Action Construction Equipment Limited

Corporate & Registered Office
Dudhola Link Road, Dudhola, Distt. Palwal-121102, Haryana, India

Date: November 17, 2026

To,
The Manager Listing
BSE Limited
5th Floor, P.J. Towers,
Dalal Street,
Mumbai-400001
Scrip Code: 532762

The Manager Listing
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai-400051
CM Quote: ACE

Subject: Earnings Call Transcript Q2FY27.

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 (Q2FY27) of the Company.

Kindly take the above in your record.

Thanking You.

Yours faithfully,
For Action Construction Equipment Limited

ANIL KUMAR

Anil Kumar
Company Secretary & Compliance Officer



“Action Construction Equipment Limited

Q2 H1 FY27 Earnings Conference Call”

November 13, 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. RAVI SWAMINATHAN – AVENDUS SPARK INSTITUTIONAL EQUITIES PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Action Construction Equipment Limited Q2 H1 FY27 Earnings Conference Call, hosted by Avendus Spark Institutional Equities Private Limited. 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Ravi Swaminathan from Avendus Spark Institutional Equities Private Limited. Thank you, and over to you, sir.

Ravi Swaminathan: Good afternoon, everyone. On behalf of Avendus Spark, we are pleased to invite you to the Q2 FY27 earnings conference call of Action Construction Equipment Limited. I would like to welcome the management and thank them for the opportunity. We have with us today Mr. Sorab Agarwal, Executive Director; Mr. Rajan Luthra, the CFO; and Mr. Vyom Agarwal, the President from Action Construction Equipment Management.

I shall now hand over the conference to Mr. Sorab Agarwal. Thank you, and over to you, sir.

Sorab Agarwal: Yeah. Good evening, everybody. Welcome, everyone, to this earnings conference call for discussing the results for the quarter and half year ended 30th September 2026. Along with me on today's earnings conference call, we have our CFO, Mr. Rajan Luthra; and our President, Mr. Vyom Agarwal. 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.

The financial year commenced on a relatively encouraging note for us, with the first half of FY27 broadly unfolding in line with our expectations. At ACE, we have continued to leverage our core strengths, operational capabilities, and market presence to navigate an evolving business environment while maintaining our focus on sustainable and profitable growth.

During the quarter, the global macroeconomic environment remained challenging, shaped by geopolitical uncertainties and persistent inflationary pressures across key commodities, resulting in elevated raw material costs. Despite these external headwinds, the underlying fundamentals of the Indian economy remain strong.

India's structural growth story, supported by sustained infrastructure development, urbanization, and increasing mechanization, continue to augur well for us. Capital expenditure across both public infrastructure programs and private sector projects remains a key driver of demand, providing a strong foundation for sustained growth in cranes, construction equipment, and material handling segment.

I am pleased to report that despite the challenging environment, we successfully registered our best-ever Q2 performance and expanded our EBITDA margins in the quarter gone by. We achieved this through highly disciplined commercial execution and focusing on our strengths.

To brief you on the consolidated financial performance for the second quarter of FY27, the total revenue grew by 20.5% on a year-on-year basis to INR932 crores, with a normalized EBITDA

margin of 19.31%. The EBITDA during the quarter expanded by 143 basis points and increased to INR180 crores in comparison to INR138.3 crores on a yearly basis, which is a growth of 30.2%.

The profit before exceptional item and tax expanded by 191 basis points to INR167 crores as compared to INR123.7 crores, which is a growth of 35%. The normalized PBT margins stood at 17.9%. During the quarter, we have recognized an exceptional gain of INR50 crores from slump sale to ACE KATO Private Limited, which led to PAT expansion by 597 basis points to 17.62% at INR164.3 crores.

On a sequential basis, the total income increased by 10.9%, and the company was able to sustain its expanded margin profile despite the challenging environment in H1 FY27. The contribution of cranes, material handling, and construction equipment segment stood at 89% of our total revenue, and we reiterated our market-dominant position by registering revenue of INR788 crores in this segment, which grew by 13.54% as compared to quarter two of FY26.

In the quarter gone by, we have strengthened our market share in the new generation pick-and-carry segment, and the company recorded sales of 2,812 units of cranes, material handling, and construction equipment in the quarter, which is a growth of 20% year-on-year basis. The margins expanded by 50 basis points to 18.65% and grew by 16.64% to INR147 crores. The revenue contribution of agri segment stood around 6%, and we registered a revenue of INR47.49 crores.

Further, for first half of FY27, we have been able to register a total income of INR1,772 crores, which grew by 20% year-on-year. On a half-yearly basis, normalized EBITDA margin expanded by 77 basis points to 19.89% and stood at INR352.5 crores, which is a growth of 25% year-on-year. The profit before exceptional item and tax grew by 29.4% and stood at INR325.3 crores as compared to INR251.4 crores in H1 last year.

Despite headwinds in the sector, we were able to expand the normalized PBT margins by 133 basis points for first half of FY27. We have remained proactive in addressing inflationary pressures through disciplined and timely pricing actions. During the period, we implemented calibrated price increases across our equipment portfolio to partially offset the impact of rising raw material and commodity costs.

Our approach has been to strike the right balance between protecting margins and maintaining our competitive positioning and volume momentum in the market. Our resilience is underpinned by the diversity and strength of our product portfolio. During the period, we continued to see traction across our core businesses, including pick-and-carry cranes, tower cranes, backhoe loaders, and forklifts.

We remain focused on strengthening our product mix through the introduction of higher capacity, technologically advanced, and application-specific equipment. This strategy enables us to address a wider range of customer requirements, improve our competitive positioning, and progressively enhance the value contribution of our product portfolio.

Our emphasis remains on improving product quality, optimizing the cost base, and enhancing manufacturing competitiveness while ensuring performance and meeting customer expectations.

Our strategic joint venture with KATO Works Limited commenced operations in the previous quarter, marking a significant milestone in ACE's long-term growth journey.

This partnership represents an important step towards strengthening our presence in the higher value-added heavy crane segment while complementing our established leadership in the pick-and-carry and the tower crane segments. Our defense business continues to make steady progress with deliveries of rough terrain cranes, telehandlers, and heavy recovery cranes having commenced during the last quarter, further strengthening our presence in this segment.

We have also secured a large order for backhoe loaders from the Border Roads Organisation, scheduled for delivery within the current financial year. We remain focused on strengthening our defense portfolio through the development of specialized application-specific products and expanding our participation in this strategically important segment while contributing to the country's growing emphasis on indigenous defense manufacturing and self-reliance. Looking ahead, we are continuing to invest in strengthening our manufacturing capabilities and preparing the organization for the next phase of growth.

Our capital expenditure initiatives are focused on capacity expansion, removal of manufacturing bottlenecks, and automation. These investments are aimed at improving productivity, enhancing operational efficiency, and ensuring that we have the manufacturing capacity and capabilities to support our growth ambitions. Our country continues to offer attractive growth opportunities supported by resilient domestic demand, policy continuity, and sustained investments in infrastructure and manufacturing.

Government-led capital expenditure, logistics modernization, Make in India initiative, increasing private sector participation, and the growing adoption of mechanization provide a strong foundation for the long-term growth of our core equipment segment. Further, we retain a constructive and disciplined outlook and being cautiously optimistic in. the current global scenario. We anticipate achieving 18%-20% revenue growth in FY27, supported by sustained operating performance.

In the backdrop of geopolitical uncertainties and inflationary environment, we expect to sustain our EBITDA margins driven by cost efficiencies, product mix improvements, and operating leverage as volumes scale up. The recent rally in domestic steel prices has extended into quarter three, with prices reaching multi-year highs in October. This is likely to exert pressure on input costs further, necessitating calibrated price actions during quarter three, but I would say especially early quarter four, to safeguard margins and sustain profitability.

We will continue to closely monitor commodity trends and take timely pricing actions while remaining competitive in the market. With these remarks, I would like to thank all our investors and stakeholders for their continuous trust and confidence in ACE.

I think we can open the floor for questions-and-answers. Thank you.

Moderator: Thank you very much. We will now begin with a question-and-answer session. The first question is from the line of Aditya from Old Bridge Mutual Fund. Please proceed with your question.

Aditya: Hello. Hi. Thank you for the opportunity, and congratulations on a good set of numbers. My first question is on realizations part. Two parts to it. First, on the cranes and material handling segment. Here, we saw a Y-o-Y dip in realization, whereas on a Q-o-Q basis, we saw growth of around 4%-5%. On a Y-o-Y basis, I think on a similar number, de-growth was seen. Can you just help us understand what is at play here on a Y-o-Y basis in terms of mix and pricing, and back to on a Q-o-Q basis?

Sorab Agarwal: On the whole, if I talk of price realization and increasing of prices over the last six to eight months, we have been able to increase by end of September close to about 7%-8% with respect to our price realizations across product categories. Especially, I am talking of cranes, construction equipment, and material handling.

If we talk of on an, let's say, an average basis or a blended basis for the first half, we have seen a close to a little over 3% increase in contribution from these price increases because obviously, the last leg has finally gone in only, I mean, being accepted and deliveries on that pricing, 7%-8% increase started happening sometime in September itself. With respect to your question, which I understand, on a year-on-year basis in the same quarter, it could slightly be because of the product mix also.

Let us say the number of machines may be slightly more forklifts or some other, or maybe a slightly lesser tonnage being getting sold a little more. That perhaps we would have to analyze in detail and get back to you. On the whole, if you look at it, I think we have been able to attain a 3% realization, and the final pricing has now been increased by 7%-8%, which is being followed more or less from the beginning of October.

Aditya: Okay. Just to verify, as you said, around 4% has been realized in current quarter prices, and another 3%-4% has been increased from October, correct?

Sorab Agarwal: Yeah, effectively, we are getting it since middle-end of September, yes. It's not 4% which has been realized. I would say in the last first half of this year, a little over 3% has been realized as increase. Overall, within this quarter, I would say it will be 7%-8%.

Aditya: Okay. Similarly, on agricultural equipment side, a very strong realization we are seeing on both the quarters, Q1 and Q2. For H1, if I see, that realization growth is almost 23%. What's driving this, and what is the sustainability of this realization on the agri side?

Sorab Agarwal: I think, Vyom, it will be better if you take that question. What I understand, it should be most probably because of maybe some model mix. That's what, Vyom, maybe you're better prepared to answer that.

Vyom Agarwal: Yes. Hi, good afternoon, Aditya. I think this is because of the product mix as well as a certain export order which we have executed, so the realizations have been slightly on the higher side.

Aditya: Okay. Is it expected that it will go back normal levels next year once this export order Or this is like on a recurring basis that will happen?

Vyom Agarwal: I believe that realizations on the agri side will be on the recurring basis because our focus is slightly more on the export sides. Having said that, overall outlook on the agricultural equipment has been quite subdued. As you see that the agricultural equipment industry has been witnessing some moderation in demand in the current financial year, specifically the domestic industry. The exports are-

Sorab Agarwal: Even passing on the price increase is becoming a little difficult.

Vyom Agarwal: Yes, yes.

Aditya: Okay. On volumes of cranes, what would be the contribution of defense here? That 20% growth that we saw, can you just quantify the defense volumes here? Because we had a significant-

Sorab Agarwal: In the last quarter of, let's say, the cranes, because there are a couple of different types of cranes, two, three types that are being supplied, and some construction equipment. I think the quantity should be close to maybe, let's say, 50, 60 RTFLT coupled with maybe anywhere between 80 to 100 units, 80, 90 units to be somewhere around 80, 90 units in the last quarter which have been realized.

Aditya: In Q2, correct?

Sorab Agarwal: In Q2, yes.

Aditya: Okay. Got it. Just one last question from my side. Other expenses have shot up by 20% on a Q-o-Q basis, and of course, Y-o-Y. But on a Q-o-Q, like last quarter we did INR199 crores, this quarter we are doing INR118 crores. So, what are the factors driving it here?

Sorab Agarwal: Luthra sir, if you can take that question, you will be able to answer it.

Aditya: I am also adding that in -- sorry, one second. I am looking at on an impairment number as well. I am adding impairment losses as well. Like, why is that number shot up? I mean, if I see other expenses as well, like that is a 10% or 12% shot up on a Q-o-Q basis, just other expenses. So, yeah.

Rajan Luthra: See, Aditya, when we go into details of other expenses, actually other expenses are mixture of both fixed expenses as well as variable expenses. When the top line has gone up by 20%, automatically the variable portion of the fixed cost, variable portion of the expenses will accordingly increase, and there has been no percentage increase in terms of the variable expenses in terms of revenue.

The rest are some of the expenses which are as regard your impairment, because we are very stringent policy of making expected credit losses based on overdue. This is only a notional provision what we have made, and it will not result into any losses in future. It is not a cash loss also.

We are making because whenever any outstanding, mainly basically it is the government outstanding, and when it crosses 180 days, we make provision, 100% we make provision.

Although we are sure that the money will come later on. That is why with the increase in sale, the ECL has also gone up.

Aditya: Okay. Okay. Thank you.

Moderator: Thank you. The next question is from the line of Preet Patani from InCred AMC. Please proceed with your question.

Preet Patani: Thank you for the opportunity, and congratulations, sir, on a good set of results. First question is on the line of classification which you gave with results, segment information. There we give three breakups. One is cranes material handling, second is agriculture equipment, and third is others. If you could just give some idea on what this others actually is. Is this export and defense mix, or if you could give some insights?

Sorab Agarwal: This is, if I am not wrong, mainly exports and, apart from equipment, certain similar things and parts and all which we have been able to export, which could not have been classified directly there. They are classified here. This has generally been ranging around INR60 crores-INR70 crores in a year. That is what it should be.

Preet Patani: This is export because this was not there in last quarter. It was only around INR60 crores.

Sorab Agarwal: Yeah, because along with export orders, certain shipments were also stuck up because of all the logistics issues. But I think it was there at the quarter before that, I think similar quarter last year, if you look at.

Preet Patani: Right. Is it fair to assume out of this INR48 crores, around INR40 crores-INR45 crores would be export orders only?

Sorab Agarwal: Yes, Right Luthra sir?

Rajan Luthra: Yes, it is done. You are right, sir.

Sorab Agarwal: Okay.

Preet Patani: Yeah. Second question is on the line of acquisition upfront. If you could give some insights what is going on, what is the status with the acquisition? Are we planning anything? When can we see the acquisition? Also, if you could give some financial parameters which we would be looking while acquiring any company.

Sorab Agarwal: Obviously, inorganic growth is now, we feel that this will further help us grow our company going forward, and we also see a lot of opportunity. We are currently working on some and contemplating some. Obviously, the main criteria would be right valuation, the business, apart from the valuation we give, which has a more, the business should have some competitive advantages or let's say a possible bright future apart from financial parameters. Maybe some more with respect to the business itself, with what they do and how they do and their competitiveness in nature. It will be a total all-around decision of all these things combined, I think.

Preet Patani: Right. On financial parameters, what are we thinking of? Will it be INR200, 500, 1000 crores revenue company or any ROCE, IRR guidance, something in quantitative terms, if you could mention?

Sorab Agarwal: I mean, it can be anything. It could be a smaller company also, maybe of INR400 crores, INR500 crores, or even slightly smaller, where we feel there is a potential to scale up that business to reasonable levels. There is a possibility to further enhance profitability by using our cost efficiency skills, what we have developed within our company. It will be a mix of all that. It could also be a slightly bigger inorganic, but totally depends on the type of opportunity and, let's say, the capability of our company going forward. We will never go overboard. That's one thing for sure.

Preet Patani: Got it. Got it, sir. Last question. I've joined the queue a little late, maybe it might be repeat. Just if you could mention, like, how much raw material basket has been increased for us with respect to what price hike we have already taken?

Sorab Agarwal: I think, prices have gone up a little over, I am talking of input costs, by above 10%, 11%, 12%. Luckily, there was some rationalization middle end of quarter two. That is why we also stopped at around 8% overall increase. This is last quarter. Currently, what is happening that steel prices from end of September, early October onwards have again been shooting up and from already increased levels of close to about 20%, they have further gone up by about 10%, 12%.

I think we should be looking at further price increases, maybe early Q4 or end of Q3, but I think they will get shifted to January. To take care of the current spate of inflation, which is especially in steel prices, which has happened in October, I think we will have to further take care of, maybe doing some price action.

Preet Patani: Also, we have…

Sorab Agarwal: It is a very painful activity because it is very unsettling for the customers, especially repeat customers. It is a difficult task to do it three, four times, five times in a year.

Preet Patani: So we have already taken around 8%-10% price hike, and we can see more 3%-4%. Is my understanding correct?

Sorab Agarwal: We had taken up to 10% in the last quarter. But finally, what we were able to realize was about an 8%, which more or less compensated for the price increase till that point in time. Because what happened in the second half of Q2, prices also rationalized a little, especially steel prices. Yes, 8% increase, 7%, 8% we have taken, which totally takes care of our price increase. But there is current pressure building up in this quarter as well.

Preet Patani: How is demand going on? If you could give some insights on demand outlook after increasing the…

Sorab Agarwal: The demand has been robust post-September, even in September. So September, the order booking and dispatching, everything was robust. October was very good. It is also the start of festive this thing. Generally, as a trend within our company, about 55%-60% of the revenue we

are able to generate in the second half. Going by the overall momentum that we see, we are very hopeful that at least 55%, if not 60% of our revenue would come in this quarter.

Like I said, September was very good. October was good. October was very good. Our order booking backlog currently going into November, yes, by six days because of Diwali, generally becomes lean, and in any case, we were closed for about four days. So the order booking when we moved into November was very healthy. Hopefully, November should go well.

December generally goes well in anticipation of a price increase in January, and we will have to do that because again, there is inflationary pressure because of steel. Steel went up to INR63, INR64 a kg from about INR48, INR50 a kg in this year, then cooled off to a less than INR60, but now it has gone back again to INR66, INR67 in October. So in anticipation of a price increase, hopefully December should also go well.

Preet Patani: Got it. And sir, we have always…

Moderator: Mr. Preet, sorry to interrupt. Mr. Preet Patani, can you please rejoin the queue for a follow-up question?

Preet Patani: Sure.

Moderator: Thank you. The next question is from the line of Kunal from Nine Rivers Capital. Please proceed with your question.

Kunal: Hey. Hi. Thanks a lot. Just taking forward from the last question, if the demand is robust, do we feel the passing on of this incremental price increase should be sort of done very smoothly, or we will see a slight impact on the margins in the second half?

Sorab Agarwal: I don't think that we should be looking at impact on margins because we are generally very careful on that. Most probably it should be in early January or beginning of January. I mean, within November, if it unfolds further with respect to steel prices, then we might have to take some action within December. Our first priority in the whole of this year, starting from April onwards, was to maintain profitability and sustain profitability, and we are very much focused on that. We will be watching it very closely.

Generally, we get a two-month, three-month lag of inventories being in the pipeline. It started happening early October. I think we will have some headroom till December at least, a cushion, current inventories and new pricing kicking in. Let's see. I mean, we will do whatever it takes to maintain profitability.

Kunal: Got it. Thanks. If you could throw some light on the backhoe business, how is that going on? Apart from the order from the army.

Sorab Agarwal: Apart from the order from the army, which we have got recently, that will get executed most probably in the next quarter, maybe a little bit in this quarter. Our quarterly update was close to about 150, 160 machines in this segment, and last quarter was slightly better. We were close to about 190 machines, 190, 200 machines.

I think, and see, this is again one of the most promising segments, but yes, for some number of years, we've really not been able to do much. I think now things are coming back to perspective with respect to whatever actions we have also taken, whether on our strategy or the machine. Let's see, we are very hopeful on this in the domestic market as well as the export market.

Kunal: The traction has been good, even sequential. I mean, Q2 is a soft quarter, but otherwise-

Sorab Agarwal: Q2 was definitely better than Q1. Q2 was definitely better on year-on-year basis.

Kunal: Right.

Sorab Agarwal: We are expecting even a stronger Q3 currently with respect to backhoe and construction equipment, yes.

Kunal: Perfect. Just lastly, on the balance sheet, there has been a drastic increase in three items. One is the inventory, the other is the other current assets and other current liabilities. If you could sort of just explain what has happened there.

Sorab Agarwal: See, inventory generally it goes up a little in the end of September in anticipation of growth and because, like I said, second half of our every year is about 55%-60% of the revenue. So that would have been one of the main contributors. But apart from that, these bigger orders which we have received from government with respect to one product called RTFLT and the other product called HRV.

So the government, their inspections of FG and raw material, they want to do in big batches. The delivery periods are longer, one year, two year, but they want to expect a lot of material together, whether at RM stage or FG stage. So some of that creates a bloated inventory. So that is the main reason for inventory. For the balance, I think Mr. Luthra will be able to answer it in a better way.

Kunal: The inventory increase is also from INR605 crores to about INR832 crores.

Sorab Agarwal: About INR100-odd crores would only be because of defense, to be very frank with you, which will get normalized within this quarter. I think most of it will get normalized by December end or March. We should be back at our 500, 600 levels.

Kunal: Got it. If you could throw some light on the other two items.

Rajan Luthra: As regard current assets, basically, this has increased because of the blocking of the additional GST which has been paid on the higher inventory. This will be set off in the coming quarter with the increase in sales and everything because of the inventory. The corresponding GST on 18% of that is now recoverable from the GST department to set off against the coming sales. Similarly, the current liabilities is again linked to that only with the more material paying, more material procured for the defense orders. There is a corresponding liabilities for the vendor payment also. That is one thing there. Everything is linked to each other.

Sorab Agarwal: And as a matter of fact, the HRV order, because it was emergency procurement, so they wanted it also in a shorter time. So I think most of this should get normalized by December, but definitely totally by Q4.

Kunal: Sure. Thanks a lot, and wish you luck for the future.

Sorab Agarwal: Yeah, thank you.

Moderator: Thank you. The next question is from the line of Richa Agarwal from Equitymaster. Please proceed with your question.

Richa Agarwal: Thank you for the opportunity and congratulations on a good set of numbers. My question is related to the JV with KATO. What kind of expectations and revenue visibility do you have from it for FY 2028, and any investments that you are planning to make there?

Sorab Agarwal: Yes. I think the medium-term possibility is of a revenue of INR300 crores-INR400 crores. When I say medium term, I would say, let's say, two and a half, three-year period. Within this year, the machines are getting upgraded with Japanese inputs, technology, and everything. Hopefully, the results will start to come, or we should be able to start to deliver these upgraded machines or ACE KATO-branded machines, which have Japanese inputs in them. So within early FY 2028.

With respect to, we were doing close to INR50 crores-INR60 crores revenue in the bigger crane segment. We expect that the next year, FY 2028, we should be doing at least INR150 crores to start within the next year, with respect to these machines. Obviously, this will further grow to FY 2029 and FY 2030.

Apart from that, sometime in FY 2029 or early FY 2030, totally export-specific models would also roll out and would be introduced, which KATO will be buying globally from a joint venture in India and selling them in international markets, which has to further add more EBITDA. I think we should be able to cross actually around INR100 crores in the next year.

Richa Agarwal: Okay. Sir, this will be at the…

Sorab Agarwal: From the KATO joint venture.

Richa Agarwal: Yeah, and this will be at the JV level, right? And we will be entitled to 50% of whatever output is, right?

Sorab Agarwal: Can you just repeat your question, please? Your voice is a little unclear.

Richa Agarwal: Sorry. The INR100 crores or INR300 crores medium-term revenue number that you are citing is for the entire JV level entity, of which we are 50% stakeholders, right?

Sorab Agarwal: I can just make out what you are trying to ask, so I will answer it accordingly. Whatever the JV produces for the domestic market, ACE will be selling it. We will be able to recognize all of this revenue. Right, Luthra Saab? Luthra saab, you are there?

Rajan Luthra: That is right, sir.

Sorab Agarwal: Obviously adding a little sales and other expense margins. Whatever the JV produces, ACE will be able to take a slightly more revenue in its books along with the profitability. Yes. Whatever finally the JV exports directly to KATO internationally, which will start in the next, I would say,

let us say, in the next one and a half, two years. There, the contribution to this thing will come as 50%.

Richa Agarwal: And sir, what kind of margins profile do you expect from this? Will it be very different from the current margins that we have at the company level?

Sorab Agarwal: Our target is to attain similar, around a 15% EBITDA on operating level. That is our target, and that is our plan.

Richa Agarwal: That will be for both domestic and export markets?

Sorab Agarwal: I think this plan for us is for domestic. Export will actually be better than this, because the pricing of similar machines in the international market is much more different than Indian. But yes, at least for the next two, three years, starting from the first year onwards, let us say FY 2028 onwards, we will be looking at, initially, let us say, maybe a little less than 15%, it can be 10%, 12%. But second year onwards, I think it will start to normalize to 15%, and there is a potential for this to go up also, third or fourth year onwards.

Richa Agarwal: Okay. And sir, these numbers that you have quoted are keeping in mind that there will be no anti-dumping duties against China, and could the numbers look better if that happens?

Sorab Agarwal: Yes. This is keeping in mind no anti-dumping duty or any PLI benefit of any type. If any of those things happen, these numbers can improve.

Richa Agarwal: Okay. Sir, another question is on the, what kind of utilization levels are we currently at, and what revenue potential exists from the current capacities and the planned investments over the next one or two years?

Sorab Agarwal: Our current utilization levels with respect to our cranes and construction equipment business is close to around 55%. In the agri segment, we are close to about 25%, 30%. Our current capacity that we have, we can easily go up to INR5,500 crores of revenue, maybe slightly more than this figure, because our plant line will also get commissioned soon.

So about INR5,500 crores-INR6,000 crores revenue we currently have in our availability. Hopefully, like I mentioned, we should be able to grow at least 18%, 20% in this year, if not more. So, we will still have our overall company blended basis, so we will still be at about a 60%, 70%.

Richa Agarwal: Okay. Sir, any kind of capex plans that you may want to mention with your visibility on over the next one, two years?

Sorab Agarwal: Yes. See, in the current year, we are already setting up a new plant with our existing premises. That should be up and running, hopefully. We were trying for December, but I feel January, February. That will absorb around INR40 crores-INR50 crores. This is primarily for defense machines and some new products which we are envisaging.

Apart from that, another INR30 crores-INR40 crores will go into robotics and automation and continuous improvement activity that is happening, apart from our INR20-odd crores which will go into maintenance capex.

See, apart from this INR80 crores-INR100 crores which I just mentioned, we could also end up spending about INR130 crores in this financial year because, let's say, one of the bigger chunks of land which we had contracted for, so that the registry and the final payments are still to go through. There are some regulatory things that are happening.

If that happens, another INR130 crores plus/minus will go into that land. This is for the current year. Apart from this, we are keen to expand our capacity on tower crane, which we had, looking at the geopolitical situation, which we had delayed from March, April. We had thought that we will take a call end of September, but I think we will wait for another one or two months before taking a call on that.

Either we will start to do that capex from Q4 onwards, or eventually, it could be delayed to maybe Q1 of next year. That we will see at the overall condition. That capex will be a slightly bigger capex. The land for that has already been procured, which is close to about INR50 crores.

I think another at least about INR400 crores will go there to increase our capacity for tower crane. But that we will start to do only maybe in Q4 or Q1 of next year. That decision we will take only, I think, by end of November or within December, when we want to start doing that. All our planning, everything has been put in place for that.

Richa Agarwal: Okay. And sir, in this business, I think in the previous calls, you had mentioned points about operating leverage. Let's say at a INR5,500 crores kind of revenue and a utilization level of 60%-70%, what kind of operating leverage benefit could we see in terms of margin? Is there a potential for margin expansion, or will it be like a 15%, current margins will continue?

Sorab Agarwal: I think once we are moving closer to INR5,000 crores-INR5,500 crores in the next one or two years, I would say two years, so definitely operating leverage will give us some benefit. But I think and I feel that already the pricing of the products and especially with the inflation which has happened recently, I do not think we want to take the pricing of the products, so that they become somewhat unviable, especially for the rental segment, which is about 50% of our market.

So, definitely there will be operating leverage and there will be possibly a 2%-3% once we are reaching INR5,000 crores or INR5,500 crores revenue. There will be an operating leverage kicking in and margin expansion will happen. At that juncture, we will most probably rather we will try and pass on some benefit to the customers to maintain the viability for our customers. That is our thought.

Richa Agarwal: Sure. Thank you so much and all the best.

Sorab Agarwal: Yeah. Thank you.

Moderator: Thank you. The next question is from the line of Keval Shah from Sanctum Wealth PMS. Please proceed with your question.

Keval Shah: Hello. Yeah. Congrats for a good set of numbers, and thanks for the opportunity. My first question is on any new opportunities. Basically, China is banning exports for various construction equipment. Does this open up any opportunities for us in terms of any technological tie-ups or in any other form? My second question would be any update on the anti-dumping duty side, if you have anything to share. Thank you.

Sorab Agarwal: See, China is primarily in our country, with respect to construction equipment which is more focused on the bigger, heavier cranes, where we have formed a joint venture with KATO. Obviously, with these Japanese technology and Japanese machines, we should be able to get a 15% at least premium over the Chinese products. Here, I think we have already tied up with one of the leading Japanese players in the world, not only with the intention of doing in India, but also maybe exporting some out of India.

But with respect to the other main category of products on which the Chinese are focused is excavators. In the last five, six years, they have taken away 25% market share in the excavator industry in the country by offering a little predatory pricing and credit terms and all that. They are also doing something similar in the heavier mining trucks where we are not present. In the excavator segment and the heavier mining truck segment, we are not present.

But you never know, maybe sometime in future, I mean, if there is a possibility of having especially a majority stake as far as a Chinese company is concerned for an Indian company, we can definitely look at it because the government in any case does not want to support indigenous manufacturers with protection where they require most. I am talking now going to the anti-dumping side. But I think we can be open to ideas if there is Indian majority, first thing.

Second, with respect to anti-dumping, there is still something happening at the backend. I will not like to talk much there. Hopefully, in the next one or two months, if it was to happen, it will be clear. But here I will just like to say that in about seven, eight cases in the last six, seven months, various high courts in India have directed the ministry to apply provisional duties on the DGTR orders or assessments which were passed. Let us see what happens to our case. We are just waiting for the outcome. Should be in the next one or two months.

Keval Shah: Okay, sir. Thank you. I will fall back in the queue.

Sorab Agarwal: Yeah.

Moderator: Thank you. The next question is from the line of Kaushik Poddar from KB Capital Markets Private Limited. Please proceed with your question.

Kaushik Poddar: With the depreciation of the rupee, has the threat of import from China come down?

Sorab Agarwal: It has appreciated quite a lot in the last one year. So from 86, 87, it has gone up to 96, 97. Now it has come down to 93. Yes, I think it may be strengthened or let us say the rupee weakened for India's import benefit. I mean, so that import benefit by about 10%, it has gone up by 2%, 3%. So, a 2, 3, 4% move here and there does not do anything. 8% and 10% yes, definitely adds a barrier because at some point in time, the Chinese have to increase the price. So, I think currently

this 2%, 3% up move or a 4% does not matter because it has actually depreciated quite a lot in the last one year.

Kaushik Poddar: Okay. You don't see anti-dumping duty coming?

Sorab Agarwal: As per the Finance Ministry, no. But yes, as per the judicial system of India, let's see.

Kaushik Poddar: Okay. On the export front, once this KATO JV comes into operation fully, you are saying that the exports will start happening, say, from FY 2028 onwards. Say, by FY 2030, what is the kind of percent turnover from exports do you foresee?

Sorab Agarwal: See, I mentioned that FY 2028 onwards, the domestic sale of ACE KATO products will start. So we should see some effect in FY 2028. In FY 2029, export-specific models will be evolved. So we might see some revenue within FY 2029, but definitely within FY 2030. This is with respect to exports.

So I see a potential that just from exports, this could go anywhere between INR200 crores to INR500 crores, INR600 crores. But this is FY 2029, but mainly FY 2030 onwards. This is a further additional of INR200 crores-INR500 crores or maybe even more if possible. That only time will tell what happens, how much happens.

Kaushik Poddar: See, as of now, exports is around 6%-7% of your turnover, right?

Sorab Agarwal: Are you talking with respect to our company? Yes, currently exports-

Kaushik Poddar: As of now, yes. How much is that?

Sorab Agarwal: These two things we will have to keep separate because-

Kaushik Poddar: Okay.

Sorab Agarwal: This is a separate thing we are doing. In ACE KATO, even the joint venture exports, in any case, we will be able to consolidate only 50% of that because it's a 50/50 joint venture. Yes, going forward two years down the line, when there is a, let's say, INR200 crores-INR300 crores export happening, so maybe we can consolidate INR150 crores. Maybe four, five years down the line, it is INR500 crores, we'll be able to consolidate INR250 crores.

Kaushik Poddar: Okay. I get it. Thank you.

Sorab Agarwal: Yeah.

Moderator: Thank you. The next question is from the line of Kartik Gada from Multipl Wealth. Please proceed with your question.

Kartik Gada: Yeah. Thank you for the opportunity. Am I audible?

Sorab Agarwal: Yes, please. Go ahead.

Kartik Gada: Yeah. This is pertaining to one of the earlier questions about capacity utilization. So you mentioned that it is 55%, and then we have these plans for capex. Just wanted to understand, are these capacities like for different products, so other capacity is not fungible? Is it like that?

Sorab Agarwal: To a very less extent. But yes, the backend facilities for fabrication and painting and all are very much fungible. But yes, I would say that to 50% extent they are fungible between all the mobile products, but something like a tower crane is not fungible with any of the products. We are currently at, when I say 55%, this was looking at the end of, let's say, quarter two. But if you look at current levels, we are, I think, already at close to about 70%-75%.

Kartik Gada: Okay. Understood. Yeah. That was it from my end. Thank you so much.

Sorab Agarwal: Yeah. Okay.

Moderator: Thank you. The next question is on the line of Siddhi Soni from Hansa Financial Consultancy. Please proceed with your question.

Siddhi Soni: Hi. Thank you for the opportunity, and congratulations on a good set of numbers. Sir, my question is with respect to the price hike that we are expecting in January, which is around 3%-4%. I just want to understand, do we have a long-term contract with the defense and the export which does not allow us to increase our prices, or are we going to increase our prices across all our things?

Sorab Agarwal: See, one thing we have learned with respect to defense business that obviously, let's say if it's a bigger order and it's supposed to be delivered over one or two years, so once it is fixed and frozen, the prices don't change. It is only for a fresh requirement of a similar product, then the inflation part can be demanded or can be discussed. The prices are fixed for whatever orders we get from defense. And obviously, as a principle, some aspect of inflation we put into our pricing when we quote to defense, because in the past, we have suffered on this account. So, we take ample care of this.

Siddhi Soni: Okay. We will not have much of a margin pressure because of the price hike that we will compromise on defense, right?

Sorab Agarwal: Not much of a pressure, but yes, pressure.

Siddhi Soni: Yeah. Okay. And sir, what will be our current order book?

Sorab Agarwal: With respect to defense?

Siddhi Soni: Overall.

Sorab Agarwal: Okay. I will answer this in two parts. Defense should be close to over a little INR500 crores to be executed over the next one and a half years, two years. Overall, I will not be able to put a number to it because generally, in our type of machinery, even in bigger machines like tower cranes, customers want to place orders and they want deliveries in one or two weeks or three weeks. It is a rolling type of a thing.

Generally, we are booked for average close to around a one-month period. Putting that in perspective, maybe INR250 crores, INR300 crores plus INR500 crores of defense and maybe another INR50 crores, INR100 crores of exports. Maybe anywhere between INR800 crores to INR1,000 crores.

Siddhi Soni: Okay. Defense will be around 6%, 7% of our total, right?

Sorab Agarwal: Yes. This year, defense will go to 5% to 6% of our revenue, and so will exports. That will also be close to 6%. We should be somewhere around 11%-12% vicinity in this year.

Siddhi Soni: Okay. Sir, I could not hear that properly during your message, but you had a large order which will be delivered during the current year. You mentioned at the beginning of the call. What was that large order related to?

Sorab Agarwal: Yeah, that is about 74 backhoe loaders which we will be delivering in Q4. You can just multiply this. It will be what? Maybe INR20 crores-INR25 crores of backhoe loaders.

Siddhi Soni: Okay.

Sorab Agarwal: Let us say here and there, 20 crores, yeah.

Siddhi Soni: Okay. Okay, sir. All the best. Thank you so much.

Sorab Agarwal: Yeah. Thank you.

Moderator: Thank you. The next question is from the line of Akshit Sethi from Family Office. Please proceed with your question.

Akshit Sethi: Hi, sir. Good evening. My first question is related to customer advances and inventory buildup. I see that during first quarter of FY27, inventory observed was about INR230 crores of cash, and trade payable fell by INR95 crores, while the other current liability increased by approximately INR150 crores. So, how much of this increase represent the customer advances, and what refund or price adjustment terms apply if deliveries are delayed or customer challenge the June 2026 price increase?

Sorab Agarwal: See, I will just answer the second part of your question. Generally, orders are taken only after price acceptance. Once we accept the prices, we never go back. Once we accept the pricing and the order, we never go back, first thing.

Akshit Sethi: Okay.

Sorab Agarwal: Regarding the first part of your question, I think Mr. Luthra will answer that.

Rajan Luthra: See, basically, roughly, in most of the orders, we take a margin money from all our retail customers, and that goes into advances, and we get good advances for our defense order also, as well as on the export orders, because we don't supply before them. Approximately the advances are somewhere in the tune of INR150 crores-INR200 crores.

Akshit Sethi: Okay. Got it. My second question is related to borrowings and investment. I see that during the first half of 2027, net borrowing increased by approximately INR144 crores, and the company issued INR70 crores of commercial paper, of which INR35 crores matured during the period, while the net investment purchases amounted to approximately INR147 crores, given that investment cash and bank balance totally near INR1,570 crores as of September 2026. What is the average borrowing cost compared with the yield on this investment? Also, how much of this investment portfolio is readily liquid? Why not use some of it to reduce short-term borrowings?

Sorab Agarwal: I'll tell you. I will answer half the question, balance Mr. Luthra will take. This INR144 crores with respect to short-term borrowings or the CC limits we use from bank, this has also happened because obviously there is a slight increase in inventory around this end of quarter two, which generally happens every year. It's a trend. Then it normalizes by end of quarter three and especially by quarter four. With respect to arbitrage and percentage of funds which are liquid, and this question regarding commercial paper, I think Luthra sahib will answer that.

Rajan Luthra: The average cost of borrowing is somewhere around 7% as of today. As regard the because of the alpha what we generate over the borrowing, because we are an AA-rated company and we are able to get good rates, so we have been keeping some of the monies for our future investments. As a standard practice, we try to conserve all whatever cash we are generating from the business, we are putting into investments so that it can be used for a future acquisition.

As a principle, we don't allow it to use in the borrowings, otherwise what will happen, the money will keep on going and will be spent. As a practice, we monitor that the borrowings remains sustainable with respect to net working capital. That is the logic. Overall, we make an alpha while investing over the borrowing cost.

Sorab Agarwal: How much is that alpha? 2%, 3%?

Rajan Luthra: Alpha will be somewhere about average, somewhere about 3%-4%.

Sorab Agarwal: 3%-4% over our borrowing cost.

Rajan Luthra: For that type.

Sorab Agarwal: The main reason why we do this is because we do not want to mix up our working capital with the cash which is being generated. Because if the cash which is being generated, if it enters into the working capital, then it gets consumed forever, and we become inefficient. To do that, we always keep this separate. In any case, we are able to generate an arbitrage or a, let's say, alpha of close to about 3%-4% of our investments.

Vyom Agarwal: Akshit, I would just like to add one more line to it, that we do not want to use our long-term funds to fund our short-term borrowing. These are very short-term in nature and will get normalized in December. Let's say by-

Sorab Agarwal: By March.

Vyom Agarwal: By the end of December and definitely by the end of March.

Akshit Sethi: Sorry.

Sorab Agarwal: How much of the portfolio is liquid, Luthra sahib?

Rajan Luthra: Sir, roughly about most of them are, you can say 70%-80% are totally liquid. Immediate liquidity, you can say 50% is we can draw in by one day giving notice. Balance is also liquid, but probably we may have to wait for 10-15 days to get it liquidated.

Sorab Agarwal: Most of these assets are liquid.

Akshit Sethi: Okay, got it. Okay. Okay, sir, got it. Thank you. Thank you for giving the detailed explanation and best of luck for the subsequent quarters. Thank you for

Moderator: Thank you. The next question is from the line of Bhakti from Vriddhi Infratech India Private Limited. Please proceed with your question.

Bhakti: Hello. Thank you so much for the opportunity and congratulations for good…

Sorab Agarwal: You will have to be louder, please. You are hardly audible.

Bhakti: Hello. Thank you for the opportunity, and congratulations for a good set of numbers. I have a question. Most of the questions are solved. First, I want to ask on new product mix, like new questions are new products are arriving. On that, I want to take what are your views, how they will generate revenue and all?

Sorab Agarwal: Vyom, were you able to figure out the question?

Vyom Agarwal: No, sir. I think the line was very, very dim.

Sorab Agarwal: Yeah. Ma'am, you are hardly audible, so you will have to be a bit louder because we are not able to hear you.

Bhakti: Okay. Am I audible now?

Sorab Agarwal: Yes, you are. Yes.

Bhakti: Yeah. My question is, what are your views on the new product mix? Like now new machines are launching, new technology machines are working. So what is your future guidance on the revenue? How will they generate? Like now we are focusing mostly on the exports. The new product mix and how will they perform? Like are they also on the -- we are focusing on exports or how?

Sorab Agarwal: I think there are two things to your question, I would say. One is new products. Like recently, we had started aerial work platform, access platform, and shortly we will also be starting some container reach stackers and maybe some piling rigs over the next one to two years. So, in each of these lines, we see a potential of at least about INR150 crores-INR200 crores of revenue in two to three years of starting operations. So, this is with respect to new products.

And obviously, with respect to exports, we continue to open new markets for different type of machines, especially cranes or backhoe loaders, and even some for tractors. Going forward, even some for telehandlers. That is a continuous process which is happening. And like I mentioned, especially for the new products, like the aerial work platforms or going forward in the next one or two years when we introduce our container reach stackers and piling rigs. Each one of these has a potential of at least INR150 crores-INR200 crores, which we feel we should be able to attain in two to three years of start. And obviously, it can grow and build from there.

Bhakti: Great. Wonderful. Thank you for opportunity and thank you, all my doubts are clear.

Sorab Agarwal: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question from the participant. I now hand over the conference to Mr. Sorab Agarwal for closing comments. Thank you, and over to you, sir.

Sorab Agarwal: Yeah, thank you. While the first half of current year has required us to remain agile and prudent in navigating the evolving business environment, we remain constructive on the medium to long-term industry outlook. Sustained infrastructure investments, improving demand conditions, and greater mechanization are expected to support our growth trajectory.

At ACE, we are focused on strengthening our leadership in our core segments, expanding our presence in higher capacity and specialized equipment, developing new products and technology platforms, and further enhancing our manufacturing and supply chain capabilities.

With India's infrastructure development and emphasis on increasing manufacturing within the country, which are expected to remain as key drivers of construction equipment demand, we believe that building capacity ahead of demand will be important in sustaining our market position and capturing emerging opportunities across product segments.

Our strategic initiatives, disciplined execution, and customer-centric approach position us well to capitalize on the opportunities ahead. We will continue to focus on profitable growth, operational excellence, and long-term value creation for all our stakeholders. Thank you.

Moderator: Thank you. On behalf of Avendus Spark Institutional Equities Private Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.