YES SECURITIES
INSTITUTIONAL EQUITIES

Sep 22, 2025

COMPANY UPDATE | Sector: Capital Goods

Action Construction Equipment

Key takeaways from plant visit

We visited Action Construction Equipment (ACE - Not Rated) plants at Dudhola, Haryana, wherein we interacted with Mr. Sorab Agarwal (Executive Director), Mr. Rajan Luthra (CFO) and Mr. Vyom Agarwal (President). Following are the key highlights from the same:

H1 has been relatively slow but September good MTD; guidance update at Q2-end

ACE noted that H1 has been relatively slow amidst pre-buying during the last year due to changes in emission norms, early onset of monsoon and muted demand in the private sector. Although current year's sales have also been impacted by DD increase in pricing amidst shift from BS III to BS V engines, the management thinks that the pricing has stabilised now and September has been good both y/y and q/q. The management will be updating its guidance at the end of Q2.

Decision on anti-dumping duty for certain Chinese cranes soon

ACE highlighted that despite a significantly weaker Indian Rupee and a doubling of steel prices, certain Chinese cranes remain at the same price point as 15 years ago. This pricing is artificially low, creating an unfair competitive environment. Chinese players have a market share of about 90% in the crawler and tower cranes. ACE is expecting a result on anti-dumping duty as soon as this week; the duty is likely to be levied on crawler and tower cranes of up to 250 tonnes.

GST rate cuts to help agriculture business – wait till 22nd September

The company plans to pass on the GST rate cuts to the final consumer and believes that the cuts will help it boost its agri-related sales. As of now, the deliveries are largely on hold as customers are waiting for 22nd September, when the rate cuts come into force.

Government is working on a PLI scheme for cranes and tunnel boring machines

Government is currently working on introducing a PLI scheme to incentivize local manufacturing of key construction equipment such as tunnel boring machines and cranes with an outlay of Rs. 14,000-16,000 crores. The PLI scheme is likely to be relevant for about half of ACE's revenues.

JCB remains a leader in backhoe loaders but ACE working to expand share

Current market size of backhoe loaders is about 40,000 machines and JCB is the leader with about 60% market share. ACE thinks JCB has a first mover advantage and benefits significantly from preference by financiers i.e. finance providers view JCB machines as more reliable thus prefer to finance JCB's backhoe loaders instead of other brands. However, ACE is working towards increasing the acceptability of its machines.

Capex: Plans to invest Rs. 400-500 crores over 3 years

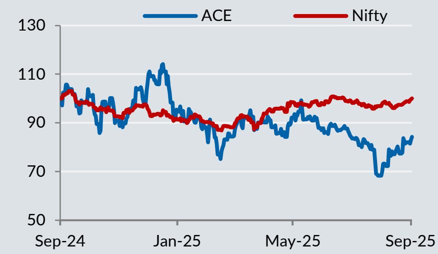
ACE will be investing Rs. 400-500 crores over FY25-28 to establish a construction crane manufacturing facility in Palwal. The new facility will have a lot of robotics and is expected to become operational in FY28. The capex plan also includes over Rs. 100 crores to be spent on further modernisation and upgradation whilst introducing more robotics.

Reco	:	NOT RATED
CMP	:	Rs 1,150
Target Price	:	NA
Potential Return	:	NA

Stock data (as on Sep 19, 2025)

Nifty	25,327
52 Week h/l (Rs)	1600 / 917
Market cap (Rs/USD mn)	136278 / 1547
Outstanding Shares (mn)	119
6m Avg t/o (Rs mn):	430
Div yield (%):	0.2
Bloomberg code:	ACCE IN
NSE code:	ACE

Stock performance



	1M	3M	1Y
Absolute return	15.1%	-1.8%	-13.3%

Shareholding pattern (As of Jun'25)

Promoter	65.4%
FII+DII	13.5%
Others	21.0%

Financial Summary

(Rs Cr)	FY23	FY24	FY25
Net Revenue	2,160	2,913	3,327
YoY Growth	33%	35%	14%
EBIDTA	243	418	516
EBIDTA (%)	11.2%	14.4%	15.5%
PAT	173	328	409
YoY Growth	65%	90%	25%
ROE	18.8%	26.7%	25.3%
EPS	14.4	27.6	34.4
P/E	28.1	52.2	36.5
BV/Share	77.3	103. 4	135.9
P/BV	5.24x	13.92x	9.24x

ANIKET JAIN
Lead Analyst
+91 22 6992 2934 / 35 / 36

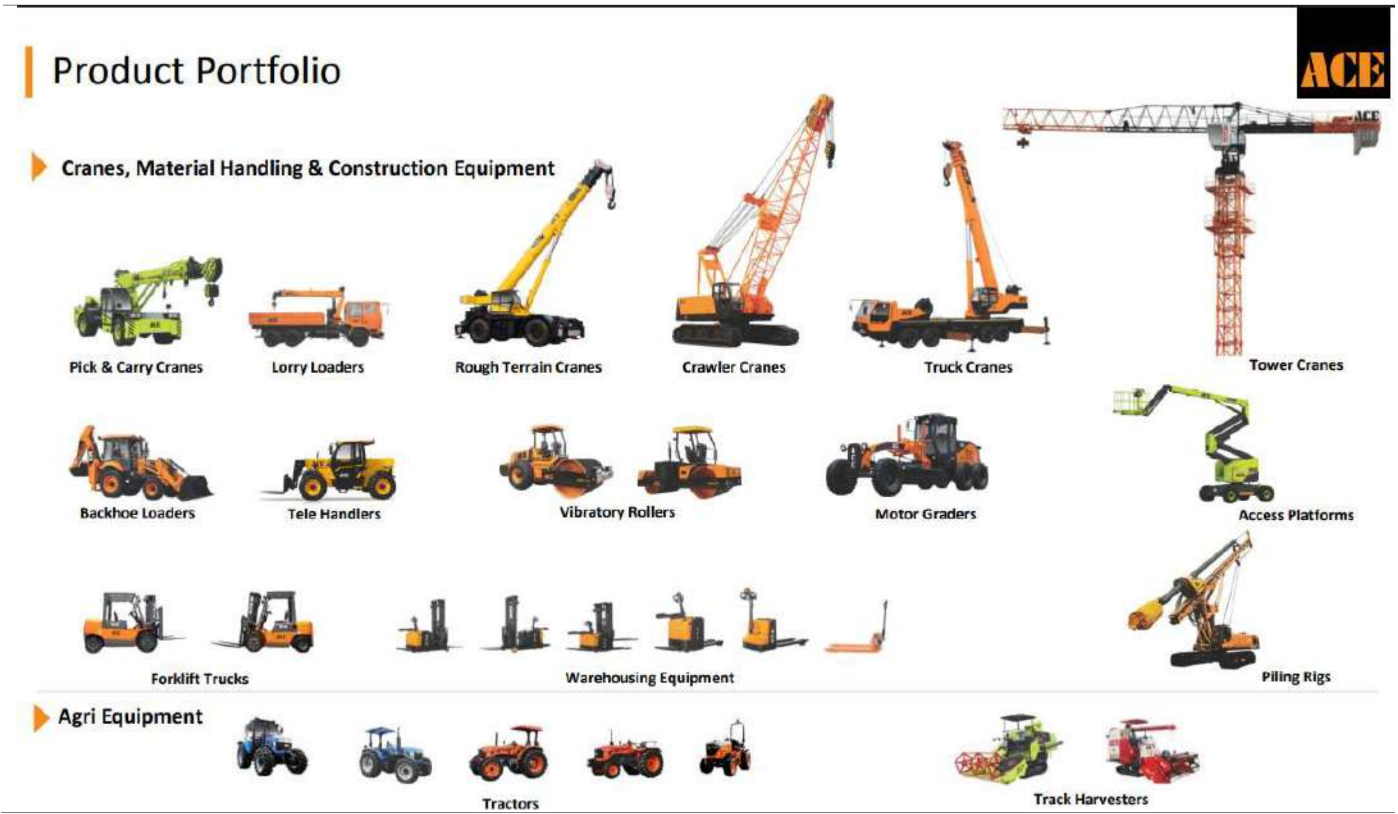
ABOUT THE COMPANY

Company overview

Action Construction Equipment (ACE) is India's largest manufacturer of mobile cranes and a leading player in material handling and construction equipment. The company operates across four key segments—cranes, construction equipment, material handling & warehousing, and agri equipment—holding a dominant market share of around 60% in the pick-and-carry crane category. Over the years, ACE has diversified its portfolio to include backhoe loaders, tower cranes, forklifts, vibratory rollers, and tractors.

Product profile

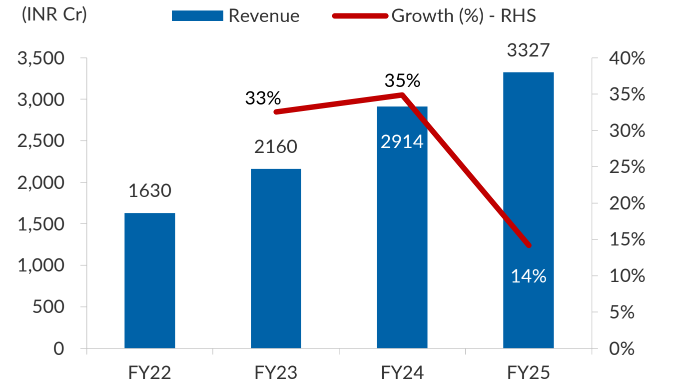
Exhibit 1: Product portfolio



Source: Company, YES Sec

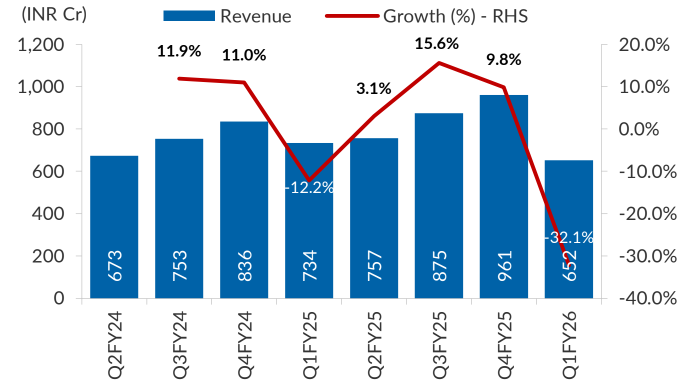
CHARTS

Exhibit 2: Annual revenues and y/y growth



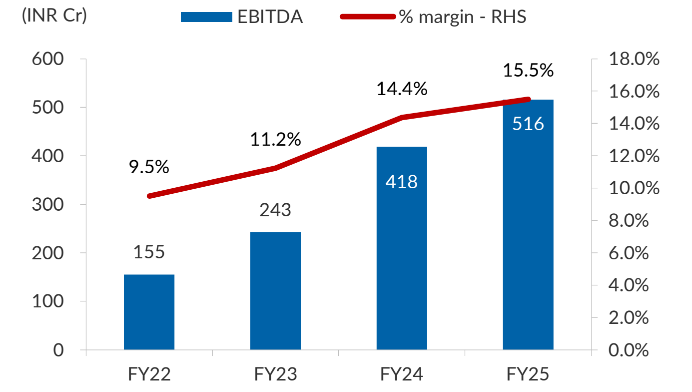
Source: Company, YES Sec

Exhibit 3: Quarterly revenues and y/y growth



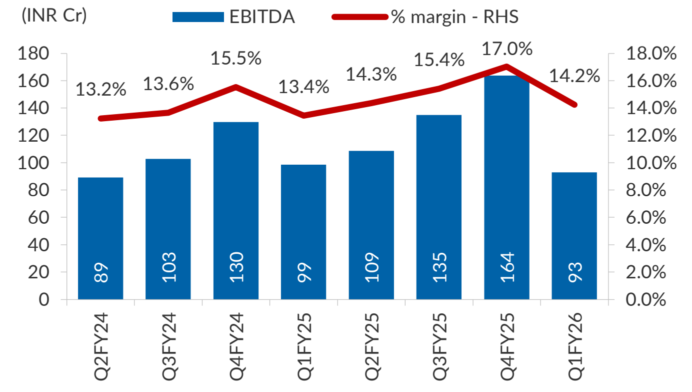
Source: Company, YES Sec

Exhibit 4: Annual EBITDA and margins



Source: Company, YES Sec

Exhibit 5: Quarterly EBITDA and margins



Source: Company, YES Sec

FINANCIALS

Exhibit 6: Valuation multiples

Valuation Multiples	FY22	FY23	FY24	FY25
Price at period end	238.84	404.87	1440.00	1254.42
No. of shares outstanding (Cr)	11.64	11.91	11.91	11.90
Market capitalization	2780.28	4821.32	17143.30	14928.65
Investments	179.24	348.66	594.11	918.16
Net debt	14.94	-42.75	-106.53	-40.68
Minorities	-0.02	1.38	0.04	0.02
EV	2974.44	5128.61	17630.91	15806.15
EV/Sales	1.83	2.37	6.05	4.75
EV/EBITDA (adj.)	19.17	21.12	42.13	30.65
EV/EBIT (adj.)	21.28	22.81	44.61	32.42
P/E	26.47	28.10	52.24	36.48

Source: Company, YES Sec

Exhibit 7: Ratios

Ratios	FY22	FY23	FY24	FY25
Profitability ratios				
Gross margin	28.1%	28.9%	30.6%	31.7%
Adj. EBITDA margin	9.5%	11.2%	14.4%	15.5%
Adj. EBIT margin	8.6%	10.4%	13.6%	14.7%
PAT margin	6.4%	8.0%	11.3%	12.3%
Leverage ratios				
Net debt/Equity	0.02x	-0.05x	-0.09x	-0.03x
Net debt/EBITDA (adj.)	0.1x	-0.2x	-0.3x	-0.1x
Interest coverage ratio	14.7x	21.9x	17.1x	17.0x
Return ratios				
ROCE	17.5%	23.8%	31.7%	29.6%
ROE	13.9%	18.8%	26.7%	25.3%

Source: Company, YES Sec

Exhibit 8: Income Statement

Particulars (INR Cr)	FY22	FY23	FY24	FY25
Revenues	1629.58	2159.68	2913.80	3327.05
Growth (%)		32.5%	34.9%	14.2%

EBITDA (adj)	155.16	242.79	418.48	515.78
EBITDA margin (%)	9.5%	11.2%	14.4%	15.5%
Growth (%)		18.1%	27.8%	7.9%
Depreciation & Amortization	15.41	18.00	23.24	28.31
EBIT (adj)	139.75	224.79	395.24	487.47
EBIT margin (%)	8.6%	10.4%	13.6%	14.7%
Finance cost	9.52	10.29	23.17	28.65
Other income	10.78	41.12	77.10	100.32
PBT	137.30	233.75	433.94	549.12
Tax	32.30	60.76	105.74	139.88
Net profit	105.00	172.98	328.20	409.24
Net profit margin (%)	6.4%	8.0%	11.3%	12.3%
EPS	9.02	14.41	27.56	34.39
Growth (%)		59.7%	91.3%	24.7%

Source: Company, YES Sec

Exhibit 9: Cash Flow Statement

Particulars (INR Cr)	FY22	FY23	FY24	FY25
PBT	**137**	**234**	**434**	**549**
Depreciation and amortisation	15	18	23	28
Interest	14	10	23	29
Impairment losses on financial assets	4	22	15	10
Other items	1	(27)	(51)	(72)
WC Changes	(35)	83	91	2
Less: taxes paid	(33)	(65)	(103)	(133)
Cash flow from operations	**104**	**274**	**433**	**412**
Purchase/(Sale) of PPE	(44)	(36)	(165)	(206)
Purchase/(Sale) of Investments	(144)	(165)	(199)	(277)
Other items	(14)	(16)	(4)	100
Cash flow from Investing activities	**(201)**	**(218)**	**(368)**	**(383)**
Movement in borrowings	(41)	(23)	(2)	11
Net proceeds from issue of Share capital	132	0	0	0
Other items	(20)	(18)	(36)	(40)
Cash flow from Financing activities	**71**	**(41)**	**(39)**	**(29)**
Net Inc (Dec) in cash	**(27)**	**16**	**27**	**1**
Opening Cash balance	33	6	21	48
Closing Cash balance	**6**	**21**	**48**	**49**

Source: Company, YES Sec

Exhibit 10: Balance Sheet

Particulars (INR Cr)	FY22	FY23	FY24	FY25
Equity share capital	24	24	24	24
Other Equity	731	896	1208	1593
Total equity	754	920	1232	1616
Total Non-Current liabilities	17	17	13	13
Current Liabilities				
Trade payables	413	501	688	809
Borrowings	29	6	4	15
Other current liabilities	69	156	233	258
Total Current liabilities	511	663	925	1082
Non-Current Assets				
PPE	436	472	560	697
CWIP	24	24	44	28
Investments	80	137	225	543
Other non current assets	40	55	69	121
Total Non-current assets	580	688	896	1388
Current Assets				
Inventories	333	419	553	515
Investments	99	212	370	376
Trade receivables	189	169	164	265
Other Current Assets	82	112	185	167
Total Current Assets	703	911	1273	1323

Source: Company, YES Sec

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