

Action Construction Equipment Limited

Corporate & Registered Office

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



Date: February 10, 2023

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 Q3-FY23.

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 (Q3-FY23) of the Company.

Kindly take the above in your record.

Thanking You.

Yours faithfully,
For Action Construction Equipment Limited

Anil Kumar
Company Secretary & Compliance Officer



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“Action Construction Equipment Limited
Q3 FY2023 Earnings Conference Call”

February 07, 2023



ANALYST:

**MR. ABHINEET ANAND – EMKAY GLOBAL
FINANCIAL SERVICES**

MANAGEMENT:

**MR. SORAB AGARWAL – EXECUTIVE DIRECTOR –
ACTION CONSTRUCTION EQUIPMENT LIMITED
MR. RAJAN LUTHRA – CHIEF FINANCIAL OFFICER –
ACTION CONSTRUCTION EQUIPMENT LIMITED
MR. VYOM AGARWAL – HEAD INVESTOR RELATIONS
- ACTION CONSTRUCTION EQUIPMENT LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the Action Construction Equipment Limited Q3 FY2023 Earnings Conference Call hosted by Emkay Global Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Abhineet Anand from Emkay Global Financial Services. Thank you and over to you Sir!

Abhineet Anand: Thanks Lizann. Good afternoon everyone. I would first like to thank the management of Action Construction Equipment for giving Emkay this opportunity to host this call. We have with us the senior management of Action Construction. We have Mr. Sorab Aggarwal, Executive Director, Mr. Rajan Luthra, CFO and Mr. Vyom Agarwal, Head IR. I will hand it over to Sorab Sir for giving the opening remarks post which will open the floor for Q&A. Over to you Sir.

Sorab Agarwal: Good afternoon everybody. Thank you good afternoon everybody and welcome to this earnings conference call for discussing the results for the quarter and nine months ended December 31, 2022. I take this opportunity to wish all of you a fabulous New Year with good health and happiness. Along with me in today's earnings call, we have our CFO, Mr. Rajan Luthra and our Head of Investor Relations Mr. Vyom Agarwal. I hope that all of you have had an opportunity to look at the company's financial statement and the earnings presentation which had been circulated and uploaded at the stock exchange.

Let me start with some of the recent business highlights. To strengthen our product portfolio and showcasing our technical products, the company has recently unveiled India's first indigenously designed and developed fully electric mobile crane with breakthrough technology and zero emissions. Expanding our presence in the heavy crane segment, we have also launched India's biggest crane with 180 tonne lifting capacity and also showcased 35 tonnes 4x4 pick and carry crane which is our biggest. With our focus on the export market and the defense sector, the company has also launched new range of tele handlers and also India's first series of aerial work platforms also popularly called as an AWP for the domestic markets. This occasion of inauguration of all these new machines was graced by Mr. Nitin Gadkari, Honorable Minister for Road Transport and Highways India amongst the gathering of industry leadership, customers, business partners and company delegates to address the emerging needs and technology requirements with the backdrop of reducing carbon footprint of our end users. With these new launches, ACE marks India's first indigenously developed 100% electric construction business and propels India's growth on the global platform of technological advancement.

Further to brief you on the financial performance of the Q3 of FY2023, the operational revenue grew by 27% on a year-on-year basis to Rs.555 Crores with an EBITDA of Rs.67.67 Crores showcasing a growth of 58%. The EBITDA margins stood at 12.2%. The profit before tax stood at 10.9% that is around Rs.60.27 Crores and PAT margins were at 8.1% around Rs.45 Crores. I



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am delighted to share that these are our best ever quarterly revenue EBITDA, PBT, and PAT numbers ever. For the nine months ended FY2023, the operational revenue grew by 38% as compared to similar period of FY2022 and stood at Rs.1545 Crores with EBITDA of Rs.166 Crores which is a 49% growth on year-on-year basis. Our PBT grew by 57% to Rs.146.33 Crores. The PAT stood at Rs.109 Crores with a 56% growth on year-on-year basis and EBITDA margin of 10.7% and net profit margin of 7.1% are also better as compared to last year's nine month results.

Now let me give you a sequential perspective. For the Q3 FY2023 the operational revenues grew by 13% on quarter-on-quarter basis with 150 basis points improvement in EBITDA margins. The PAT during the quarter increased by 25.4% on a quarter-on-quarter basis and PBT and EBITDA numbers registered a growth of approximately 30% respectively. The company sustained its growth momentum across all operating segments during the quarter driven by focus on customer centricity, execution and agility in operations. In the crane segment during the quarter gone by, we reiterated our dominant market leadership position and registered revenue of Rs.385 Crores with margins of 13.5%.

The construction equipment segment clocked revenue of Rs.62.5 Crores with EBITDA at 10.27%. The metal handling segment recorded revenue of Rs.44.5 Crores in margins at 15.65% and agri division registered revenue Rs.64 Crores while maintaining margins at around 3.74%. While the construction equipment cranes has led the growth, agri has shown some signs of improvement with December quarter numbers sequentially better than September. With lower inflation, strong winter crop sowing and signs of pickup in farm income, it is likely that the rural slowdown is bottoming out. Our consistent strong all around performance is a testimony to our strategic directly centered of our brand, our capabilities, our execution skills along with agility in running the business and most importantly the determination and passion of our talented purpose driven team members.

On the operational side, the economic activity in India continued to gather momentum with sequential moderation and commodity inflation even as core inflation remained elevated all the major commodities still remained at an elevated level when compared to long term averages. This is evident when you look at the inflation from medium term perspective. Commodities such as mild steel, alloy steel, pig iron, aluminum, copper, rubber, etc., are seeing close to 50% inflation when compared to pre COVID levels. To summarize commodity inflation seems to have peaked and is moderating from its unprecedented level and that all augurs well for our industry. We remain focused to deliver on our growth agenda growth that is consistent, competitive and profitable. We will try and continue to manage the delicate balance of ensuring competitiveness of our products and keeping our margin profile in a healthy range. Looking ahead, we would like to reiterate our previous guidance and expect a growth of 25% to 30% in the crane segment for the current year and a 30% to 35% growth in the construction equipment segment.



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Material handling and agri segments are expected to grow at around 10% and 15% respectively during this year. On the whole, we are looking at least a 28% to 30% increase in our top line for the current year with the expansion in EBITDA margins as compared to last year. Further our Honorable Finance Minister has presented the Union Budget which lays down seven priority areas that is inclusive development, Sabka Saath Sabka Vikas, reaching out to the last mile, infrastructure and investments, unleashing the potential, green growth, youth power and finally very importantly boost to the financial sector. The budget sets out realistic and inclusive vision for the nation and is in line with the vision of our Prime Minister to make India Athamnirbar while giving a boost to Make in India concept. Capital expenditure outlay will be stepped up by 33% for the third year in a row to Rs.10 lakh Crores in FY2023-FY2024. Also the effective capital expenditure of the Central Government is estimated at Rs.13.7 lakh Crores which is equivalent to 4.5% of our GDP. Allocation towards capital expenditure and infrastructure layout including the setting up of new infrastructure finance secretariat will enhance opportunities for private investments in sectors like railways, roads, urban, infra and power.

Global manufacturers are looking beyond China. With our Prime Minister Narendra Modi stepping up to seize the moment, we believe that India will be a big beneficiary as companies move forward towards China plus one strategy. This along with the PLI initiatives has been helping to revive the industrial capex cycle thereby increasing private capex. This makes us believe that the demand scenario should be further strengthened and will continue to provide strong growth momentum to our company in the medium to long term. With this, I would like to open the call for question and answer session. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Parag Thakkar from Anvil Wealth Management Private Limited. Please go ahead.

Parag Thakkar: Congratulation on great set of numbers and guidance. I wanted to just understand what is the breakup of our crane business, so how much comes from real estate, how much comes from industrial capex, how much comes from railways or refineries I do not know so I just wanted a segmental breakup in the cranes business?

Sorab Agarwal: Yes thank you. I do think we have a segmental analysis available offhand with respect to the end user segment, but broadly we can tell you that within the cranes about 10% to 12% comes from the real estate side and let us say the balance about 45% and 45% approximately would come from infra and manufacturing. The cranes are used not only for infrastructure and construction at large but also for manufacturing, for lifting, and shifting goods within the factories or logistic so about 10% would be approximately real estate. About 25% plus or minus with respect to infrastructure and 45% to 50% plus or minus with respect to manufacturing.

Parag Thakkar: Manufacturing includes refineries and it includes various things right?



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- Sorab Agarwal:** Everything right from the biggest like refinery, cement plants, steel plants and obviously going down to the smallest of the factories and industrial areas. We have a lot of our cranes even in the industrial area for loading, moving, lifting and shifting.
- Parag Thakkar:** Correct and so how does your industry order book work so for example when you are guiding for 25% to 30% revenue growth and EBITDA margin improvement, EBITDA margin improvement you are guiding for is what 150 bps?
- Sorab Agarwal:** See on a whole year basis I think last year we did close to 10% and this year we had projected 10.5% to 11% so hopefully we should be around 11% this year.
- Parag Thakkar:** Okay 11% for next year FY2024?
- Sorab Agarwal:** No sorry FY2023.
- Parag Thakkar:** FY2023 you will be 11% and FY2024 will be 13% you have said?
- Sorab Agarwal:** Yes should be somewhere between 12% to 13% so that will unfold over the next year?
- Parag Thakkar:** Yes correct and 25% to 30% growth is for FY2024 right over FY2023?
- Sorab Agarwal:** FY2023 we are talking about the current year 28% to 30% growth. For the next year, we are looking at about 15% to 20% growth at least and maybe once we have a call with the final we will be able to put a precise percentage to it?
- Parag Thakkar:** Yes correct so basically you have an order book kind of situation where you can predict the revenues for next year?
- Sorab Agarwal:** Not really see in our industry people want to order and take their deliveries as soon as possible generally people do not wait more than one or two months. The general momentum and our plan and understanding of the industry also coupled with our products, new ranges, what we feel will further increase for example like construction equipment or material handling and let us say tower crane industry so that is how we are able to predict what additional incremental we will be able to do.
- Parag Thakkar:** Correct so within construction equipment space we compete with players like JCB and all?
- Sorab Agarwal:** Yes for our backhoe loaders, we compete with JCB. They are much bigger than us much, much bigger than us but yes.
- Parag Thakkar:** What should be our market share in that JCB segment?
- Sorab Agarwal:** We currently I can say that our market share there is about close to little over 3%.



- Parag Thakkar:** Oh just 3% okay?
- Sorab Agarwal:** But it is going to move very fast now.
- Parag Thakkar:** Okay and your manufacturing capacities are fungible right so you can make a construction equipment also in the same plant and you can make cranes also in the same thing so suppose if demand for construction equipment where you compete with JCB that increases significantly?
- Sorab Agarwal:** Yes see it is not 100% fungible, but pretty well fungible especially at the fabrication side so yes going up in something and going down is it possible for us with great flexibility yes.
- Parag Thakkar:** What will be the current year capacity utilization in FY2023?
- Sorab Agarwal:** See as of now if I talk of the last quarter on a company basis we are working at close to 68% to 70% utilization. If we talk of cranes we are above 75%. If we talk of construction equipment we are at 50%. If we talk of metal handling we are about 65%.
- Parag Thakkar:** Construction equipment you are only at 50%?
- Sorab Agarwal:** Yes as of now.
- Parag Thakkar:** So what was the capex for 2023 and what is the capex for 2024?
- Sorab Agarwal:** See our plan for the current year which is ongoing, the exact number I am sure Mr. Luthra will provide but we are setting up a new manufacturing facility for making bigger cranes so spending close to about Rs.35 Crores say so this will enhance our capability to produce more numbers of bigger cranes and now that we are also launching bigger models. Apart from that we have also initiated the capex with respect to our regular crane production wherein we want to increase our capacity by 40% and 50% so that will start to take shape in this quarter and hopefully we want to operationalize that by Q2 of next year FY2024 so that will again be to the tune of Rs.35 Crores to Rs.40 Crores.
- Parag Thakkar:** So what is the asset tonne generally if you put up Rs.35 Crores what is the revenue you expect at say 70% utilization?
- Sorab Agarwal:** See let us say Rs.40 Crores can give us peak revenue addition of Rs.500 Crores to Rs.600 Crores.
- Parag Thakkar:** With 10%, 11% and 12% margin?
- Sorab Agarwal:** More than that Sir. In cranes, we are currently doing 13%.
- Parag Thakkar:** Sir I am saying break even within a year?



- Sorab Agarwal:** Yes. We should be able to recover that money in one full year of operation.
- Parag Thakkar:** And you have got net cash of Rs.300 Crores right now?
- Sorab Agarwal:** Approximately Rs.293 Crores to Rs.300 Crores yes.
- Parag Thakkar:** So what should be the dividend payout one can expect?
- Sorab Agarwal:** It is for the board to decide, but I am sure going forward it is going to increase.
- Parag Thakkar:** That is it from my side. Thanks a lot Sir.
- Moderator:** Thank you. The next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.
- Akshay Kothari:** Thanks for the opportunity. Sir any update on the acquisition which we had planned which I think went into the IBC at company?
- Sorab Agarwal:** Yes we have already submitted our resolution plan to the registered professionals and things are seem to be moving in the right direction so hopefully we should have some news over the next two to three months Mr. Luthra may be faster than that.
- Rajan Luthra:** Yes in the next quarter by March end.
- Sorab Agarwal:** By March end so maybe by end of this quarter or early next quarter something should materialize hopefully.
- Akshay Kothari:** Sir update on Ghana project have you received that Exim Bank advance with PO waiting?
- Sorab Agarwal:** Yes so we are still waiting for it. It is just around the corner. That is the confirmation we have so we were actually planning and are geared up to start execution in Q4 this year but I think that will delay to Q1 next year when we start execution.
- Akshay Kothari:** Okay and Sir I just wanted to understand the incremental growth the opportunity which we are seeing? Sir working capital would be essentially funded by borrowings only?
- Sorab Agarwal:** Internal accruals and I would say also very efficient management for the last two to two and a half years, we had let our inventory float us and I am very, very happy to tell you that in the last quarter we started controlling our inventories and at the end of last financial year our inventory days were at 104 and now they have gone to 89. Our receivables were at 40 days. Now they are 30 days at the end of the quarter and if you look at debtor days they are nearly similar at 105. They were earlier 103 now so on the whole from 39 days if you calculate our working capital 39 days which was at the end of the financial year and if you talk of December quarter, we have



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gone down to 17 days and we were targeting 25 to 30 days so we have been able to do a wonderful job in the last two to three months and going forward I think we should be in a position to easily stabilize this around 20 to 25 days so working capital 20 to 25 days so that is our requirement to run the business is not very high and whatever it is, we will manage from internal accruals. That is our aim.

Moderator: Thank you. The next question is from the line of Himanshu Upadhyay from O3 capital. Please go ahead.

Himanshu Upadhyay: Congratulations on great set of numbers and the thought which we have given in last few years it is showing up okay and being able to maintain the market share is great okay?

Sorab Agarwal: No we will increase it Sir. We will not maintain it, we will increase it across all segments. We are very confident.

Himanshu Upadhyay: So first question was in last few years we have increased our basket of equipment both in cranes and construction machinery what is the opportunity to cross sell? See this question I am asking because I was doing some rural visits? What I found was people who do equipment rental business have generally have both cranes and construction machinery so that means the backhoe loaders so how focused are we selling our backhoe loaders with our existing crane customers who rent the equipment out and what measures have we taken so that we can cross sell and increase our basket of products to the existing customers of ours so this is the first question?

Sorab Agarwal: To answer your question about 50% of cross selling is possible especially crane team doing the backhoe loader and we use that definitely but to be very frank with you currently to the level of 10% to 20% because what happens cranes even in last 27 years we are established we are leaders and we are number one so it is very easy for any person to sell to be able to convince and get the orders and execute. Backhoe loaders because we are a comparatively smaller size is a slightly tougher task so we have a separate set of people also doing that who are supported by the crane people and going forward with our numbers which have started to increase now and I am sure over the next one or two years it will be even bigger so eventually it will come to a level that with 50% cross sale or common market which is available about 20%, 30% and 35% of that will be able to attack where we are currently working at 10% levels.

Himanshu Upadhyay: The second question is we hear a lot of progress happening on warehouses and capacity utilization improving at manufacturing and new manufacturing facilities also coming up, but on our material handling, the sales is stagnating so what is the reason for that and what are we doing to increase our market share on the forklifts and all those equipment, material handling equipments?

Sorab Agarwal: Unfortunately Q1 and Q2 we did suffer a little on our numbers. It is more to do with our internal problems with respect to supply chain and manufacture and we were not able to significantly



increase our numbers and that is why even if you see in this quarter on a yearly basis we have increased our numbers only by 3%, but yes definitely quarter-on-quarter we have increased by about 25%.

Himanshu Upadhyay: Sir last question then I will join back in the queue. Can you give an idea of applications of this 180 tonnes crane what we have launched pie in the market and how fast is it growing?

Sorab Agarwal: Yes I will just finish the first answer regarding metal handling. Yes for some good and bad reason we are not able to increase our market share and our numbers in the first half of this year but I am sure within Q4 and especially in the next year we will surprise everybody very pleasantly on the metal handling because all the orientation and alignment with respect to ensuring a good product and good numbers is in place and I think metal handling should grow faster definitely next year and even in Q4. Regarding the 180 tonne crawler crane which is a new introduction we have shown our first machine and had an exhibition and got inaugurated also. We expect to commercialize this by June or July so hopefully Q2 onwards we will start selling this bigger model of crane and at that time maybe another 100 some cranes which was under development that should also be in our kitty so we will have the entire range of crawler cranes right from 40 tonnes to 45 tonnes, 55 tonnes, 75 tonnes, 80 tonnes, 100 tonnes and 160 tonnes or 180 tonnes, so by June or July with the commencement of our new plant which we were talking about for bigger cranes I think we will start these 180 tonne cranes as well.

Himanshu Upadhyay: The applications and size of the market?

Sorab Agarwal: The size of the market and...

Himanshu Upadhyay: Applications of these cranes?

Sorab Agarwal: Again the bigger plants, refineries, cement plants, infrastructure projects, bridges, flyovers, bullet trains, windmills and anything heavy any 50 tonne, 70 tonne, and 80 tonne load that comes to your mind is handled by such things. The average price of such a crane would be close to about Rs.3.5 Crores and currently the annual size the Indian market is close to about 70 to 80 cranes every year.

Himanshu Upadhyay: Thank you. I will join back in the queue for further query.

Moderator: Thank you. The next question is from the line of Suhrid Deorah from Paladin Capital. Please go ahead.

Suhrid Deorah: This has been a great quarter congratulations to you and the entire team Sir. I had a question on the construction equipment side so I was just pulling up the numbers over the last two years and the realization seemed to fluctuate a lot so I think in Q4 of FY2022 the average realization was about 45 lakh? This year the first half is worth about 35 to 37 max and this quarter gone by Q3 the realization 30 lakh could you help explain this and also in line with this how do you think



about the margins because despite the realization going down your margin have gone up so what is this segment look like going forward in terms of realization and volume?

Sorab Agarwal: This segment for us the biggest product by numbers is backhoe loaders followed by the soil compactors and motor graders and then eventually piling rigs so backhoe loaders an average price is close to about 23 to 24 lakh. The soil compactor again and road rollers is similar vibratory rollers. The motor grader is close to about 65 to 70 lakh and the piling rigger is close to about Rs.2 Crores so that is why the variation you are seeing so if you end up selling two, three and four extra piling rigs which is Rs.2 Crores each the number seems to be higher or lower and it is dynamic so that is something we really cannot control, but I would believe that backhoe loaders being one of the main thing and going forward motor grader also contributing in a significant way the average realization will stay in the range of Rs.25 lakh to Rs.30 lakh a little bit I would say Rs.30 lakh plus or minus and yes if you notice in our current quarter we have actually I always used to that once we start doing more than Rs.200 Crores worth of construction equipment our profitable will go into double digits and we have done Rs.62 Crores of revenue in the last quarter and our EBIT level is at 10.27 so going forward I believe that once we are doing Rs.225 Crores in this year itself we could be doing at Rs.230 Crores to Rs.240 Crores and going forward once we are doing Rs.300 Crores to Rs.350 Crores so even the profitability will align totally with respect to our similar to our crane business I would say maybe 100 points here and there and the going will be good.

Suhrid Deorah: Got it. Thank you and my second question was that you mentioned in your opening comments that the government itself is looking at a capex increase of 33% so given that you are guiding 20% growth in FY2024 is there a reason for the difference?

Sorab Agarwal: I am being very conservative. We will keep on upgrading it as the quarters pass by but I do not want to say 35% and end up doing 25% and still be on the backside.

Suhrid Deorah: I was expecting that. I just wanted to make sure.

Moderator: Thank you. The next question is from the line of Gaurav Gandhi from Glorytail Capital Management. Please go ahead.

Gaurav Gandhi: Congratulations on the great set of numbers. It is great that the company has launched the electric crane and it is really appreciable but my question was regarding whether they are equal in strength with the existing cranes which run on the oil and given the charging infrastructure is not that well in the country yet? It is really the viable option for the players to buy that?

Sorab Agarwal: The electric crane so I will talk on two things liability and the electric charging infrastructure separately. Generally electric machines and things come at two and a half to three times the cost but we have been able to come out with the crane at about 70% to 80% higher cost than the current similar cranes 15 tonnes and as per our calculations the viability payback is in for extra



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money invested by the customer or a retail hirer it is about two to two and a half years and after that for one and a half to two years till such time we have to replace the battery, that earning is free so he is saving an additional Rs.15 to Rs.20 lakh on account of fuel in the last two years out of the four year life cycle of the battery so we believe that it is going to be and most important especially for retail hirers the operators and all diesel fail everything happens all that will also perish and for the bigger companies everybody wants to be environmentally friendly. Already the first proto machine which we have displayed one of the main contractors are Tata Steel, he wants to take it straight away. We said no wait for two to three months. We will launch it commercially. Already companies like Reliance, L&T, Tata or x number of people who have seen it already are already very much interested so that is the viability size of it.

Gaurav Gandhi: Alright that is great. The second question is that last conference call you mentioned that you have received the export order?

Sorab Agarwal: Let me answer regarding the charging you were asking about in terms with the onboard charges so all you need to do is 220 or a 440 kilowatt power point needs to be available and this machine can charge itself anywhere.

Gaurav Gandhi: Alright but to whether such charging points will be available in the area where this crane works maybe if something is happening, the construction is happening of the bullet train let us say whether such kind of power will be available?

Sorab Agarwal: Let us forget the bullet train but because you mentioned bullet train the site is working. They have electricity power and DG sets giving them 220 or 440 supplies already. That is how the things are happening there so there is no infra side where power is not available or there is no factory where the power is not available and if you talk of retail hires or the hiring segments in their offices, shops, and yards everybody has power and we are using the same power with the onboard charges. The problem is cars and other things do not have an on board chargers. That is why they needed chargers. You have an on board charger so you just have to connect electricity. It is much simpler and much easier.

Gaurav Gandhi: All right. The second question is regarding in last conference call you mentioned that you have received some big export order the result of which will start coming from Q3 and Q4 so given that the current increased sale of cranes will it be sustainable or is it related to that export order only?

Sorab Agarwal: Yes there has been some contribution in the let us cranes and in the construction equipment sector. It is very much sustainable. Rather it is only going to become two to three times of the projections that we have from our distributors and partners and also apart from that we have received a good significant order from the VPR for tractors so some execution this quarter but most of it in the next year and like I said we wanted export to be 10% to 15% of our portfolio. This year we will close more than 6% maybe Rs.120 Crores to Rs.130 Crores maybe slightly



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higher and going forward I believe that next year we will hit our 10% planned target with respect to this?

Gaurav Gandhi: Alright Sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Jinesh Kothari from HDFC Securities Limited. Please go ahead.

Jinesh Kothari: Congratulations for having good set of numbers to you and your entire team. Sir I just wanted to know about the you mentioned about that we are still awaiting the letter of credit from the Exim Bank and you are hoping to receive by Q1 so what is the revenue that we can expect in the next financial year from that project of \$25 million approximately?

Sorab Agarwal: We are expecting it within this quarter so Q1 execution should show, so out of the total approximately Rs.200 Crores I would believe at least 50% to 60% if not more we should be able to invoice and consider in revenue in the next year.

Jinesh Kothari: Okay Sir and the second question was about we are receiving some of the pilot projects and orders from the defense sector as well so do we have any defense order book number that we are currently serving and catering to that?

Sorab Agarwal: Yes see as of now we are executing that special multipurpose entity machine and Luthra what we have done about half so that was about a 500 odd units plus or minus and we have executed half of it so the balance will be done in the next year and apart from that the smaller MRSA and medium range surface to air missile crane orders is under execution and it is slightly bigger cranes for handling so the exact number we do not have handy. If you could just drop us a mail or something we will provide you the exact details.

Jinesh Kothari: Sure Sir and just a small question on the agricultural segment part so upon the last quarter we have improved on the agri margins but they are not sufficient as we are doing in other segments so how are we looking forward to that?

Sorab Agarwal: We are struggling a little in our agri segment for some time now but things are changing. You can also see some improvement and inflation and commodity price coupled with our pricing power with respect to agri really troubled us in the last one to two years, but going forward things seem to have stabilized a little now. Our numbers are also improving so I am sure this Q4 and Q1 numbers Q4 FY2023 and Q1 numbers you will see significant improvement and we are hopeful that in the next financial year with our numbers also increasing and pricing stabilizing with respect to input costs we should do a 8% to 10% EBIT level there even in the agri segment on a slightly increased revenue. Another thing is that just like construction equipment in agri again as we start to do upwards of Rs.250 Crores to Rs.300 Crores of revenue that means Rs.70 Crores to Rs.75 Crores on a quarterly basis. The operating leverage and the utilization levels will help us



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reach our 8% to 10% EBITDA levels so hopefully we are on track and next year we should be able to see this.

Jinesh Kothari: Right Sir. So if you can please share the number of utilization rate we are currently having in the agricultural equipment segment and whether that capacity is fungible for other manufacturing units or not?

Sorab Agarwal: See our current utilization with agri segment is close to 45% and this is not fungible with others except for that yes some engines and transmissions which we do in our transmission plant is definitely fungible, but the end product facility is definitely not fungible and we are currently utilizing 45% in agri and we expect that next year this will also go to 60% to 65% at least.

Jinesh Kothari: Fine Sir. That is that is all from my side. All the best for upcoming quarters

Moderator: Thank you. The next question is from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Good evening Sir and thank you so much for taking my question. So congratulations on a great set of numbers. Sir most of my questions have been answered so I would just like to ask a bit more on the capex side so we are doing around Rs.70 Crores capex by next year correct Sir so that capex should be online in Q2 FY2024 correct?

Sorab Agarwal: Yes.

Darshil Jhaveri: So we can expect around revenue of Rs.700 Crores from the Rs.70 Crores capex and that utilization how much time would it take to reach a certain level of utilization where we can expect the revenue to reach peak value?

Sorab Agarwal: There are two capex we are doing. This Rs.75 Crores, one is about Rs.35 Crores and one is about Rs.40 Crores. This Rs.35 Crores of capex in bigger frames will give us the capacity of around Rs.300 Crores to Rs.400 Crores and we should be able to utilize that in the FY2025 and FY2026 in totality. FY2024 we will use 30%, 40% and 50% but FY2025 and FY2026 over the next two to three years so there is Rs.300 Crores to Rs.400 Crores and the other capex Rs.40 Crores we were expanding our current capacity of our existing frame by about 40% to 50% by investing about Rs.40 Crores in plants and machinery. That will also become upstream by Q2 and we should be able to utilize some of it in this year if the demand is to that tune but I am sure by FY2025 and FY2026 again that we should be able to use and that will give us revenue which will see utilization availability of close to Rs.700 Crores to Rs.800 Crores so Rs.700 Crores to Rs.800 Crores plus Rs.300 Crores is Rs.1000 Crores to Rs.1200 Crores is capacity addition. We are doing that spending is Rs.75 Crores. The second thing what is also happening simultaneously is that in one of these capex we are setting up a new facility within our existing premises within our existing land so it will further free up locations for forklift and tower cranes so there again we expect a 50% to 50% increase in capacity so let us say about Rs.100 Crores to Rs.150 Crores of



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forklift utilization possibility and another Rs.150 Crores of tower crane utilization possibility so all in all this will help us to do Rs.1200 Crores to Rs.1400 Crores of revenue.

Darshil Jhaveri: Okay so that helps me a lot Sir and all of these are additions would be margin lucrative correct Sir?

Sorab Agarwal: Yes.

Darshil Jhaveri: So current Q3 margins are sustainable and you are seeing additional growth? We do not have any seasonality per se right in the business?

Sorab Agarwal: We do not have what for I did not get. You have to be a little bit clear.

Darshil Jhaveri: Sorry Sir. Sir I just wanted to ask we do not have any seasonality per se right so in our business? Our margins will with our new revenue will be keep on growing quarter-on-quarter or is there some element of seasonality?

Sorab Agarwal: Generally Q1 is definitely slower than Q4 and Q2 is definitely better than Q1, but still on the slower side. The second half picks up very fast Q3 and Q4 so if you look traditionally we do about 40% to 45% in the first half and 55% to 60% in the second half and accordingly the margins when the revenue is slightly not so great do not rush up in the first half but they start to improve in the second half so that seasonality is there a little bit first half and second half.

Darshil Jhaveri: Okay Sir thank you so much. That helps me a lot. All the best.

Moderator: Thank you. The next question is from the line of Hiten Boricha from Joindre Capital. Please go ahead.

Hiten Boricha: Thank you for the opportunity. Sir most of my questions have been answered just a follow-up question on this capex? You mentioned we are doing Rs.35 Crores capex for with this bigger cranes 180 tonnes and the balance Rs.40 Crores we are doing is I did not get that where are we spending this Rs.40 Crores?

Sorab Agarwal: So this is again to increase our capacity for smaller cranes which is our bread and butter product to increase their capacity by 40% to 50%. For existing plants are being their size and shape and form is being increased to accommodate to do more business in fabrication as well as assembly.

Hiten Boricha: Okay Sir by any chance you can provide like what number of cranes we can produce per year or anything like that?

Sorab Agarwal: Yes with respect to our pick and carry cranes or mobile cranes currently our capacity is about 8000 to 8500 and post this expansion it will go to 12,000 plus and for the crawler cranes our current capacity is about 40 units approximately.



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- Hiten Boricha:** Sorry if did not get you? Sorry?
- Sorab Agarwal:** The crawler cranes and the truck cranes are current about 40 units per annum. This will go to a 200 plus per annum and simultaneously after doing these things our capacity we can currently produce 175 forklifts that will go up to around somewhere around 275 per month. Now tower crane which we can currently do are 30 to 35 in a month. That will also go to 50 units per month so I will put it in the annual perspective. It will be easier for you. The focus currently from about 2000 the capacity that we have around 3300 annually and for tower trains our capacity of currently around 350 that will go to five 550 to 600 annually and utilization revenue may be close to about anywhere between Rs.1200 Crores to Rs.1400 Crores slightly fungible maybe even Rs.1500 Crores.
- Hiten Boricha:** Sir any of this capex has already been spent or is it going to start from Q1 itself?
- Sorab Agarwal:** We have already spent I think we would have spent close to 40% of it approximately 40% to 45%.
- Hiten Boricha:** And balance we will be spending in next 6 to 8 months?
- Sorab Agarwal:** So we will be by Q2 positive.
- Hiten Boricha:** And everything will be start generating revenue from Q2 next year right?
- Sorab Agarwal:** We are trying that the bigger crane facility to operationalize in Q1 but definitely by Q2 yes.
- Hiten Boricha:** That is all. Thank you.
- Moderator:** Thank you. The next question is from the line of Sanjay Kumar from ithought PMS. Please go ahead.
- Sanjay Kumar:** Sir first is a bookkeeping question. Can you give the exports for Q3 and the nine month?
- Sorab Agarwal:** Export numbers for Q3 and nine months just a second. I think I have the revenue. For nine months, we have exported about Rs.74 Crores.
- Sanjay Kumar:** Rs.74 Crores?
- Sorab Agarwal:** Yes and the Q3 we have done about Rs.50 Crores
- Sanjay Kumar:** Rs.50 Crores?
- Sorab Agarwal:** Yes.



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Sanjay Kumar: Okay and if you could share some insights on which country is driving this? I was looking at some data it was Tanzania, some of the African and Asian countries so what is driving this?

Sorab Agarwal: About 25 to 30 countries all over the world including our immediate neighbors like even Nepal and Bangladesh. We were doing to Afghanistan but that has reduced quite a lot in the last two to three years but apart from that we are doing in Southeast Asia, some in the Middle East Asia in six, seven and eight countries within the African continent where there is potential and recently we have started Turkey and in the last six to eight months we have also gone into the South American continent especially focused on Brazil and Argentina, some in Mexico and some as well as in the CIS countries including Russia.

Sanjay Kumar: What is driving this because we are already seeing a significant growth because the markets do not have the established players there? Is it a relatively new market for everyone?

Sorab Agarwal: They have everything and they are already buying something and utilizing. We are driving it. We are trying to foray into these markets of equally good products may be more lucrative and may be more cost effective. We are we are trying to export. Till two to three years back we were not trying to export our machines in any organized fashion so the machines which are technically similar and acceptable abroad for example forklift and especially backhoe loader and the tractors so our export division is driving this.

Moderator: Thank you. The next question is from the line of Gunjan Kabra from Niveshaay. Please go ahead.

Gunjan Kabra: Thank you for the opportunity and congratulations for the good set of number so I want to understand that you mentioned that manufacturing sector in cranes contribute for around 50% of the revenue so the real estate infrastructure is quite clear but the manufacturing sectors majorly contributes to our revenue?

Sorab Agarwal: I am sorry but let us say within cranes I discussed that I have not been able to understand your question but a little parts of it. Vyom if you have been able to understand.

Vyom Agarwal: No Sir there was a lot of echo from her side.

Sorab Agarwal: Within our crane segment which is 70% of our revenue, 10% approximately goes into real estate, 45% goes hardcore into infrastructure related activities of any type and about 45% to 50% goes into manufacturing within the crane segment.

Gunjan Kabra: Sir I wanted to know in the manufacturing sector which sector contributes to the major revenue is what I wanted to understand?

Sorab Agarwal: The steel sector madam because finally cranes are built to handle heavy goods and all heavy goods are made of steel so right from the scheme of things of steel whether it is a let us say an iron ore mining to factories which are producing sponge iron or going into the final product



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billets or plates because at every stage steel needs handling and then from the bigger factories or let us say Steel Authority of India or Tata Steel or whichever JSW they go to the yards. They are again handling is happening loading and unloading. Then they move to the trader. Then they go to the end users who fabricate and create some component out of it or some fabrication. Then finally it is installed somewhere so in the entire cycle. Cranes are used for heavy goods and directly and indirectly steel sector mainly apart from everything else which is heavy.

- Gunjan Kabra:** Okay Sir I will get back to the queue.
- Moderator:** Thank you. The next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.
- Akshay Kothari:** Thanks for the opportunity again so I attended one of the webinars on construction equipment industry and one thing which came out was half of the construction equipment industry is backhoe loaders so first of all is it really like that?
- Sorab Agarwal:** I would say one third a little more than one third maybe. Maybe around 35% to 40% is backhoe loaders yes construction equipment?
- Akshay Kothari:** Also one thing also came out backhoe loaders utility value compared to other construction equipment is much more and it is a very useful machine so is it?
- Sorab Agarwal:** Multipurpose machine.
- Akshay Kothari:** Yes it is a multipurpose machine so is it somehow matching in the share of cranes as a total percentage of construction equipment or cranes would always have that utility?
- Sorab Agarwal:** Cranes are totally different. See backhoe loader is basically a machine which has loader in the front end and excavation in the rear end and it is used for loose aggregate. Lose aggregate when I say is sand or let us say in a tiles shop let us say a tile factory lose aggregate. Cranes are used for solid goods so they can never compete with each other.
- Vyom Agarwal:** I would just like to add a little bit cranes are used wherever there is lifting and shifting whereas backhoe is basically for digging so wherever you can visualize and digging and earth handling that is where you have a backhoe. Wherever you can visualize a lifting and a shifting there you would need a crane so there are two totally different application to each other and they are kind of complementary rather than supplementing each other.
- Akshay Kothari:** Understood. Last question from my side would be Sir then are we also having any pipeline to develop electric backhoe loaders just like what we did in cranes because that would be something remarkable?



- Sorab Agarwal:** I think we can easily develop electric backhoe loaders but it will not be commercially viable because what happens in cranes we can afford to have the battery weight. We already need some counterweight but in a backhoe loader if we add one or two to two and a half tonnes of battery weights the self weight of the machine goes up and the characteristics of the machine changes and even the battery consumption and power consumption and cost versus saving it is easy to develop a machine, but I feel that in backhoe loaders segment it might not be that viable. With respect to backhoe loaders and going forward maybe in the next two, three to four years even in the crane segment the more viable option would be hydrogen fuel cell technology which will help us eliminate especially for a backhoe loader or any other machine which does not require a counterweight so it will make more sense to go in with hydrogen technology, hydrogen IC engines, hydrogen fuel cells.
- Akshay Kothari:** Okay understood. Thanks a lot and all the best.
- Moderator:** Thank you. The next question is from the line of Himanshu Upadhyay from O3 capital. Please go ahead.
- Himanshu Upadhyay:** Out of that 200 sales of construction equipment what would be the number of backhoe loaders in this quarter?
- Sorab Agarwal:** Out of our construction equipment the numbers for backhoe loaders in this quarter, Luthra what is the number of backhoe loaders in this quarter. It is 184.
- Himanshu Upadhyay:** It is 184 you said?
- Sorab Agarwal:** Yes.
- Himanshu Upadhyay:** And last year how much was it in the same quarter?
- Sorab Agarwal:** Last year in the same quarter it was 144.
- Himanshu Upadhyay:** One more thing as more and more we grow what percentage of our revenues are currently from spares and services in this quarter and nine months and how are those numbers moving?
- Sorab Agarwal:** Luthra spare parts revenue to our revenue is how much.
- Rajan Luthra:** In nine months we about Rs.68 Crores and in the current we have done Rs.27 Crores as compared to last corresponding quarter 90 Crores.
- Sorab Agarwal:** About 4% to 5% of our revenue is coming from spare parts.
- Rajan Luthra:** That is right.



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Himanshu Upadhyay: One question I have. This business is cyclic okay? Currently the penetration of these equipment is very less but over next five years to six years when the penetration becomes very high we find most construction equipments have to go for I would say spares and services to keep their vendors happy and also for their own profitability once the penetration increases of these equipment so how are we focusing on because if we are not focusing in this period of time when the times are good on tendency and when people are ready to shell some money out? In tough times trying to convince people to do a factory renewable or factory spares and services becomes much more tougher and being in a cyclical business this will help play an important role for a longer term sustainability of our numbers and our vendors so how are you thinking now some thoughts on that?

Sorab Agarwal: See we have a very well spread out network for spare parts and service and as a matter of fact for any construction equipment or a mobile crane for any manufacturer it is imperative to have good availability of spare parts as well as service close to the locations where these machines are working and that is what we have been able to do in India. We have spare parts for more than 100 locations available within the country and in the last one to one and a half years I would say one and a half year we have also put our system on automated DMS wherein spare parts availability and ordering with respect to our stock locations, everything is on oracle on our dealer management system so I think that task we very well understand because the success of any equipment is totally based on the availability of spare parts, but finally it is a machine something will go wrong. It will require maintenance parts. It will require everything so that is a very, very key aspect with respect to our industry and we are doing whatever best is required to cater to that and cyclical thing you were talking about yes our business that way is cyclical because it depends on the economy. It depends on infrastructure spends. It depends on manufacturing sector doing good and then to overcome this aspect that is what we have principally decided two three years back that 5% to 10% of our portfolio our revenue should come from defense and another 10% to 15% from exports to be able to generate some counter fundability in our business if the macros go wrong in the country so we are very much focused here as well.

Himanshu Upadhyay: See when we have a target of growing our market share in across the businesses are we also having a team whose target is to take this aftermarket spare services to something like say 10% to 12% of our revenues to double digits?

Sorab Agarwal: We have created a new structure within our company only in the last five to six months to take back business into the mainstream from the aftermarket with respect to spare parts and we are very actively started working on this aspect in the last two to three quarters, so hopefully going forward the spares revenue contribution will increase a little.

Himanshu Upadhyay: Thank you.

Moderator: Thank you. We will take the next question from the line of Sanjay Kumar from ithought PMS. Please go ahead.



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Sanjay Kumar: Sir just one follow up on exports so do we sell directly globally or is it through a set of distributors and you said that our products would be lucrative or cheaper compared to global players so you should not miss the bigger opportunity for us going forward in exports?

Sorab Agarwal: Yes what you are saying is precisely true and I am mentioning our target as 10% to 15% that was our initial target but I think going forward over the next two years, five years or 10 years the potential is enormous for us to Make in India and the things that even our country is talking making for the world and for the first time we have started moving in that direction so the potential is enormous. There can be a time in five to 10 years from now where we say that if we do X revenue but we are doing 30%, 40% and 50% in export that is a possibility and we are working very hard in that direction and to attain that in the last six months we are working very actively now on all our products, upgradation and I feel that within the calendar year 2023 most of our products would be very much export worthy and comparable to the European look, feel, fit, and finish quality standards and then we are working very actively in that direction and let us just hope and pray that the results follow that was the second part of your question. What is the first part of your question I forgot while answering that.

Sanjay Kumar: Do we sell directly or through distributors or partners?

Sorab Agarwal: We sell through dealers and distributors because like I said machines need parts and service so we just do not want to sell some odd units and then it starts to give trouble after one or two or three years. Just saying that some units do get exported directly to countries which are not represented through a distributor or a dealer and we try to ensure that we provide them adequate spare parts along with the machine.

Sanjay Kumar: In that case are we building this network of dealers and distributors increasing it year-on-year?

Sorab Agarwal: Yes we are today operating out of 25 countries and more than that exact number is not handy and potential by potential we are opening up markets like I mentioned in the last year three to four critical markets, four to five which we opened. One was Turkey in the current year sorry Turkey, Argentina, Brazil, Mexico and even Ukraine. You will be surprised when the first missile landed there our containers the first containers of our machines was at the port last year and even Russia we have. Apart from that some other smaller markets.

Sanjay Kumar: Thank you.

Moderator: Thank you. The next question is from the line of Vipin Taneja an Individual Investor. Please go ahead.

Vipin Taneja: My greetings to you on fabulous results Sir and Sir just you mentioned about defense sector and reading about all these and Akash Missile Program in think there will be mounted on your truck cranes only so can we see by 2027-2028 like defense itself going towards a Rs.1000 Crores revenue because the opportunity says so are we running forward for that kind of a sales growth?



- Sorab Agarwal:** It is very difficult to put a number to it, but what you are saying is possible maybe not Rs.1000 Crores maybe seven Rs.700 Crores to Rs.800 Crores, it is very difficult to put a number to it but anything is possible and another thing that our government is focused earlier they were also importing cranes at two times to three times the at cost to the price for such requirements. Just giving you an example we are supplying some special cranes again to the Navy which will be executed. We received this order about three to four months back which will be executed in the next year so that alone is about Rs.35 Crores to Rs.40 Crores. We will finish it in two to three months so things are happening. Now whether it is Rs.100 Crores to Rs.200 Crores of cranes or Rs.800 Crores to Rs.100 Crores that time will tell. I really cannot put a number to it but yes thinking on it I think Rs.300 Crores to Rs.400 Crores looks easily doable the type of pipeline that we see.
- Vipin Taneja:** What are the margin differential versus the normal market and defense markets?
- Sorab Agarwal:** See margins from the bottom of our heart we are Indian and we want to work for our defense forces so we are not over charging or anything I mean it is just sustenance. That is our intention to serve the defense. I will be very frank on it.
- Moderator:** Thank you. The next question is from the line of Pranay Khandelwal from Alpha Invesco. Please go ahead.
- Pranay Khandelwal:** Thanks for the opportunity. Sir can you just give us some insights on the present landscape and maybe mining, construction and roads sectors?
- Sorab Agarwal:** Yes so mining, construction and road sector what do you want to know. I could not figure out the question?
- Pranay Khandelwal:** Like can you give us a landscape of what kind of demand we can expect?
- Sorab Agarwal:** I think the demand is very robust all across and with respect to end user segments whether it is manufacturing whether it is mining whether it is infrastructure I mean whether it is upgradation of railway stations, ports, roads, bullet train, and steel industry, steel prices have again started firming up a little in the last one and a half to two months if any one of you is tracking steel which is very good news because steel prices going up means the demand is going up and more cranes will be required so I think it is across sectors wherever we operate there is buoyancy.
- Pranay Khandelwal:** Alright thank you. That will be all.
- Moderator:** Thank you. The next question is from the line of Vipin Taneja an Individual Investor. Please go ahead.



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Vipin Taneja: Sir I just wanted to know I think you mentioned a lot about exports so what would be your like a billion dollar dream? Are we even thinking on those lines because 40% to 50% exports means the company is totally thinking differently altogether now that is what my assumption is?

Sorab Agarwal: Six months to one year we have started thinking differently. I did not say that we will do 40% to 50% exports. I said that is also a possibility so that is how efficiently we are able to create and upgrade our products and sell ourselves in those international markets. I think looking at the capabilities of our company and our ability to be very flexible with respect to whatever needs to be done for the end customer. This could be a reality but obviously we can only put in efforts right so and we are doing that and I am just trying answering that question and certainly most parts of the world who were using machines from China wants to avoid that or does not want to do it and is looking for an alternative so there is genuinely an opportunity to do wonders. I mean it can go anywhere.

Vipin Taneja: Because I am an interested party for the company and Sir so coming on like what would be the equipment or the cranes which you are currently very bullish on or maybe in terms of cranes in terms of tunnels like this is the would be the most hot sector currently going forward maybe in the medium term and on the equipment side as well construction CE equipment because in Bauma Expo, I think Mr. Nitin Gadkari mentioned that the current size of the construction equipment industry which is Rs.50,000 Crores will be Rs.100000 Crores going forward in next two years, December 31, 2024 he mentioned so both in construction equipment and cranes what are really you see you are bullish on in your in current portfolio size?

Sorab Agarwal: Within cranes we do pick and carry cranes which is our of our main products and tower cranes where again we are market leaders and yes last three to four years we have been trying to enter into the bigger crane segment BSIII to BSIV transition was an issue. I feel that I am very bullish on pick and carry cranes. This is nothing. The numbers that are happening in the country the way country is growing and things are happening, this will double, triple and maybe become five six times in no time so that is my assessment. If I talk of tower cranes which are primarily used for building construction, with per capita income increasing, with economy stabilizing and yes presently the interest costs are going up but sooner or later it will start to go down. There is already a boom in the housing sector already real estate so I am very bullish on real estate. If you ask me that these 50 cranes a month or 600 per year if we intend to do from next year onwards this capacity should get utilized within the next year maybe even faster the way things are we not able to deliver so all across. Now if you talk of bigger screens let us say 40 to 50 tonnes and bigger where in the last five to six years our country has allowed China to capture the market and Chinese have used only one tool to sell at ridiculous prices and offer one year credit to the end customer and that is the primary reason why a company like TIL has gone down under Tractors India Limited.

Vipin Taneja: Okay they have gone down under right?



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Sorab Agarwal: More or less they are under some restricting or some take over something is happening and the Chinese have captured that market. They are selling about 300 to 400 units every year so we need to bring that back to the country. So that is why we are setting up this bigger crane factory not only to grow our company, but as a true patriot bring it back to the country. The Chinese have taken it. How can they? How has the government allowed them to? As a matter of fact I have already started meeting some officials and the right people even at the highest level. How have they allowed this to happen and Tractors India Limited sorry I have become a little emotional now Tractors India Limited were supplying to Indian Defense, Navy, Army, refineries and all high value projects and sensitive things and they have allowed it to go to the dogs. Cannot they see? I am sure this government sees so things will happen very quickly. If they just want to turn off your refineries they can. They expect that the Chinese cranes will load the missiles and components and things or pull out wreckage when there is a war happening. It will never happen. One of the oldest Indian companies was doing 70 to 80 cranes have been allowed to sink at the hand of the Chinese into the mobile sector the cell phones and what they are trying to do in the automotive sector which they have been constrained already.

Vipin Taneja: So they were the only one who were doing all this?

Sorab Agarwal: Please mail it to us and we will answer.

Moderator: Thank you. Ladies and gentlemen, due to time constraint we may not have taken all questions. We thank you for your active participation. I now hand the conference over to the management for their closing comments.

Sorab Agarwal: Yes thank you. We have had a very good quarter and hopefully I mean Q4 seems to be in line to be even bigger and better with margin expansion again on the anvil and then going forward I would like to say that about two years back we had projected that in three years by FY2024 we should be able to do a Rs.2500 Crores turnover with about a 10% coming from exports so I have a feeling that in FY2024 we should exceed both of these targets which we had set for ourselves. Crossing Rs.2500 Crores revenue as well as our exports doing more than 10% and with the profit margins further increasing and stabilizing on account of better utilization, on account of operating leverage so and the country overall scenario is pretty buoyant even in the face of global recessionary news everywhere. So I see that short term prospects are good, medium term are good, and long term are very good. With that I just hope that we are able to deliver as per the expectation of our investors. Thank you. Thanks a lot.

Moderator: Thank you members of the management team. Ladies and gentlemen, on behalf of Emkay Global Financial Services that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.