

## ACTION CONSTRUCTION EQUIPMENT

SECTOR: CAPITAL GOODS | INFRA EQUIPMENT




SHIKSHAN NIVESH

FROM KNOWLEDGE TO WEALTH: EDUCATE, ANALYZE, INVEST

"India's infra build-out needs lifting power. ACE isn't just a part of that story — it's building it."


### Business Snapshot

ACE is India's **largest crane manufacturer** and the global leader in pick-and-carry cranes, commanding a **63%+ domestic** market share. The company also manufactures forklifts, backhoe loaders, tractors, and vibratory rollers, catering to infra, logistics, agri, and warehousing.

 **Core Biz:** Cranes & infra-oriented equipment


#### Expansion Plays:

- Export & defense foray (**15–20% revenue target by FY27**)
- JV with **Japan's Kato** for large cranes


 **Segments:** Cranes (72%), Construction Equip (13%), Agri (8%), MHE (6%)

 **Balance Sheet:** Net **debt-free**, RoCE at ~39%, Working Capital Days: ~8

### Strategic Shifts Underway

 **Capacity Expansion:** FY25 revenue capacity now ₹5,100 Cr → Expandable with minimal capex

 **Export Revival FY26:** CEV-V compliance opens up Europe/US

 **Defense Orders Incoming:** ₹400 Cr MoD deal expected

 **Kato JV (Japan):** Production by Q4 FY26; full revs in FY27

 **Margin Focus:** Value engineering, product mix shift driving 150+ bps margin gains

### Key Risks

- **Infra project delays** (elections, monsoon, execution bottlenecks)
- **Steel cost spikes**
- **Export headwinds** (freight, geopolitics)
- **Import competition**, esp. Chinese crane dumping

### Shikshan Nivesh Take

ACE is a "pick-and-carry" powerhouse — literally and financially. This is a textbook compounder in India's capital goods space, riding high on **infra, logistics, defense and exports**.

If **Sanghvi Movers** was the rental crane operator story, ACE is the **machine-building back-end** of that boom.

We like its **clean numbers, strong execution**, and **focused** strategy. Long-term compounding potential remains intact and accelerating.

#### Action

**Construction Equipment**

Market Cap  
₹ 14,414 Cr.

Price/Earnings  
37x

PEG Ratio  
0.87

Sales CAGR 3 Year  
33%

### The FY25 Reality Check – Quarter by Quarter

#### Q2 FY25

- Revenue: ₹753 Cr | EBITDA: ₹143 Cr | PAT: ₹88.5 Cr
- **Cranes & CE** drove growth; margin expansion YoY
- Growth guided at **15–16% for FY25**, flat agri due to **muted Q1**
- Mgmt confirmed **export push** delayed due to geopolitical headwinds

#### Q3 FY25 (All-time best)

- Revenue: ₹873 Cr ↑ 15.7% QoQ
- EBITDA: ₹160 Cr | Margin: 17.8%
- PAT: ₹107 Cr ↑ 21% YoY | EPS: ₹9.38
- Volumes up 18% (3,539 units)
- Margins expanded despite flat realization
- **Export + Defense** to kick in FY26; **CEV-V compliant cranes** ready for EU/US

#### 9M FY25

- Revenue: ₹2,361 Cr ↑ 14% YoY
- EBITDA: ₹428 Cr | PAT: ₹285 Cr | EBITDA Margin: 17.7%
- **Cranes + MHE + CE** segment drove 15.2% YoY revenue growth
- Agri flat due to base effect; expected to recover in FY26

### Link to Sanghvi Movers

Yesterday, we covered **Sanghvi Movers** — a crane rental giant.

- 👉 Sanghvi is the **asset-heavy rental side** of cranes.
- 👉 ACE is the **manufacturer & infra supplier**, riding the same demand wave.

👉 Together, they reflect India's dual-engine infra build-up: **capex deployment + machine supply**  
Thus, they form a full-circle bet on India's infra cycle.



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