

Techno Funda Stock



ACTION CONSTRUCTION EQUIPMENT LTD.

Sector : Heavy Machinery (Industrials) | 6/4/2023

Recommendation
BUY

₹

Buy Price Range
₹400-420

🎯

Target Price
₹480-500

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%

Expected Return
20-25%

📅

Holding Period
1-1.5 Years

📈

Market Capitalization
₹4,911 Cr. (Small-Cap)

PRODUCTS

Action Construction Equipment (ACE) is an Indian construction equipment and material handling company.



◆ Cranes

- Pick & Carry Crane
- Lorry Loaders Crane
- Self Erecting Tower Crane
- Crawler Crane
- Truck Crane
- Tower Crane

◆ Construction Equipment

- Backhoe Loader
- Wheel Loader
- Solid Compactor & Tandem Vibratory Roller
- Motor Grader

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◆ Material Handling Equipment

- Forklift Trucks
- Warehousing Equipment
- Pilling Rig

◆ Agriculture Equipment

- Tractor
- Track Combine
- Wheel Harvester
- Rotovator

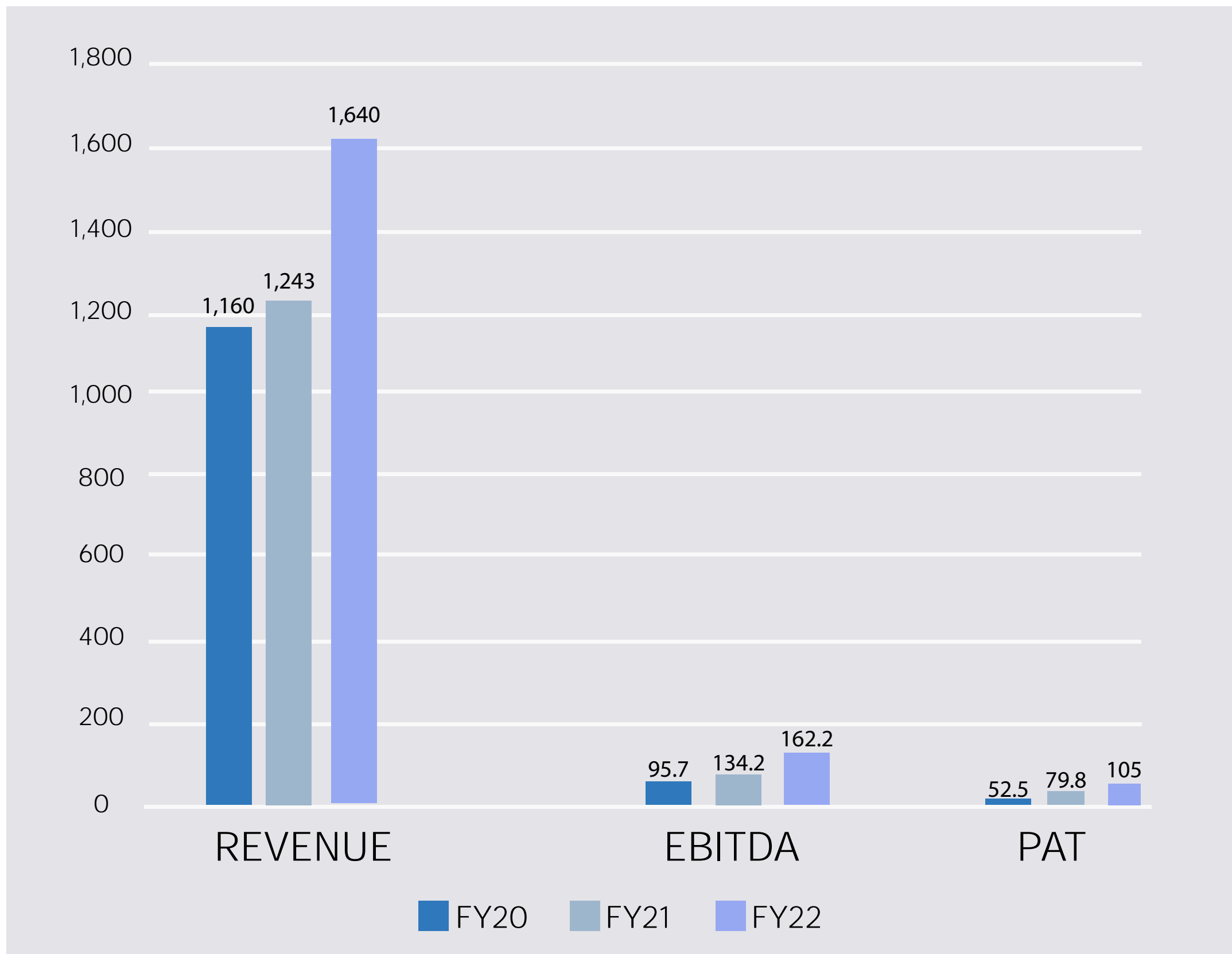
WHY TO INVEST?

- **Trending Market** The 'Make in India' initiative, 'PLI scheme', 'China+1' strategy, Infrastructure expenditure by government are all strong contributors towards company's current and future growth
- **Market Leader** In Mobile & Tower Cranes with 63% market share in the country www.swastika.co.in
- **Wide Sale & Service Network**
100+ locations supported by 13 regional offices in India. Exports to 37+ countries across Middle East, Africa, Asia and Latin America
- **New Product Launches** India's first 'Fully Electric Mobile Crane', developed India's largest indigenous crane with 180 tons lifting capacity & introduced India's first self-propelled 'Aerial Work Platforms (AWP)'

- **Increasing Exports** Launched 'Forma Range of Tractors & Backhoe Loader' especially designed for international markets
- **Growth Drivers** Increased export revenue coupled with opportunities in Defense Sector and increasing utilization levels of Construction Equipment and Agri business are moving the company towards counter cyclical domain
- **Capital Expenditure** Capex for FY23E was at Rs. 35 Cr. for installing a new capacity for manufacturing large cranes. The capacity is expected to commence production from June/July 2023. Capex for FY24E is expected at Rs. 40 Cr.
- **Management Revenue Growth Guidance** A 28-30% growth for FY23 and for FY24E is 15-20% (with high possibility of upward revision in further quarters)

FINANCIAL HIGHLIGHTS

(All figures are in INR Cr.)



FY22 KEY FINANCIALS

- ▶ High ROCE **22.5%**
- ▶ EBITDA Margin **9.3%**
- ▶ PAT Margin **6.4%**
- ▶ Debt/Equity Ratio **0.01x**
- ▶ Dividend Payout **6.8%**
- ▶ Sales Growth **32.8%**
- ▶ EBITDA Growth **24%**
- ▶ PAT Growth **31.6%**
- ▶ Interest Coverage Ratio **11x**
- ▶ Promoter Holding **66.8%**
- ▶ Sales Growth 5 Years **17%**
- ▶ PAT Growth 5 Years **50%**

QUARTER 3-FY23 & 9 MONTHS -FY23 FINANCIAL HIGHLIGHTS

	Q3FY23	Q2FY23	Growth	9MFY23	9MFY22	Growth
Revenue	564	497.8	13.3%	1,583.8	1125.7	40.7%
EBITDA	69.5	51.0	36.3%	185.6	111	67.2%
PAT	46.7	33.9	37.8%	125.8	69.6	80.7%

All Figures are in INR CR.

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Q3 FY23

- ▶ EBITDA Margin **12.32%**
- ▶ PAT Margin **8.28%**

TECHNICAL HIGHLIGHTS



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- ▶ **Box-Pattern & All-time-high and consolidation breakout with high volume support**
- ▶ **Upward price-cycle movement**
- ▶ **Price action above 13, 21 & 50 Weekly Exponential Moving Average**
- ▶ **Price action above 150 & 200 Daily Exponential Moving Average**

RESEARCHED BY



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