

Action Construction Equipment Ltd.

Corporate & Regd. Office

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



Date: 25th September, 2020

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 Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai-400051

CM Quote: ACE

Subject: Chairman's Speech at the 26th Annual General Meeting

Dear Sir/Madam,

We are enclosing herewith a copy of the Speech made by Mr. Vijay Agarwal, Chairman & Managing Director in the 26th Annual General Meeting of the Company held on Thursday, 24th September, 2020 through Video Conferencing (VC)/Other Audio Visual Means (OAVM).

This is for your information and records please.

Yours faithfully

For Action Construction Equipment Limited

Anil Kumar
Company Secretary
M.No. ACS:37791



Encl: As Above



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Dear Members,

I have great pleasure in welcoming you to the 26th Annual General Meeting of your Company. I would have, very much liked to meet and address you in person. But this is not possible under present circumstances and thus we are holding this meeting over a virtual platform. However, this has given us an opportunity to interact with members from all over the country, who could not attend the past meetings.

I would like to thank you for sparing time to join us today and for your continued faith in ACE and its management. I hope you and your family members are remaining healthy and staying safe.

As we meet, we are in the midst of unprecedented times. The world is faced with socio-economic disruptions. COVID-19 pandemic has resulted in an economic crisis that has compounded hardships across the globe. India & the entire world is grappling with the Covid-19 pandemic and the huge challenges it has thrown out. Governments are at a dilemma – how much and how long to impose lockdown conditions, to arrest the spread of the pandemic and how to quickly restore the business conditions and to jumpstart the wheels of the economy. As leaders of the industry, in these times, we are looking at constructive ways and means of dealing with the situation. Taking care of our employees, stakeholders and continuously focusing on the ever changing ways of doing business and interacting with our customers.

Your Company during the lockdown ensured strict 'work from home' norms for the safety and wellbeing of each employee. Even after the resumption of work, all necessary precautions are being followed in the offices and the factories. We also remained in constant touch with



our customers, vendors through virtual modes and extend all possible support.

I take this opportunity to apprise you of the Company's performance in the financial year 2019-20.

The Indian economy that was witnessing a slowdown for several quarters till December 2019 did show some signs of recovery during and feb of 2020. However, the outbreak of the Covid 19 pandemic and lock down in March 2020 destroyed any hopes of revival, and worse, plunged the entire globe into darkness.

Under the circumstances, after witnessing a healthy revenue growth of 23% in FY19, we had a decline in revenue this financial year. The second half of the fiscal witnessed extended monsoons, low capital expenditure on infrastructure and road activities, along with financial stress in the NBFC and housing sectors. The demand remained sluggish, as the Infrastructure sector in the Country witnessed a slower pace of activity due to bottlenecks such as project cost overruns, land acquisition delays etc. Also COVID took toll on demand during Feb & March.

Despite de-growth across all the four sectors we operate in, we at ACE were able to increase our EBITA and PAT margins with strategic focus and optimized resources.

Tough times can be overwhelming. There are some who gets intimidated and wait for storms to subside. Yet there are others who resolve to fight, despite the odds. This is what we, at ACE did in FY20. The nature of disruption was such that even the most robust players felt the heat. Starting from the liquidity crisis to slowing macro economy, weak economic sentiments, tough real estate scenario, and



finally the outbreak of COVID-19 pandemic. The going only got tougher. At ACE, we stood our ground. We persistently handled the pressure of short-term without losing sight of the long-term. We strengthened our market position while undertaking initiatives for the betterment of all stakeholders.

- Our revenue de-grew from Rs. 1,342.49 Crores to Rs.1,156.20 Crores i.e. 13.88%;
- Our PAT de-grew from 56.16 Crores to Rs. 52.64 Crores i.e. 6.27%;
- However, despite of de-growth, our EBITA remained healthy at Rs. 95.92 Crores;
- Earnings per share (EPS) was Rs. 4.58.

Re: Dividend

The Board of Director has approved an Interim Dividend of 25% per equity share for the financial year ended March 31, 2020, i.e. Rs. 0.50 paise per share.

Your Company continues to benefit from its integrated business model, wide product portfolio and scale economics which provide us with a high degree of earning stability. Each of our four verticals have enormous potential for growth, as each vertical represents a strong pivot for the development of Indian economy - agriculture, infrastructure, construction and material handling.

Our products stand out in terms of value-for-money, low maintenance cost and attractive resale value. We continue to leverage our world



class R&D infrastructure to deliver high quality products at cost effective prices. Our R&D teams work with a focus to ensure that ACE launches new unique products in tune with customer needs.

Looking at the tremendous global opportunities, we have also strengthened our export arm and forayed into new territories with our tractors, cranes and construction equipment. We intend to enhance the quantum of our exports substantially as there is an increasing demand for our products, which are being accepted by the global customers.

Your Company is already driving several initiatives that range from – efficient cash flow management, cost optimization, overcoming production bottlenecks that have arisen due to the pandemic. We are introducing new products such as higher capacity cranes, forklifts, etc. All these in turn, will translate into stronger value for our stakeholders.

Brand Salience & Recognitions

ACE brand continues to be recognized as the Super Brand in the Construction Equipment Segment. The Company received a large number of awards and recognitions for its achievements, which reflect the dedication and concerted efforts of the management.

Salient amongst these are:

- Award for the Best Company in Cranes & Tower Cranes (Awarded by [CIA WORLD AWARDS 2020](#));
- Award for the Best Company of the Year 2020 (Awarded by [ET NOW](#));



- Award for Business Leader of the Year 2020 (Awarded by [ET NOW](#));
- Award for Outstanding Employee Engagement Strategy 2020 (Awarded by [HR ASSOCIATION OF INDIA](#));
- Award for Most Innovative HR Company (Awarded by [HR ASSOCIATION OF INDIA](#));
- Awarded as North India's Best Employer (By [THE EMPLOYER BRANDING INSTITUTE, INDIA](#));
- Awarded as the Best seller in Mobile Cranes-Equipment India 2019 (Awarded by [EQUIPMENT INDIA](#));
- I was given Person of the Year award (By [EQUIPMENT INDIA MAGAZINE](#));
- We were awarded for Excellence in Engineering Design 2019 (By [MANUFACTURING TODAY](#));
- We were listed as India's Greatest Brands 2019 (By [ASIA ONE MAGAZINE](#));
- We got Future of Workplace & Leadership Award-2019 (By [OBSERVE NOW](#));
- We were listed as India's Most Trusted Companies 2019 (Awarded By [IBC CORPORATION, USA](#)).



Outlook for Current Year

Economic indicators are predicting contractions, but only time and speedy containment of the virus will reveal the actual outcome. While the short term recovery may be uncertain, the long term outlook for India and ACE shows a silver lining and revival is expected to happen sooner than expected.

Covid-19 pandemic and its fallout makes it difficult to forecast the future with any degree of certainty. While we are hopeful that 2nd half of FY 20-21 will have better economic and business activity in terms of liquidity, revival of construction activities, return of migrant labours and restoration of the supply chain. It would be premature to predict the Company's business outcomes for FY 20-21. We are putting enormous efforts to mitigate the impact of the pandemic and remain positive. In these conditions Companies with quality leadership, sound business fundamentals and a track record of winning in turbulent times, will emerge as champions. Given your Company's inherent strengths and financial stability, I am confident that ACE will emerge stronger from this global crisis.

I take this opportunity to thank Mr. Girish Narain Mehra, Mr. Subhash Verma and Gen. Keshav Chandra Agarwal, our independent directors who are retiring today, after completing their tenure. Their hard work, dedication and guidance, motivated and inspired us to do better year after year.

I truly appreciate the dedicated efforts of all our employees who have played a key role in building a strong, world-class organization and their efforts in addressing the current evolving situation under testing times. I also thank our customers, vendors and other stakeholders who made it possible for the Company to maintain its growth



momentum and financial performance. I also take this opportunity to thank all my colleagues on the Board for their continued support and guidance. I also thank all our shareholders for their continued trust on the entire ACE team.

Your company is no stranger to headwinds of challenges and with your support and good wishes, we remain confident of overcoming the current downtrends.

Sincerely
Vijay Agarwal
Chairman and Managing Director