentioned that the average ticket size is in crores. Do you see that the gross profit margin will increase going forward post the antidumping thing getting clear?
- Sorab Agarwal:** If the antidumping thing gets cleared, then definitely the margins will be better because currently, there are practically nil margins on which we are. But even if the antidumping does not distinct, I think going forward, the margins, we would try that somewhere they are in line with our company's current margin profile and especially to the machines which are going to get exported out of India. So there, the margin profile will be much better.
- Tushar Raghatate:** Fair enough, sir. And sir, you mentioned that we'll be doing about INR200 crores this year and INR400 crores for the tower crane in the capex are about INR600 crores, considering the ROCE of 30%, 40% of the company. Do you see that we'll be getting the same in the capex which you are doing?
- Sorab Agarwal:** Yes, the INR200 crores is more or less certain that we will do in this year. The INR400 crores, I really do not know whether it will happen in this year or next year because even if it starts to happen in this year, maybe INR1,50 crores will go in this year, then the balance will go in the next year.
- Tushar Raghatate:** Sir, my question is for the FY '28, '29 perspective. Do you see that you will be maintaining the ROCE, which you have -- which you are currently working with?
- Sorab Agarwal:** Yes, yes, definitely. That is one of also the main reasons why we will be doing it. So that is why we are trying to time it so that we don't invest money before the actual demand arises. So we will be timing it to perfection. And in any case, our investment to turnover ratio is close to about 8 to 10x. You can very well calculate that if we invest INR400 crores, so we are looking at, at least 8x revenue from there or at least the capacity. So that we will totally take care of ROCE and ROE before doing any capital expenditure.



- Tushar Raghatate:** At least it won't dilute, right? That's my question.
- Sorab Agarwal:** If you see that in the last 2 years, our ROCE from about 40% has gone down to the 32%. This is on account that obviously the money is like idle with us and has been invested. And that is why we are trying to put it to productive use so that this ROCE can increase again. And it is not our endeavor, our intention to -- so that the ROCE goes below 30%, 33%.
- Tushar Raghatate:** Fair enough, sir. And sir, on the defense side, any missile program? Are you working with some high-value product on defense? Any color on that would be helpful?
- Sorab Agarwal:** We have got a couple of orders for -- this is called QRSAM, quick response surface to air missile. And we are currently working on building protos for two different integration companies for the same program who have been allotted to work on that. So which is going to have huge requirements in the next 2, 3 years.
- Vyom Agarwal:** And Tushar here, I would just like to add that we are not into the firing systems...
- Moderator:** I'm sorry to interrupt, Mr. Tushar sir. Could you please join the queue for the more question?
- Sorab Agarwal:** No, finish this one.
- Vyom Agarwal:** Yes, yes. So I just wanted to clarify to that question that we are not into firing systems. We are only into the material handling requirement of the armed forces for the loading and the unloading of the ammunitions. So we are nowhere involved in the firing mechanisms.
- Moderator:** The next question is from the line of Puneet from Zaveri & Company.
- Puneet:** I think you've answered a little bit on the joint venture with KATO, but is this a completely new product, heavy cranes platform? Is this something that you were not present before and you will be launching these new products, as you mentioned, some at least INR250 crores to INR300 crores of revenue that you're targeting? And what's the competition like that currently in India for the heavy crane segment?
- Sorab Agarwal:** We are currently into truck cranes as well as product of limited tonnages. With KATO, we will be also making higher tonnages. And the existing machines are going to be upgraded with the Japanese technology to make them world class. So that's why they'll also get sold in India as well as exported.
- And there would be bigger train models that will be developed and evolved within the joint venture. And thirdly, there would be some specific export models, which will be made in India, which KATO will be distributing globally.
- So that is where the main profitability will lie going ahead, 2, 3 years down the line. Once we start doing the models, which are meant only for export market, which are 100% identical to KATO Japan production. That is also one of the main aim there.



And the competition currently remains the same 3, 4 Chinese companies, which in the last 10, 15 years have set a very strong foothold within the Indian market because of the advantages and price leverage they were able to offer to customers apart from extended credit terms of 1 to 2 years, even 3 years in some cases.

So that is our competition. But yes, with the rupee depreciating with their own structures and costs within the country and subsidies reducing and obviously, with a premium attached to the KATO name and our pricing power because the customers are willing to pay a 15%, 20% premium to a Japanese product. So going forward, I think we should be able to handle competition.

Puneet:

And sir, just in terms of -- since you will be exporting a lot of this product, as you mentioned as well, in the global markets, is it that the competition is more better in terms of pricing? Is it that the Chinese can impact that also? Or is it more better market performance, which is not competitive on price and price reduction in that sense?

Sorab Agarwal:

It's a huge market globally, much, much bigger than India market. And the pricing of the Chinese in different countries where they are competing primarily with the European and Japanese or American manufacturers directly is more or less 50% to 150% higher than Indian prices.

So I think it will be a very fair competition when KATO makes these cranes in India with us and takes them there. So they should be able to sell at similar or higher prices than Chinese with a decent profitability, all those calculations and everything we have done.

And another aspect of this JV, which I would like to bring forth is that as one of the side agreements, ACE will also be exporting a lot of material components and whatever required by KATO Japan because they don't only make cranes, they also make some other construction equipment like excavators, etc.

So they would like to outsource these components and things and materials and commodities from India, wherein ACE directly or exclusively would be exporting this to KATO, Japan. So that will also add to -- that will be an additional revenue stream going forward.

Puneet:

Got it, sir. And just in terms of -- you gave some color that the guidance, of course, will be coming in, in quarter 2 and post that, so point well taken. But just in terms of volumes, the cranes construction equipment and material handling, last year was around 13,300, this year at 10800.

So even because this fall, the revenue has only fallen by 1%, and you spoke about the hike. So any time the volume growth comes in, even if it's in the high single digit, can we expect revenue growth to be much, much higher than what the anticipation is?

Sorab Agarwal:

I'm sure you can make the calculation. Yes, possible. That's a possibility. But we are not banking on it because these are turbulent times. So our first focus is on sustaining profitability. And wherever possible in this scenario, again, trying to increase our market share. And plus, yes, if



the market actually grows, which it should because last year, the base was less. So that will further add to the momentum.

Moderator: The next question is from the line of Rajat G from Fortune.

Rajat G: So we are basically market leaders having 60%-odd market share in mobile and tower cranes. Would we be able to increase it by 5%, 10% this FY considering the chaos that's offering?

Sorab Agarwal: See the question that you just asked is a discussion we have been having internally. Yes, in the current scenario of hyperinflation we'll have to increase our pricing and all. I really do not know how easy it would be to increase market share. It is going to be very difficult rather because first of all, we have to hang on to the customers and make sure that we are able to -- we get orders at a better pricing to compensate for the inflation effect.

But in saying this, yes, because of a lot of good things and features we have added in our cranes in the last six, eight months, there should be some impact, and we should be able to increase our market share to some extent. But in the current scenario, very difficult to put a number to it again.

Rajat G: So sir, I was expecting that the smaller players must be struggling way more than us. So that's why I was asking this?

Sorab Agarwal: Yes, all other players are smaller than us. Even our closest competitor is smaller than us, but obviously, it's a much bigger company with good numbers. So everybody is struggling in this scenario. Nobody knows what is happening.

Nobody actually knows what is the actual inflation put together pricing that needs to be taken because inflation is happening on the go, and there is generally a 2-, 3-month lag because some inventories are in process, some orders are in process. Our supplier orders are in process.

So when exactly how much amount is going to hit. But yes, the ballpark figure, like I mentioned earlier, is 11% to 14% is a minimum increase that we will have to take to compensate for the inflation. Now whether it is 12% eventually or 13%. And I'm sure others are finding it difficult, more difficult, I'm sure.

Rajat G: Yes, sir, chaos is a ladder, we will come out stronger?

Sorab Agarwal: We have climbed a lot of ladders in the past. We will also climb this one, I'm sure...

Moderator: The next question is from the line of Ganesh Gupat from SS Family Office.

Ganesh Gupat: Is it really safe to say from the past turbulent fiscal that the worst is really behind us?

Sorab Agarwal: I don't think so. Because last year, yes, turbulence was because of emission norms, because of India, Pakistan geopolitical operations Sindoer, American tariffs extended monsoon. But right



now, this year, we have entered with one of the most turbulent things for our country, which is crude oil price.

Now there are different opinions which I also get from some people. Somebody says 60 billion, 70 billion increase in oil bill will not affect the 3 trillion, 4 trillion economy to that extent. It is being over hyped.

Finally, the rupee depreciating is eventually going to help us being more competitive in the export market. But all said and done, there is a war happening and a lot of crude oil going to different countries coming to India alone is also including LPG is blocked.

So these are turbulent times and really can't say how more turbulent it will get. So I mean it's anybody's guess. So I will have to become an astrologist to be very frank with you. But yes, we see some silver lining within this -- with respect to our endeavors of the past, whether it is the defense portfolio we are able to create or some part of the export portfolio we have been able to create.

And luckily, the base last year got reduced primarily because of the introduction of these CEV 5 new emission norm machines and some customers -- some segment of the customers were skeptical. We definitely expect to do slightly better, much better in backhoe loader segment. Tower cranes are holding up, the numbers will increase. So it's anybody's guess. I mean if there was a certain way to make it happen, we will try all that is possible to do it.

Moderator: Ladies and gentlemen, we take this as a last question. I now hand the conference over to the management for the closing comments.

Sorab Agarwal: Yes. Like conveyed, we are in turbulent times and a lot of turbulence has happened post this West Asia conflict. Inflation is increasing. Our rupee is depreciating. Business sentiment is getting affected, maybe some consumer sentiment will get affected. But I'm sure as a company, we find ways and means.

And our first priority going ahead is to maintain and sustain our margins and then see how our numbers and our market share can increase further. And in saying all this, I can assure you that all our medium- to long-term building blocks with respect to growth, innovation, automation, improvement, strategy, whatever can be thought of is in place and all of us within our company are working hard on it.

So I'm hopeful we'll come out better out of this crisis, which our country is facing and the whole world is facing. But our country is facing a little more because we import more than 80% of our crude. But I'm sure things will be good going forward. Thank you.

Sorab Agarwal: Thank you, everyone.

Vyom Agarwal: Thank you.



Action Construction Equipment Limited
May 21, 2026

Divyam Jain:

Thank you. On behalf of 360 ONE Capital Market Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.