Management Discussion

Ravi Swaminathan - Analyst, Avendus Spark Institutional Equities Private Limited
Good afternoon, everyone. On behalf of Avenda 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. Saurabh 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. Saurabh Agarwal. Thank you, and over to you, sir.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Yeah, good evening everybody and welcome everyone to this earnings conference call for discussing the results for the quarter and half year ended 30th September 2026. Along with 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 uncertainty 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 metal handling segments. 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 2nd quarter of FY27, the total revenue grew by 20.5% on a year-on-year basis to 932 crores with a normalized EBITDA margin of 19.31%. The EBITDA during the quarter expanded by 143 basis points and increased to 180 crores in comparison to 138.3 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 167 crores as compared to 123.7 crores, which is a growth of 35%.

The normalized EBT margins stood at 17.9%. During the quarter, we have recognized an exceptional gain of 50 crores from slump sale to Ace Cato Private Limited, which led to PAT expansion by 597 basis points to 17.62%. At 164.3 crores. On a sequential basis, the total income increased by 10.9%, and the company was able to sustain its expanded margin profile despite a 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 while registering revenue of 788 crores in this segment which grew by 13.54% as compared to Q2 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, metal 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 point and grew by 16.64% to 147 crores. The revenue contribution of agri segment stood around 6%, and we registered a revenue of 47.49 crores. Further, for first half of FY27, we have been able to register a total income of 1,772 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 352.5 crores, which is a growth of 25% year on year. The profit before exceptional item and tax grew by 29.4% and stood at 325.3 crores as compared to 251.4 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, backho 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 Catoworks Limited commenced operations in the previous quarter, making a significant 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 segment. 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 Road Organization, scheduled for delivery within the current financial year. We remain focused on strengthening our defense portfolio through through the development of specialized application-specific products and expanding our participation in the 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, 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 an 18 to 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 Q3, with prices reaching multi-year highs in October. This is likely to exert pressure on input costs further, necessitating anticipating calibrated price actions during Q3, but I would say especially early Q4, 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.

And I think we can open the floor for question and answers. Thank you.

Questions & Answers

Operator
Thank you very much. We will now begin with question and answer session. [Operator Instructions] The first question is from the line of Aditya from Oldbridge Mutual Fund. Please proceed with your question.

Aditya Kumar - Analyst, Old Bridge Capital Management Pvt. Ltd.
Um, hello, I thank you for the opportunity and congratulations on a good set of numbers. My first question is on, uh, realizations part. So 2 parts to it. First, on the cranes and material handling segment, here we saw a YOY dip in realization, whereas we on a Q-on-Q basis we saw growth of around 4-5%, and on a YOY basis I think on a similar number degrowth was seen. So can you just help us understand what is at play here on a YOY basis in terms of mix and pricing, and that too on a Q-on-Q basis?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
On the whole, if I talk of price realization and increasing of prices over the last 6-8 months, so 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'm talking of frames, construction equipment, metal handling. And if you talk of on a, let's say, on an average basis or a blended basis for the first half, we have seen 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, you know, deliveries on that pricing, 7-8% increase started happening sometime in September itself.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Now

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
with respect to your question, which I understand, on a year-on-a-year basis in the same quarter It could slightly be because of the product mix also. That's the number of machines, maybe, maybe slightly more forklifts or some other, or maybe a slightly lesser tonnage being getting sold a little

more. So, so that perhaps we would have to analyze in detail and get back to you. But on the whole, if you look at it, I think we've been able to attain a 3% actualization, and the final pricing has now been increased by 7-8%.

So which is being followed more or less from the beginning of October.

Aditya Kumar - Analyst, Old Bridge Capital Management Pvt. Ltd.
Okay, so just to get it right, you said around 4% has been realized in current quarter prices and another 3-4% has been increased from October, correct?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Yeah, effectively, uh, we are getting it since middle end of September. Yes, and it's not 4% which had been realized. So I would say in the last first half of this year, about a little over 3% has been realized as increase,

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
and

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
overall within this quarter I would feel it will be 7 to 8%.

Aditya Kumar - Analyst, Old Bridge Capital Management Pvt. Ltd.
Okay. And similarly on agricultural equipment side, uh, a very strong realization, um, we are seeing on both the quarters, Q1 and Q2. So for H1, if I see that realization group is almost 23%. So what's driving this and what, what is the sustainability of this realization on the agri side?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I think it will be better if you take that question, but, but what I understand, it, it should be most probably because of, uh, maybe some model mix. That's what maybe you're better prepared to answer that.

Vyom Agarwal - President, Action Construction Equipment Limited
Yes. Hi, good afternoon. 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 Kumar - Analyst, Old Bridge Capital Management Pvt. Ltd.
Okay, so is it expected that it will go back to normal levels next year once this export order or this is like on a recurring basis that will happen?

Vyom Agarwal - President, Action Construction Equipment Limited
So I believe that realizations on the heavy side will be on the recurring basis because our focus is slightly more on the export sides. Uh, but having said that, overall outlook on the agricultural equipment has been quite, uh, you know, 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. So the exports are becoming a

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
little difficult.

Vyom Agarwal - President, Action Construction Equipment Limited
Yes, yes, yes.

Aditya Kumar - Analyst, Old Bridge Capital Management Pvt. Ltd.
Okay, okay. And on volumes of cranes, what would be the contribution of defense here? That 20% growth that we saw, what can you like, uh, quantify the defense volumes here? Because we had a significant in the

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
last quarter of, or let's say, the cranes, because there are a couple of different types of cranes, 2-3 types that are being supplied, and some construction equipment. So I think the quantity should be close to maybe, uh, let's say, 50-60 RTFLT coupled with anywhere between 80 to 100 units, 80-90 units to be You know, somewhere around 18, 19 minutes in the last quarter which have been realized in,

Aditya Kumar - Analyst, Old Bridge Capital Management Pvt. Ltd.
in Q2, correct?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
In Q2, yes.

Aditya Kumar - Analyst, Old Bridge Capital Management Pvt. Ltd.
Okay, okay, got it, got it. Just one last question from my side. Um, other expenses have shot up by 20% on a Q-on-Q basis, and of course, but on a Q-on-Q, like last quarter we did 199 crores, this quarter we are doing 118 crores. So what are the factors driving it here?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
If you can take that question, you will be able to answer it. Yeah, I'm actually adding

Aditya Kumar - Analyst, Old Bridge Capital Management Pvt. Ltd.
the, um, I'm also adding that in. Sorry, one second. I'm looking at on a, uh, impairment number as well. I'm adding impairment losses as well. Like, what is that? What is why is that number short? I mean, if I see other expenses as well, like that's a 10% or 12% shot up on a Q-on-Q basis, just as an reference. So yeah,

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
when we go into details of other expenses, actually other expenses are mixture of both fixed expenses as well as variable expenses. When the, when the top line has gone up by 20%, automatically the, the variable portion of the fixed cost, variable portion of the expenses will accordingly increase. And, and there have been no percentage increase in terms of Uh, the variable expenses in terms of revenue. And rest are some of the expenses which are as regard your impairment, the impairment, because we are very, very stringent policy of making expected credit losses based on overdue.

So, uh, which that is, and this is only a notional loss, notional provision what we have made, and it will not result into any losses in future. And it is not a cash loss also. Yeah, because whenever any outstanding mainly the basically it is the government outstanding, and when it crosses 180 days, so we make provision, 100% we make provision, although we are sure that the money will come some later on. So that is, that is why with the increase in sale, the ECL has also gone up.

Aditya Kumar - Analyst, Old Bridge Capital Management Pvt. Ltd.
Okay, thank you.

Operator
Thank you. The next question is from the line of Preet Bhadani from Enclave AMC. Please proceed with your question.

Preet Bhadani - Analyst, Enclave AMC
Uh, thank you for the opportunity and congratulations, sir, on a good set of results. Uh, first question is on the line of, uh, classification which we which you give with results segment information. There we give 3 breakups. One is cranes, material handling. Second is agriculture equipment. And third is others. So if you could just give some idea on what this others actually is. Is this export and defense makes? Or if you could give some insights.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
This is, if I'm not wrong, mainly exports. And apart from equipment, certain similar things and, you know, parts and all. Which we have been able to export, which could not have been classified directly there, they are classified here. So this has generally been ranging around 60-70 crores in a year. So that's what it should be.

Preet Bhadani - Analyst, Enclave AMC
This is export because this was not there in last quarter, it was only around 64 lakhs.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Along with export orders, certain shipments were also stuck up because of all the logistics issues. But I think it was there the quarter before that, or I think similar quarter last year if you look at.

Preet Bhadani - Analyst, Enclave AMC
Right. So is it fair to assume out of this 48 crores, around 40-45 crores would be export orders only?

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
Yes, right. You are right, sir. Okay.

Preet Bhadani - Analyst, Enclave AMC
Yeah. And second question is on the line of acquisition upfront. If you could give some insights, what, what's going on, what's the status with the acquisition, are we planning anything, when can we see the acquisition, and also if you could give some financial parameters which we will, which we would be looking while acquiring any company.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Obviously, uh, inorganic growth is now, you know, uh, we feel that this will further help us grow our company going forward and also see a lot of opportunity, and we are currently working on some and contemplating some. So, and obviously the main criteria would be right valuation. The business, apart from the valuation we give, which has a moat the business should have some competitive advantages, or let's say a possible bright future, apart from financial parameters, and maybe some moat with respect to the business itself, uh, with what they do and how they do and their competitiveness in nature.

So it will be a total all-around decision of all these things combined.

Preet Bhadani - Analyst, Enclave AMC
And on financial parameters, what are we thinking of? Will it be 500,000 crores revenue company or any ROC, IRR guidance, something, something in quantitative terms if you could mention?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I mean, it can be anything. It could be a smaller company also, maybe up to 400-500 crore, or even slightly smaller, where we feel there is a potential to scale up that business to reasonable levels, and there is a possibility to further enhance profitability by using our cost efficiency skills, what we have developed within our company. So 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, and let's say, the capability of our company going forward.

We will, we will never go overboard, that's one thing for sure.

Preet Bhadani - Analyst, Enclave AMC
Got it, got it, sir. And last, last question, I, I've joined the queue, maybe it, it might be repeated. Just if you could mention that, uh, how much raw material basket has been increased for us With respect to what price hike we have already taken?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I think, uh, you know, prices had gone up a little over I'm talking of input costs by, you know, above 10%, 11%, 12%. But luckily there was some rationalization middle end of quarter 2, so that's why we also, you know, stopped at around 8% overall increase. So this is last quarter, but 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've further gone up by about 10-12%.

I think we should be looking at further price increases, you know, maybe early Q1, early Q4, or end of Q3. But I think they will get shifted to January. So 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, you know, maybe doing some price action

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
because,

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
you know, it is very unsettling for the customers, especially repeat customers. It's a difficult task to do it 3, 4 times, 5 times in a year.

Preet Bhadani - Analyst, Enclave AMC
So we have already taken around 8 to 10 percent price right and we can see more 3 to 4 percent is my understanding correct?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
we have taken up to 10 percent in the last quarter but finally the what we were able to realize was about an 8 percent which more and less compensated for the price increase

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
prices.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
So 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 Bhadani - Analyst, Enclave AMC
And how is demand going on? If you could give some, uh, insights on demand outlook after increasing

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
the demand has been robust post-September. Even in September. So September, the order booking and dispatching, everything was robust. October was very good, is also the start of festive this thing. And generally, as a trend within our company, so about 55 to 60% of the revenue we are able to generate in the second half. So going by the overall momentum that we see, so we are very hopeful that at least 55 if not 60% of our revenue would come in this quarter. And like I said, September was very good, October was good, October was very good.

And our order booking backlog currently going into November, yes, 5-6 days because of Diwali generally becomes lean. And in any case, we were closed for about 4 days, so the order booking when we moved into November was very very healthy. So, so 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 63-64 a kg from about 48-50 a kg in this year, then cooled off to less than 60, but now it has gone back again to 66-67.

In October, in anticipation of a price increase. Hopefully December should also go well.

Preet Bhadani - Analyst, Enclave AMC
And, uh, sir, we have already

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

Preet Bhadani - Analyst, Enclave AMC
Sure.

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

Kunal Sabnis - Analyst, Nine Rivers Capital
Hey, hi, thanks a lot. Uh, just taking forward from the last question, uh, so if the demand is robust, do you do we feel, uh, the, the passing on of this incremental, uh, price increase should be sort of, uh, done very smoothly, or, or, or we, uh, or, or we will see a have a slight impact on the margins in the second half?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I don't think that we should be looking at impact on margins because we are generally very careful on that. And so most probably it should be in early January or beginning of January. I mean, if it, you know, within November, if it unfolds further with respect to steel prices, then we might have to take some production within December. So our first priority the whole of this year, starting from April

onwards, was to maintain profitability and sustain profitability, and where we are very much focused on that.

So we will be watching it very closely. Generally, we get a 2-month, 3-month lag of inventories being in the pipeline here. So it started happening early October, so I think we will have some headroom till December at at least a cushion. Current inventories and new pricing kicking in. And so let's see, uh, I mean, we will do whatever it takes, uh, to maintain profitability.

Kunal Sabnis - Analyst, Nine Rivers Capital
Got it, thanks. Uh, if you could, uh, throw some light on the if you could throw some light on the backhoe business, uh, how is that going on? And apart from basically the, the, the, the order from the Army,

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Uh, apart from the order from the Army which we have got recently, so that will get executed most probably in the next quarter, maybe a little bit in this quarter. So, uh, our quarterly run rate 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. So, uh, I think, uh, 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. But, but 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.

And let's see, we are very hopeful on this in the domestic market as well as the export market.

Kunal Sabnis - Analyst, Nine Rivers Capital
But the traction has been good, uh, even sequentially. I mean, Q2 is a soft quarter, but, uh, otherwise it

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
was definitely better than Q1. Q2 was definitely better on year-on-year basis,

Kunal Sabnis - Analyst, Nine Rivers Capital
right? And

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
we are expecting even a stronger Q3 currently with respect to backhoe and construction equipment.

Kunal Sabnis - Analyst, Nine Rivers Capital
Yes, perfect. Just lastly on the balance sheet, uh, there has been a drastic increase in, uh, 3 items. One is the inventory, uh, the other is the other current assets and other current liabilities. If you could sort of just, uh, explain what has happened there.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Inventory generally, it goes up a little in the end of September in anticipation of, you know, 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, you know, the government, their inspections of FG and raw material, they want to do in big batches.

The delivery periods are longer, 1 year, 2 years, but, you know, 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. The balance, I think Mr. Luther will be able to answer it in a better way.

Kunal Sabnis - Analyst, Nine Rivers Capital
The inventory increase is also from 695 crores about 832 crores. That, that was that would only

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
be because of defense, to be very frank with you, which will get normalized within this quarter. And I think most of it will get normalized by December end or March, so we should be back at our 500-600 levels.

Kunal Sabnis - Analyst, Nine Rivers Capital
Got it, got it. And, and if you could, uh, throw some light on the other 2 items.

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
Yeah, as regards current assets, see, basically when the, uh, this has increased off because of the blocking of the additional GST which has been paid on the higher inventory. So this will be set off when the 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. And similarly, the current liabilities is again, again linked to that only with the more material paying, uh, more material procured for the defense order.

There is a corresponding liabilities for the vendor payment also. So that is one figure. Everything is, everything is linked to, uh, each other.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
And as a matter of fact, the HRV order, so they, because it was emergency procurement, so they wanted it also in a shorter time. And also, so I think most of this should get normalized by December, but definitely totally by, uh, you know, by Q4.

Kunal Sabnis - Analyst, Nine Rivers Capital
Sure, thanks a lot, uh, and wish you luck for the future.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Yes,

Kunal Sabnis - Analyst, Nine Rivers Capital
thank

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
you.

Operator
Thank you. The next question is from the line of Richa Agarwal from Equity Master. Please proceed with your question.

Richa Agarwal - Analyst, Equity Master
Thank you for the opportunity and congratulations. So my question is related to this, uh, to the JV with Cato, uh, like what kind of expectations and, you know, revenue visibility do we have from it for

FY28 and any investments that we are planning to make

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
there? Yes, I think the medium-term possibilities of a revenue of 300 to 400 crores. And when I say medium term, I would say, let's say, a 2.5-3 year period. So within this year, the machines are, you know, getting upgraded with Japanese inputs, technology, and everything. So hopefully, uh, the results will start to come, or we should be able to start to deliver these upgraded machines, or, you know, Ace Cato branded machines which have Japanese inputs in them. So within early FY28. And, uh, so, uh, you know, uh, with respect to we were doing close to 50-60 crores revenue in the bigger crane segment.

So we expect that the next year, FY28, we should be doing at least 150 crores to start with in the next year

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
with

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
respect to these machines. And obviously this will further grow to FY29 and FY30. But apart from that, sometime in FY29 or early FY30 Totally export-specific models would also roll out and would be introduced, which Catto will be buying globally from a you know the joint venture in India and selling them in international markets. That will further add more emphasis. So I think we should be able to cross at least about 100 crores in the next year.

Richa Agarwal - Analyst, Equity Master
Okay. And this is what venture. Yeah, and this will be at the JV level, right? And we will be entitled to 50 percent of. You know, whatever output is, right?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Can you just repeat your question, please? Your voice is a little unclear.

Richa Agarwal - Analyst, Equity Master
Sorry, the 100 crore or 300 crore medium-term revenue number that you are quoting is for the entire JV-level entity, of which we are 50% stakeholders, right?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I can just make out what you're trying to ask, so I'll answer it accordingly. Whatever the JV produces for the domestic market, Ace will be selling it. So we will be able to recognize all of this revenue, right? That's

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
right, sir.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
So let's say obviously adding a little sales and other expense margins. So whatever the JV produces ACE will be able to take a slightly more revenue in its books along with the profitability. Yes, and but yes, whatever finally the JV exports directly to CATO internationally, which will start in the next I would say, like I said, let's say in the next 1.5 to 2 years. So there, uh, the contribution to our this thing will come at 50%.

Richa Agarwal - Analyst, Equity Master
And so what kind of margin profile do we expect from this? Will it be very different from the current margin that we have at the company level?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Our target is to attain similar, around a 15% EBITDA on operating level. That, that's our target and that's our plan.

Richa Agarwal - Analyst, Equity Master
That will be for both domestic and export markets?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Uh, I think this, 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, much more different than Indian. So, but yes, at least for the next 2-3 years, starting from the first year onwards, let's say FY28 onwards, we would be looking at initially, let's 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 go up also, 3rd or 4th year onwards.

Richa Agarwal - Analyst, Equity Master
Okay. And so these numbers that you've quoted are keeping in mind that there will be no anti-dumping duties against China? And the numbers could the numbers look better if that happens? Yes,

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
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 - Analyst, Equity Master
Okay. And so, but another question is on the, you know, 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 1 or 2 years?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
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%. And, uh, you know, uh, our current capacity that we have, we can easily go up to 5,500 crores of revenue. Maybe slightly more than this figure because our plant 9 will also get commissioned soon. So about a 5,500 to 6,000 crore revenue we currently have in our availability. And hopefully, like I mentioned, we should be able to grow at least 18-20% in this year, if not more.

So, you know, we'll still have, you know, on an overall company blended basis, so we'll still be at about a 60-70%.

Richa Agarwal - Analyst, Equity Master
Okay, and so any kind of CapEx plans that you may want to, uh, you know, mention that you're busy with over the next 1-2 years?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Yes, see, in the current year, uh, we, we are already setting up a new plant with our existing premises, so that should be up and running hopefully. We were trying for December, but I have to January, February. So that will absorb around 40-50 crores. So this is primarily mainly for defense machines and some new products which we are envisaging. And apart from that, another 30-40 crores will go into robotics and automation and, you know, continuous improvement activity that is happening, apart from 20-odd crores which will go into maintenance CapEx.

Apart from this 800 crores which I just mentioned, we could also end up spending about 130 crores in this financial year because Uh, 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's some regulatory things are happening. So if that happens, another 130 crores plus minus will go into that land. So this is for the current year. Apart from this, we are keen to expand our capacity on tower crane, to which we had, looking at the geopolitical situation, which we had delayed from March, April.

And we had thought that we'll take a call end of September, but I think we'll wait for another 1 or 2 months before taking a call on that. So either we'll start to do that CapEx in from Q4 onwards, or eventually, uh, it could be delayed to maybe Q1 of next year. That we will see at the overall condition. So that CapEx will be a slightly bigger CapEx. So, uh, the land for that has already been procured, which is close to about 50 stores. And I think another at least about 400 crores will go there to increase our capacity for tower crane.

But that we will start to do only maybe in Q1 or sorry, Q4 or Q1 of next year. And 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 - Analyst, Equity Master
Okay. And so in this business, I think in the previous calls you have mentioned, uh, points about operating leverage. So let's say at a 5,500 crore kind of revenue and the utilization level of 60 to 70%, what kind of operating leverage benefits 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 - Executive Director, Action Construction Equipment Limited
I think once we are moving closer to 5,000-5,500 crores in the next 1 or 2 years I would say 2 years. So definitely, uh, 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, so I don't think we want to take the pricing of the products, you know, so that they become somewhat unviable, especially for the rental segment, which is about 50% of our market. So, uh, definitely they'll be operating leverage and they'll be possibly at 2-3% once we are reaching 5,000 or 5,500 crores, uh, you know, uh, revenue.

Uh, there'll be an operating leverage kicking in and margin expansion will happen. At that juncture, we will have we will most probably, uh, you know, rather we will try and pass on some benefit to the customers to maintain the viability for our customers. That's our thoughts.

Richa Agarwal - Analyst, Equity Master
Sure, thank you so much.

Operator
Thank you, [Operator Instructions] The next question is from the line of Kaval Shah from Sanctum Wealth PMS. Please proceed with your question.

Kaval Shah - Analyst, Sanctum Wealth PMS
Hello. Yeah, congrats for a good set of numbers and thanks for the opportunity. So my first question is on any new opportunities. So basically, China is banning exports for various construction equipment. So does this open up any opportunities for, uh, for us in terms of any technological tie-ups or in any other form? And my second question would be, any update on the anti-dumping duty side, if you would have anything to share? Thank you.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
China is primarily in our country, uh, with respect to construction equipment, is, is more focused on the bigger, heavier cranes. Where we have formed a joint venture with Kato, and obviously with these Japanese technology and Japanese machines. So we should be able to get a 15% at least premium over the Chinese products. So 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.

Yes, so but with respect to the other main category of products beyond which the Chinese are focused is excavators. And in the last 5-6 years, they have taken away 25% market share in the excavator industry in the country by, you know, by offering a little predatory pricing and credit terms and all that. And they are also doing something similar in the heavier mining trucks where we are not present. So 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 a, you know, 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'm 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, uh, the, the, you know, there's still something happening at the back end, uh, you know, I won't like to talk much there.

So hopefully in the next 1 or 2 months, if it was to happen, it will be clear. But, but here I'll just like to say that in In about 7-8 cases, uh, in the last 6-7 months, various high courts in India have directed, you know, the ministry to apply provisional duties on, you know, the DGPR orders or assessments which were passed. So let's see what happens to our case. We are, we are just waiting for the outcome. Should be in the next 1 or

Kaval Shah - Analyst, Sanctum Wealth PMS
Okay, sir, thank you. I'll fall back in the queue.

Operator
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 - Analyst, KB Capital Markets Pvt. Ltd.
With the depreciation of the rupee, has the threat of import from China come down?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
It 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. So yes, I think it maybe strengthened, or let's say the rupee weakened for India's import benefit. I mean, so that import can be by about 10%, it has gone up by 2-3%. So, you know, 2-3-4% move 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 4% does not matter because it has actually depreciated quite a lot in the last one year.

Kaushik Poddar - Analyst, KB Capital Markets Pvt. Ltd.
Okay, so you don't see anti-dumping duty coming?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
As per the Finance Ministry, no, but yes, as per The judicial system of India, let's see.

Kaushik Poddar - Analyst, KB Capital Markets Pvt. Ltd.
Okay, okay. And on the export front, uh, once this, uh, CATO JV comes into operation fully, and you are saying that in the exports will start happening, say, from FY28 onwards, uh, say by FY30, what is the kind of percent turnover from exports do you foresee?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
See, uh, I mentioned that FY28 onwards the domestic sale of ACE CATO products will start. So we'll see some effect in FY20, and in FY29, export-specific models will be evolved. So we might see some revenue within FY29, but definitely within FY30. This is with respect to exports. So I see a potential that, you know, just from exports, this couldn't go anywhere between 200 crores 500-600 crores. But this is FY29, but mainly FY30 onwards. This is a further additional of 200-500 crores, or maybe even more is possible.

That only time will, you know, will tell what happens, how much happens.

Kaushik Poddar - Analyst, KB Capital Markets Pvt. Ltd.
See, as of now, exports is around 6-7% of your turnover, right?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
You're talking with respect to our company? Yes, currently, as of now. Yes. How much is this? 2 things we'll have to keep separate because

Kaushik Poddar - Analyst, KB Capital Markets Pvt. Ltd.
okay, okay, okay.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
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. So yes, going forward, 2 years down the line, when there is a, let's say, a 200-300 crores export happening, so maybe we can consolidate 150 crores. Maybe 4-5 longer line, it is 500 crores. We'll be able to consolidate 250 crores.

Kaushik Poddar - Analyst, KB Capital Markets Pvt. Ltd.
Okay, okay, okay, okay, I get it. Thank you, thank you.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Okay, thank

Operator
you. The next question is from the line of Kartik Gadda from Multiple Well. Please proceed with your question.

Karthik Gadda - Analyst, Multiple Wealth Management
Yeah, thank you for the opportunity. Am I audible?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Yes, yes, please

Karthik Gadda - Analyst, Multiple Wealth Management
go ahead. So, uh, 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. So, uh, just wanted to understand, uh, are these capacities like, uh, for different products? So other capacity is not fungible, isn't it?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
That to, uh, 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, uh, the end of, let's say, quarter 2. But if you look at current levels, so we are, I think, already close to about 70-75%.

Karthik Gadda - Analyst, Multiple Wealth Management
Okay, okay, understood. Clear. That, that was it from my end. Thank you so much.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Okay,

Operator
thank you. The next question is from the line of Siddhi Soni from Hansa Financial Consultancy. Please proceed with your question.

Siddhi Soni - Analyst, Hansa Financial Consultancy
Um, hi, thank you for the opportunity and congratulations on a good set of numbers. So my, uh, question is with respect to the price hike that we are expecting in Jan, which is around 3 to 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 sales?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
The one thing we have learned with respect to defense business, that obviously, let's say if it's a bigger order and and it's supposed to be delivered over 1 or 2 years. So once it is fixed and frozen, the prices don't change. It is only for, for a fresh requirement of a similar product, then, you know, the inflation part can be demanded or can be discussed. So the prices are fixed for whatever orders we get from defense. And obviously, as a principle, some aspects of inflation we, we put into our pricing when we quote to defense, because in the past we have suffered on this account.

So, so we take ample care of this.

Siddhi Soni - Analyst, Hansa Financial Consultancy
Okay, so we will not have much of a margin pressure because of the price hike that you will compromise on defense, right?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Not much of a pressure, but yes, pressure. Yeah,

Siddhi Soni - Analyst, Hansa Financial Consultancy
yeah. Okay, okay. Uh, and sir, what will be our current order book?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
With respect to defense,

Siddhi Soni - Analyst, Hansa Financial Consultancy
uh, overall, okay,

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I'll answer this in 2 parts. Defense should be close to over a little 500 crores to be executed over the next 1.5 years, 2 years. And overall, I won't be able to put a number to it because generally, you know, in our type of machinery, even in bigger machines like tower cranes, customers customers want to place orders and they want deliveries in 1 or 2 weeks or 3 weeks. So it's a rolling type of a thing. Generally we are booked for average close to around a 1-month period. So putting that in perspective, maybe, you know, 250-300 crores plus 500 crores of defense and maybe another 50-100 of exports, maybe anywhere between 800-1,000 crores.

Siddhi Soni - Analyst, Hansa Financial Consultancy
Okay, and then defense will be around, uh, 6-7% of our total, right?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Yes, this year defense will go to 5-6% of our revenue. And so will exports, that will also be close to 6%. So we should be somewhere around 11 to 12% vicinity in this year.

Siddhi Soni - Analyst, Hansa Financial Consultancy
Okay, okay. Um, I couldn't hear that properly during your message, but you had a large order which should be delivered during the current year. So, um, uh, you mentioned, uh, at the beginning of the call,

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
was that

Siddhi Soni - Analyst, Hansa Financial Consultancy
large order related?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Yeah, that's about 74 backhoe loaders which we will be delivering in Q4. So you can just multiply. I mean, it will be what, maybe 20-25 crores of backloaders, a little here and there.

Siddhi Soni - Analyst, Hansa Financial Consultancy
Okay, okay, sir. All the best. Thank you so much.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Yeah, thank you.

Operator
Thank you. The next question is from the line of Akshat Sethi from Family Office. Please proceed with your question.

Akshat Sethi - Analyst, Family Office
Hi, sir. Uh, good evening. My first question is related to customer advances and inventory buildup. I see, David, uh, that during first quarter of FY27, inventory observed was about, uh, 230 crores of cash and trade payable fell by 95 crores, while the other current liability increased by approximately 150 crores. So how much of this increase represents the customer advances, and what refund or price adjustment terms apply if deliveries are delayed or customer challenged the June 26th price increase?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I'll just answer the second part of your question. So generally orders are taken only after price acceptance, and once we accept the prices, we never go back. Once we accept the pricing and the order, we never go back. First thing, okay,

Akshat Sethi - Analyst, Family Office
regarding

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
the first part of your question, I think Mr. Luthra will answer

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
that. See, basically, roughly, the in some of in most of our orders, we take a margin money from all the all our retail customers. And so that goes into advances, and we get, uh, we get a good advances for our defense order also, as well as on the export orders, because we don't supply before them. So approximately, the advances are somewhere in the tune of 150 to 200 crores of fees.

Akshat Sethi - Analyst, Family Office
Okay, got it, got it. Uh, my second question is related to borrowings and investment. I see that during the first half of '27, net borrowing increased by approximately 144 crores, and the company issued 70 crores of commercial paper, of which 35 crores matured during the period, uh, while the net investment purchases amounted to approximately 147 crores, given that investment cash and bank balance totally near 1,570 crores as of September 26th. So what is so what is the average borrowing cost compared with the yield on this investment?

And, and also, how much of this investment portfolio is readily liquid? And why not you and why not use some of it to reduce short-term borrowings?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I'll tell you, I will answer half the question, balance Mr. Luthra will take. This 144 crores with respect to short-term borrowings, or you know, the CC limits we use from bank, this has also happened because obviously there's a slight increase in inventory around this end of quarter 2, which generally happens every year. It's a trend. And then it normalizes by end of quarter 3, especially by

quarter 4. And with respect to arbitrage and percentage of funds which are liquid, and this question regarding commercial paper, I think the

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
average cost of borrowing is somewhere around 7% as of today. And as regards the because of the LCR far what we generate over the borrowing, because we are a AA-rated company and we are able to get good rates. So we have been keeping some of the monies for future investments, because as a standard practice we try to conserve all whatever, whatever cash we are generating from the business. We are not, uh, we are putting into investments so that it can be used for a future acquisition. And we don't and if we don't allow, 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. So as a practice, we, we monitor that the borrowings becomes, uh, borrowings remains sustained, sustainable, and with respect to net working capital. That is the logic. And overall, we make alpha while while investing over the borrowing cost.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
And I think his question is also how much is that alpha? 2-3%?

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
Alpha will be somewhere about average, somewhere about 3-4%. 3-4%

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
over our borrowing cost.

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
The main reason

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
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 being generated, if it enters into the working capital, then it gets consumed forever and we become inefficient. So to do that, we always keep this separate. And in any case, we are able to generate an arbitrage, or let's say alpha, close to about 3 to 4% of our investments.

Vyom Agarwal - President, Action Construction Equipment Limited
And so I would just Akshat, 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 it will get normalized in December. Let's say if by the end of December and definitely by the end of March.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Oh, sorry. Portfolio is liquid, Luthra

Rajan Luthra - Chief Financial Officer, Action Construction Equipment Limited
sir? Roughly, most of them are. You can seventy to eighty percent are totally liquid, and. Immediate liquidity, you can say 50% is we can draw in by 1 day giving notice, and balance is also liquid, but probably we may have to wait for 10, 10, 15 days to get liquidated.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
So most of these sets are liquid. Okay, okay,

Akshat Sethi - Analyst, Family Office
okay, sir, got it. Thank you, thank you for giving the detailed explanation, and best of luck for the subsequent quarters. Yeah, thank

Operator
you. Thank you. The next question is from the line of Bhakti from Vridhi InfraTech India Private Limited. Please proceed with your question.

Bhakti - Analyst, Vridhi InfraTech India Private Limited
Hello, uh, thank you so much for the opportunity and congratulations. You will have to

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
be louder, please. You are hardly audible.

Bhakti - Analyst, Vridhi InfraTech India Private Limited
Uh, hello. Thank you for opportunity and congratulations for good set of numbers. I have a question. Most of the questions are solved. First, I want to ask on new product. Like few questions are new product are arising. On that, I want to take what are your views? How they will generate revenue?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I know. Weom, were you able to figure out the question?

Vyom Agarwal - President, Action Construction Equipment Limited
No, sir. I think the line was very, very dim.

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
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 - Analyst, Vridhi InfraTech India Private Limited
Okay, so am I audible now?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
Yes, you are. Yes.

Bhakti - Analyst, Vridhi InfraTech India Private Limited
Yeah, so my question is, what are your views on the new product mix? Like now, new, new machines are launching, new ways, new technology machines are working. So what are your future guidance? On the revenue, how they will generate? Like now we are focusing mostly on the exports, so the new product mix and how they will perform, like they are also on the we are focusing on exports or how?

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
I think there are 2 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 1 to 2 years. So in each of these lines, we see a potential of at least about 150 to 200 crores of revenue in 2 to 3 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, and going forward even some for telehandlers.

So that is a continuous process which is happening. And like I mentioned, especially for the new products like the access aerial platforms, or, you know, going forward in the next 1 or 2 years when we introduce our container reach stackers and piling rigs, each one of these has a potential potential of at least 150-200 crores, which we feel we should be able to attain in 2 to 3 years of start. And obviously it can grow and build from there.

Bhakti - Analyst, Vridhi InfraTech India Private Limited
Oh, great, wonderful. Thank you for opportunity. I'm thanking my all. Thank

Sorab Agarwal - Executive Director, Action Construction Equipment Limited
you.

Operator
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 - Executive Director, Action Construction Equipment Limited
Yeah, thank you. While the first half of, uh, 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. Thank you.

Operator
Thank you. Thank you. [Operator Closing Remarks]

Vyom Agarwal - President, Action Construction Equipment Limited
Thank you.