

# ACE

Action Construction Equipment Ltd.

# Annual Report

**ACE** INDIA'S LEADING  
MOBILE CRANE COMPANY

## 15th Annual Report 2008-2009

*Nothing beats an **ACE***



# Corporate Profile

## BOARD OF DIRECTORS

- **Vijay Agarwal**  
Chairman and Managing Director\*
- **Mona Agarwal**  
Whole - time Director
- **Sorab Agarwal**  
Whole - time Director
- **Vijay K. Singh**  
Whole - time Director#
- **Subhash C. Verma**  
Independent Director\*#
- **G.N. Mehra (IAS Retd.)**  
Independent Director\* ^
- **Dr. Amar Singhal**  
Independent Director\* ^
- **Maj. Gen.(Retd.) Dr. K.C. Agarwal**  
Independent Director ^ #

\* Also a member of Audit Committee of the Company.

^ Also a member of Remuneration Committee of the Company.

# Also a member of Shareholder/Investor Grievance Committee.

## Chief Finance Officer

P.K. Bansal

## Company Secretary

Ashish K Bhatt

## Statutory Auditors

M/s Rajan Chhabra & Co.  
Chartered Accountants

## Registrar and Share Transfer Agent

Karvy Computershare Private Limited  
Phone : +91-40-23322454, 23320751/52/53  
Fax : +91-40-23311968  
E-mail : einwards.ris@karvy.com

## Bankers

- ICICI Bank Ltd.
- Citibank N.A.
- Hongkong and Shanghai Banking Corporation of India Ltd. ("HSBC")
- Standard Chartered Bank.
- State Bank of Patiala

## Stock Exchanges

Bombay Stock Exchange Limited  
National Stock Exchange of India Limited

## Subsidiary Companies

FRESTED LIMITED, Cyprus  
SC FORMA SA, Romania  
ACTION DEVELOPERS LTD., INDIA

## Registered Office

5th Floor, TDI Center, Jasola,  
New Delhi-110025

## Corporate Office

Dhudholla Link Road,  
Village Dhudholla, Palwal-121102,  
Haryana.

## PLANTS

### Plant 1

Jajru Road, 25th Mile Stone,  
Delhi-Mathura Road,  
Ballabgarh (Faridabad) 121004, Haryana

### Plant 2

Dhudholla Link Road, Village Dhudholla,  
Palwal- 121102, Haryana

### Plant 3

Plot No.C-5,6,7 & 8, UPSIDC Industrial Area-I,  
Bazpur, Dist. Uddham Singh Nagar-262123,  
Uttarakhand.

### Plant 4

Dhudholla Link Road, Village Dhudholla,  
Palwal- 121102, Haryana

## Product Support Division

Jajru Road, 25th Mile Stone, Delhi-Mathura  
Road, Ballabgarh (Faridabad) 121004, Haryana

[www.ace-cranes.com](http://www.ace-cranes.com)

## The Vision

“ To be the Leading Company in Cranes and Construction Equipment Sector, with a Global Focus. ”

## The Mission

“ To consolidate existing business further in terms of Customer relations & manufacturing and to continuously add new products to our Product Portfolio, with the mission of producing and distributing good quality machines which are cost effective, have value added features and to provide the best in the line Product Support and Spares availability. ”

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## Chairman's Speech

Dear Shareholders,

My warm greetings to all of you.

As you are aware we have entered into 16th financial year of the Company in an extremely challenging business environment when economy is still under recovery phase. The financial year 2008-09 faced recessionary trend particularly in the 2nd half when almost all countries got hit globally. The share markets also got plunged and demand for many products decreased.

The impact of this was felt in India to a lesser magnitude in comparison to other countries, your Company also suffered from this situation. In spite of the economic slowdown all over the world, your Company has performed reasonably well during the financial year of 2008-09. The Company held its fort by fighting the situation with courage and conviction. We took this opportunity to increase our customer base & did product improvements to provide our customers quality equipment at comparatively low prices. We made plans to leverage opportunities, realizing our growth potential. At ACE, we believe that we have key strengths which have ensured, we stay healthy even in tough times. While the Company concentrated on cutting cost wherever possible, to remain profitable, we focussed on products where our market share could be improved i.e. Tractors, Backhoe Loaders, Crawler Cranes, Pilling Rigs and others. Due to our innovative sales and marketing techniques, the new products of Company have already penetrated into the market. This will give your Company increased turnover & profit in future.

It gives me immense pleasure to share with you that the sale of Tractors has picked up and going in the right direction as was anticipated. Initially we have appointed dealers and are marketing only in the states of Haryana, U.P & Rajasthan. Further strategies have been chalked out to extend the presence of Tractors in different parts of the Country, thus making it popular all over India. At the same time it is heartening to announce that your Company remains a leading Mobile Crane Manufacturing Company in India.

In the coming years, your Company has formulated plans to deliver sustainable and profitable growth, creating value for the shareholders. Our core values will take us towards our vision of becoming the largest Construction Equipment Manufacturing Company in India.

With gratitude to our investors, employees, customers and also stock holders, we look forward to your continued support.

**Vijay Agarwal**  
Chairman and Managing Director



## NOTICE

NOTICE is hereby given that the **Fifteenth Annual General Meeting** of the Members of **Action Construction Equipment Limited** will be held as under to transact the following business:-

**Day, Date** : Thursday, 6th August, 2009  
**Time** : 12:00 Noon  
**Venue** : MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009, audited Profit & Loss Account for the year ended 31st March, 2009, Board's Report and addendum thereto, Auditors' Report.
2. To declare dividend on Equity Share Capital for the financial year ended on 31st March, 2009. The Board has recommended final dividend of Rs. 0.40 per equity share(20%) for the year ended 31st March, 2009.
3. To appoint a Director in place of Mr. Vijay K. Singh, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Amar Singhal, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. Rajan Chhabra & Co., Chartered Accountants, retiring Auditors as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“**RESOLVED THAT** in modification of the resolution passed at the Extra Ordinary General Meeting of the Shareholders of the Company held on 25th October, 2005, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, for borrowing from time to time, any sum or sums of money for the purposes of the Company upon such terms and conditions and with or without security as the Board of Directors may in its discretion think fit, notwithstanding, that the money or monies to be borrowed by the Company (apart from the Temporary loans obtained or to be obtained from time to time from the Company's Bankers in the ordinary course of business)

together with the money already borrowed, may exceed the aggregate of the Paid-up share Capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose(s), provided however that the money or monies to be borrowed by the Company together with the money already borrowed shall not, at any time exceed Rs.250 Crores(Rupees Two Hundred Fifty Crores only)”.

7. To consider remuneration of Mr. Vijay Agarwal, Chairman and Managing Director of the Company and pass following resolution(s), as **Special Resolution(s)**, with or without modification(s):-

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 268, 269, 309, 310, 311, 316, 317, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory amendments, modifications, or re-enactments thereof, and subject to the approval of the Central Government, if required, in this regard, the consent of the Shareholders be and is hereby accorded to the pay revised remuneration to Mr. Vijay Agarwal, Chairman and Managing Director of the Company from the Financial year 2009-10 till the end of his current tenure, on the terms and conditions as recommended by the Remuneration Committee and approved by Board of Directors of the Company and as set out in the explanatory statement which forms part of this resolution.

**RESOLVED FURTHER THAT** the remuneration as set out in the explanatory statement which forms a part of this resolution, payable to Mr. Vijay Agarwal, Chairman and Managing Director (CMD), is subject to the condition that in case of adequate profits the total remuneration payable in any financial year by way of salary, perquisites and other allowances shall not exceed the overall limit of five percent (5%) of the net profits of the company as applicable to each of the Managing/Whole-time Directors of the Company and/or ten percent (10%) of the net profits of the Company for all the Managing/Whole-time Directors in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII including any statutory amendments, modifications, or re-enactments thereof, as may be made thereto and for the time being in force or to the remuneration specifically approved by the Central Government.

**RESOLVED FURTHER THAT** where in any financial year during the currency of the tenure of the CMD, the Company has no profits or its profits are inadequate, the CMD shall be entitled to remuneration by way of



salary, perquisites and other allowances as per the limits specified under Section II Part II of Schedule XIII of the Companies Act and subject to the fulfillment of Conditions specified therein, for payment of such remuneration.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorised to vary the remuneration of Mr. Vijay Agarwal, Chairman and Managing Directors of the Company, within the limits of the following:-

- a) In case of adequate profits the total remuneration payable in any financial year by way of salary, perquisites and other allowances shall not exceed the overall limit of five percent (5%) of the net profits of the company as applicable to each of the Managing/Whole-time Directors of the Company and/or ten percent (10%) of the net profits of the Company for all the Managing/Whole-time Directors in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII including any statutory amendments, modifications, or re-enactments thereof, as may be made thereto and for the time being in force or to the remuneration specifically approved by the Central Government.
- b) In case, the Company has no profits or its profits are inadequate, CMD shall be entitled to remuneration by way of salary, perquisites and other allowances as per the limits specified under Section II Part II of Schedule XIII of the Companies Act and subject to the fulfillment of conditions specified therein, for payment of such remuneration."

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING**
2. Members/Proxy should bring the Attendance Slip duly filled in, for attending the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, with regard to the special business is attached herewith.
4. The Equity Shares of the Company are listed on the National Stock Exchange of India Limited (NSE) & Bombay Stock Exchange Limited (BSE).

5. The Register of Members and Share Transfer Book will remain closed from Monday, the 3rd August, 2009 to Thursday, 6th August, 2009 (both days inclusive) for payment of dividend. The dividend in respect of Equity Shares held in electronic form will be paid on the basis of beneficial ownership as per the details available from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
6. For effecting change of Address/Bank details/Electronic Clearing Service (ECS) Mandate, if any, Members are requested to notify the same to the following:-
  - a. if shares are held **in physical mode**, to the Company and/or Registrar and Share Transfer Agent (R&T Agent) of the Company, i.e. M/s. Karvy Computershare Private Limited, 'Karvy House', 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034. Members must quote their Folio No. in all correspondence with the Company/R&T Agent.
  - b. If shares are held **in electronic form**, to their Depository Participant (DP). The Company/ R&T Agent will not entertain requests for noting change of Address/Bank details/ECS Mandate, if any.
7. Members holding shares in physical form may avail Nomination facility by giving the particulars of their nomination in the prescribed form to the Registrar and Share Transfer Agent.
8. Members holding shares **in electronic form** may kindly note that their Bank Account details and 9-digit MICR Code of their Bankers, as noted in the records of their Depository, shall be used for the purpose of overprinting on Dividend Warrants, or remittance of dividend through Electronic Clearing Service (ECS), wherever applicable. It is, therefore, necessary that the Members should ensure that their correct bank details and/or 9-digit MICR Code number are noted in the records of the DP. Kindly ensure that the ECS mandate is correctly recorded with your DP so that no ECS rejection takes place.  
Reserve Bank of India (RBI) is providing Electronic Clearing Service (ECS) facility for payment of dividend in selected cities. Members holding shares in physical mode and who are desirous of availing this facility may give the details of their bank account i.e. 9-digit MICR Code in the format prescribed for this purpose (which can be obtained from the Registrar and Share Transfer Agent) along with photocopy of a cheque or a blank cancelled cheque relating to the bank account.
9. Members seeking any information on the accounts are requested to write to the Company at least ten days in



advance so as to enable the Management to keep the information ready, in reply to the same at the Annual General Meeting.

10. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking reappointment at the forthcoming Annual General Meeting is given in the annexure forming part of the Notice.

11. Members are requested to:-

- (i) bring their copy of Annual Report and attendance Slip at the venue of the meeting.
- (ii) Quote their Folio/DP & Client Id No. in all correspondence with the Company/ R&T Agent.

(iii) Note that briefcase, bag, eatables etc. **will not be allowed** to be taken inside the venue of the meeting for security purposes and shareholders will be required to take care of their belongings.

(iv) Note that **no gifts** will be distributed at the Annual General Meeting.

(v) Note that **shareholders present in person or through registered proxy** shall only be entertained.

(vi) The attendance slips/proxy form should be **signed** as per the specimens signatures registered with the R&T Agent/ Depository Participant (DP). Please carry photo ID card for identification/ verification purposes.

By Order of the Board  
For Action Construction Equipment Limited

Sd/  
(Ashish K Bhatt)  
Company Secretary

Place : New Delhi  
Date : 28<sup>th</sup> May 2009

## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

The following Explanatory Statement sets out all the material facts relating to the Special Business under Item No. 6 of the accompanying Notice dated 28th May, 2009.

### In Respect of Item No. 6

As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of a Public Company can not borrow money (a part from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the Company's Paid-up Capital and Free Reserves ( that is reserves not set apart for any specific purpose) without the consent of the shareholders in the General Meeting.

The shareholders of the Company at the Extra-Ordinary General Meeting held on 25th October, 2005 authorised the Board of Directors to borrow upto Rs.100 Crores. As the Business of the Company has grown rapidly since that time and increased need was felt to borrow money to meet the working capital and other requirements of the Company. The turnover over of the Company has increased almost 2.5 times, that in itself suggest the increased business operations and thus increased requirement of working Capital and other term borrowing.

The Resolution set out at item No.6 of the notice is put forth for consideration of the members as a Special resolution pursuant to section 293(1)(d) of the Companies Act, 1956, authorizing the Board of Directors to borrow upto a sum of Rs.250 Crores.

Your Directors recommend the above Resolution for your approval.

None of The Directors of the Company are interested in the aforesaid resolution.

### In Respect of Item No. 7

**Mr. Vijay Agarwal**, (60), Chairman and Managing Director of the Company, has 36 years of experience in material handling and heavy engineering industry. He has done B.E. (Mechanical) & MBA from FMS, Delhi and is looking after overall management and planning of the Company. Mr. Vijay Agarwal started his career with Bhartiya Cuttler Hammer Ltd., and worked there for ten years. Thereafter, he joined Escorts Ltd, in the Industrial Equipment Division as Senior Divisional Manager and worked there for eight years in different departments and looked after Purchase, Production and after sales service functions. From 1993, he was Business Head in Delhi Automobiles Ltd., for a period of three years. He then started Action Construction Equipments (P) Ltd. in the year 1995.

Under his able guidance only, the Company, from a mere turnover of Rs.8 crores in the FY year 1995-96, posted a turnover of Rs. 401 crore approx. in the FY 2007-08 and Rs. 429 crore in FY2008-09. Profit of the Company rose from a mere Rs.14 Lac in FY 1995-96 to Rs. 36 Crores approx. in the FY 2007-08. The Company was initially promoted Mr. Vijay Agarwal only, along with his wife, and two other persons. It was due to his persistence and never tiring efforts, that the Company is able to achieve the unexpected profits and growth in yesteryears. He has single handedly mentored the Company and has proved to



be a guiding light throughout all these years of the Company's journey. Under his unmatched guidance, the Company was able to win many awards and was able to obtain various recognized certifications for the product of the Company.

During the Financial year 2008-2009 the Company registered inadequate profit, due to which Company was unable to pay the due remuneration, as should have been paid to Mr. Vijay Agarwal, Chairman and Managing Director.

Thus it is proposed to take requisite approval from the shareholders for the same, that in case Company registers inadequate profits, same can be paid in accordance with the provisions of Section 198, 309, 268, 269 and other applicable provisions read together with Schedule-XIII of the Companies Act, 1956 and if required under the said provisions together with the Central Government approval. Thus following remuneration is proposed for approval of the shareholders:-

S No	REMUNERATION	DETAILS
I.	Basic Salary	Rs. 15,00,000/- Per Month
II.	Commission	Equal to 1% of net profit calculated as per Section 349 of the Companies Act, 1956.
III.	Perquisites	The perquisites are allowed in addition to salary and commission, however, such perks are restricted to an amount equal to one month salary during each year:
IV	Ex-Gratia	As per rules framed by the Company for employees of the Company in this respect.
V.	Housing	Free residential accommodation or House Rent Allowance equal to 40 per cent of the basic salary. Free furnishing is provided by the Company along with other amenities.
VI.	Medical Reimbursement	Reimbursement of medical expenses incurred by the appointee (including mediclaim insurance premium) on self and his family, subject to a ceiling of one month's salary in a year or five months' salary over a period of five years.
VII.	Leave Travel Concession	Reimbursement of the expenses incurred on leave travel by the appointee on self and his family in accordance with the rules specified by the Company.
VIII.	Club Fees	Fees of clubs subject to a maximum of two clubs. This does not include admission and life membership fees,
IX	Personal Accident Insurance	Premium not to exceed Rs. 10000/- per annum.
X.	Car	Free use of Company's car for official work along with driver at Company's cost and, if no car is provided reimbursement of the conveyance shall be made on actual basis as per claims made by him.
XI.	Provident Fund & Other Funds	Contribution to Provident Fund & Family Pension Fund, superannuation fund or annuity fund subject to the rules framed by the Company in this respect.
XII.	Gratuity	Gratuity payable not exceeding half a month's salary for each completed year of service subject to the ceiling prescribed by the Central Government from time to time.
XIII	Telephone	Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to him.
XIV.	Earned Privilege Leave	Earned Privilege Leave encashment subject to the condition that the leave accumulated but not availed be allowed to encash for 15 days salary for every year completed services at the end of the tenure.

The Board of Directors thus recommends passing of resolution(s) as set out in item No.7 to this Notice.

The resolution(s) passed by Remuneration Committee and approved by the Board of Directors of the Company in its meeting held on 28th May, 2009 are open to shareholders

inspection, on all business days, at its registered office, between 10:30 a.m. to 12:30 p.m.

Except Mr. Vijay Agarwal, Mrs. Mona Agarwal, Whole-Time Director and Mr. Sorab Agarwal, Whole-Time Director of the Company, no other director is concerned or interested in the resolution(s) as set out in Item No.7.

By Order of the Board of Directors

Place: New Delhi

Date : 28<sup>th</sup> May 2009

**Ashish K Bhatt**  
Company Secretary



### BRIEF RESUME OF DIRECTORS RETIRING BY ROTATION SEEKING RE-ELECTION

#### Mr. Vijay K. Singh

**Mr. Vijay K. Singh**, (52), has 30 years of experience in the existing industry. He looks after Production and Quality function. He has done his Diploma in Automobile Engineering from the Board of Technical Education, U.P. Under his supervision, the Company has increased its manufacturing capability year on year. He has worked for 17 years in Escorts Construction Equipment Ltd.

Mr. Vijay K. Singh holds 506 Equity shares of Rs. 2/- each in the company. Except, Mr. Vijay K. Singh, no other Director is interested in the Resolution, relating to his appointment.

#### Dr. Amar Singhal

**Dr. Amar Singhal** aged 54 years is MBBS & MD in General Medicines, and has a total experience of 26 years. He started

his carrier with GB Pant and Irwin Hospital as Senior Resident Cardiologist. He has worked as Specialist Cardiologist, in the Ministry of Health, Saudi Arabia during 1986 to 1989. He also held limited license of New York State Medical Board, while working as Interventional Cardiologist fellow in New York-USA. He has also worked as Consultant Cardiologist in various Heart Institutes in India. At present, he is working with Escorts Heart Institute and Research Centre, New Delhi and Maharaja Agrasen Heart Institute and Research Centre, New Delhi as Interventional Cardiologist.

He holds 146485 Equity shares of Rs. 2/- each in the company. Except, Dr. Amar Singhal, no other Director is interested in the Resolution, relating to his appointment.

### STATEMENT OF PARTICULARS PURSUANT TO SCHEDULE-XIII OF THE COMPANIES ACT, 1956

#### I. GENERAL INFORMATION

S No	PARTICULARS/SUBJECT	INFORMATION
1.	Nature of Industry	Manufacturing of Cranes.
2.	Date or expected date of Commercial production	13th January, 1995
3.	In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N.A.
4.	Financial performance based on given indicators.	In the FY 2007-2008, the Company made turnover of Rs. 401 Crore approx. and profit before tax Rs. 46 Crore. Whereas in the present year, the Company registered turnover of Rs. 429 Crore and profit before tax of Rs. 22 Crore. There has always been a steep in the profits of the Company, except for the present year and that too because the Company has to play on margins, due to slowdown in the economy. The Company expects a continuous trend of growth in turnover, as well as profits. The other financial figures are given in the attached Annual Report of the Company for the FY 2008-09.
5.	Export performance and net foreign exchange collections	Export of goods on FOB basis: Rs. 1352 lac (Previous Year Rs. 970 lac). No other Export Earning have been made by the Company
6.	Foreign Investments or Collaborators, if any	No such investment or collaboration except minor share holding of Non Residents Indians.



**II. INFORMATION ABOUT THE APPOINTEE**

1.	Background Details	<p><b>Mr. Vijay Agarwal</b>, (59), Chairman and Managing Director of the Company, has 36 years of experience in material handling and heavy engineering industry. He has done B.E. (Mechanical) &amp; MBA from FMS, Delhi and is looking after overall management and planning of the Company. Mr. Vijay Agarwal started his career with Bhartiya Cuttler Hammer Ltd., and worked there for ten years. Thereafter, he joined Escorts Ltd, in the Industrial Equipment Division as Senior Divisional Manager and worked there for eight years in different departments and looked after Purchase, Production and after sales service functions. From 1993, he was Business Head in Delhi Automobiles Ltd., for a period of three years. He then started Action Construction Equipments (P) Ltd. in the year 1995.</p> <p>Under his able guidance only, the Company, from a mere turnover of Rs.8 crores in the FY year 1995-96, posted a turnover of Rs. 401 crore approx. in the FY 2007-08 and Rs. 429 Crore in FY2008-09. Profit of the Company rose from a mere Rs.14 Lac in FY 1995-96 to Rs. 36 Crore approx. in the FY 2007-08. Company was initially promoted Mr. Vijay Agarwal only, along with his wife, and two other persons. It was due to his persistence and never tiring efforts, that the Company is able to achieve the unexpected profits and growth in yesteryears. He has single handedly mentored the Company and has proved to be a guiding light throughout all theses years of the Company's journey. Under his unmatched guidance, the Company was able to win many awards and was able to obtain various recognized certifications for the product of the Company.</p>																																		
2.	Past Remuneration	<table border="1"> <thead> <tr> <th data-bbox="244 915 323 957">S No</th> <th data-bbox="323 915 555 957">REMUNERATION</th> <th data-bbox="555 915 1466 957">DETAILS</th> </tr> </thead> <tbody> <tr> <td data-bbox="244 957 323 999">I.</td> <td data-bbox="323 957 555 999">Basic Salary</td> <td data-bbox="555 957 1466 999">Rs. 15,00,000/- Per Month</td> </tr> <tr> <td data-bbox="244 999 323 1041">II.</td> <td data-bbox="323 999 555 1041">Commission</td> <td data-bbox="555 999 1466 1041">Equal to 1% of net profit calculated as per Section 349 of the Companies Act, 1956.</td> </tr> <tr> <td data-bbox="244 1041 323 1923" rowspan="12">III.</td> <td data-bbox="323 1041 555 1125">Perquisites</td> <td data-bbox="555 1041 1466 1125">The perquisites are allowed in addition to salary and commission as per details given below, however, such perks are restricted to an amount equal to one month salary during each year:-</td> </tr> <tr> <td data-bbox="323 1125 555 1188">a) Housing</td> <td data-bbox="555 1125 1466 1188">Free residential accommodation or House Rent Allowance equal to 40 per sent of the basic salary. Free furnishing is provided by the Company along with other amenities.</td> </tr> <tr> <td data-bbox="323 1188 555 1272">b) Medical Reimbursement</td> <td data-bbox="555 1188 1466 1272">Reimbursement of medical expenses incurred by the appointee (including medi-claim insurance premium) on self and his family, subject to a ceiling of one month's salary in a year or five months' salary over a period of five years.</td> </tr> <tr> <td data-bbox="323 1272 555 1335">c) Leave Travel Concession</td> <td data-bbox="555 1272 1466 1335">The expenses incurred on leave travel by the appointee on self and his family is reimbursed once in a two year in accordance with the rules specified by the Company.</td> </tr> <tr> <td data-bbox="323 1335 555 1398">d) Club Fees</td> <td data-bbox="555 1335 1466 1398">Fees of clubs subject to a maximum of two clubs. 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3.	Recognition or awards	<p>During the tenure of Mr. Vijay Agarwal, Chairman and Managing Director of the Company, the Company has won the following prestigious awards:-</p> <ul style="list-style-type: none"> <li>● CNBC TV-18 EMERGING INDIA AWARD (2006).</li> <li>● BUILDING INDUSTRY LEADERSHIP AWARD (2006).</li> <li>● CONSTRUCTION WORLD NICMAR AWARD (2006).</li> <li>● CONSTRUCTION WORLD NICMAR AWARD (2007).</li> <li>● CONSTRUCTION WORLD NICMAR AWARD (2008).</li> </ul>
4.	Job profile and suitability	<p>As already mentioned under the appointee details, that it was due to persistence of Mr. Vijay Agarwal, Company has reached such a position where it can boost of its laurels and achievements. The details mentioned under the appointee details, itself explains the suitability of Mr. Vijay Agarwal, for the job of Chairman and Managing Director of the Company and are self-explanatory.</p>
5.	Remuneration proposed	<p>As set out in explanatory statement annexed to the notice.</p>
6.	Comparative remuneration profile with respect to industry size of the Company, profile of the position and person	<p>The remuneration being proposed is comparative with the remuneration being paid to the CEO/Managing Directors of the Companies of the same size in the industry.</p>
7.	Pecuniary relationship directly or indirectly with the Company personnel, if any	<p>Mr. Vijay Agarwal's pecuniary relationship with the Company, is disclosed in the "Related party disclosure" in notes to the accounts. In the opinion of Board of Directors of the Company, none of the transaction is prejudicial to the interest of the Company. Further, his wife Mrs. Mona Agarwal and his Son Mr. Sorab Agarwal, are Whole-time Directors in the Company.</p>

### III. OTHER INFORMATION

1.	Reason of loss or inadequate profits and steps taken for improvement	<p>In the Current year the Company registered profit after tax of Rs. 23 Crores approx. Although it is good profit, but it is less as comparison to previous years. It is because the Company has to sell its products on less margins to be in competition and maintain its position. However, profits would improve significantly once the economy would normalize.</p>
2.	Steps taken or proposed to be taken for improvement	<p>The Company has adopted the following measures to improve the profitably:-</p> <ul style="list-style-type: none"> <li>● Providing quality equipment and reasonable cost.</li> <li>● Protecting and strengthening, the business of Hydraulic cranes, which is a major revenue generator.</li> <li>● Increasing the production and acquiring expertise in other forms of construction equipment.</li> <li>● To produce every type of construction equipment so as to become complete solution provider for any infrastructure Company.</li> <li>● Increase in marketing and production of tractors making it a key revenue generator for the Company in the years to come</li> <li>● Exploring foreign markets for the products of the company</li> </ul>
3.	Expected increase in the productivity and profits of in measurable terms	<p>The Company has set the target of Rs. 500 crores turnover and a profit after tax of Rs. 45 crores for the Financial year 2009-2010.</p>



# Management Discussion and Analysis Report

This was a very crucial year not only from the point of view of World Economy and Indian Economy but also from the point of Company’s prospective. In the FY 2008-09 overall growth trends took a U-turn, forcing every Company to come with some new & innovative ideas, not only to survive this gloom but also to solidify its position. This was just a filter test for many Companies, and those which emerged out successfully would have a brighter future. Your Company after immediately realizing the economic conditions revisited its long term and short term plans, concentrated on utilizing its years of expertise and thus maintaining its position as it was ever before. Overall performance of the Company can be termed as reasonable as compared to current scenario.

The Company’s financial results can be summed up as follows.

1. Increase in net turnover of the Company from Rs. 40116 lac to Rs. 42850 lac.
2. Profit Before Tax of the Company is Rs. 3017 lac.
3. Profit after Tax is Rs. 2273 lac.
4. Earning per Share is Rs. 2.53

Although the figures do not match-up with past financial years but what is far more inspiring is that the sale of Company has again started to pick up. The detailed Management discussion and analysis report, industry wise, economy wise, product wise and in general is as follows:-

## Industry Structure

The equipment manufacturing industry is quiet an old industry, with few players in the starting years, but as the number of years have passed, the number of players in this industry has increased. The growth of this Industry is linked directly with Infrastructure and indirectly with the growth of Indian Economy. This industry calls for great expertise, in terms of technology, design and providing customer satisfaction. Its market is large, however the only survivors would be the Companies, who would be able to provide good quality products at cost effective prices. Your Company in the starting years, was able to create a niche for itself, which it has maintained throughout the past years and from time to time entering into new segments and making its presence felt there also. The Company’s brand has emerged as brand for reliability and has been able to win the customer loyalty in all these years. The Company desires to continue its successful stint in the industry, by providing

complete customer satisfaction by way of reasonable pricing and good product quality.

Your Company is largest Mobile Cranes, Tower Cranes and other construction equipment manufacturer with a major market share in these products. Your company has taken several initiatives to steer through the competitive situation in future and to retain its position in the business. Also, with the passing years, the Company has been able to increase its market share in other products.

The Company designs, manufactures, sells and provides product support of the following equipment:-

- Hydraulic Mobile Cranes
- Mobile Tower Cranes
- Fixed Tower Cranes
- Back Hoe & Wheeled Loaders
- Lorry Loaders
- Forklift Trucks
- Crawler Cranes
- Piling Rigs
- Vibratory Rollers
- Tractors

## Hydraulic Mobile Cranes



Hydraulic Mobile Cranes are widely used throughout Engineering, Construction and Infrastructure industry. These machines are rough terrain, pick and carry type, used for loading, unloading, moving, shifting and erecting material. The Company currently manufactures these cranes of 3 tons to 18 tons capacity. Your Company is trying to further strengthen its position in this segment. The demand for this product will continue to increase in the coming years as India is on the verge of witnessing major developments in infrastructure segment.

## Mobile/Fixed Tower Cranes

Tower Cranes are basically used for civil construction. Mobile Tower Crane are self-erecting /self-folding machines. These have provisions for built-in generators to provide electricity needed to operate the machines.





The Company currently manufactures Mobile Tower Cranes, which can work from 6 to 12 storeyed building. Fixed Tower Crane is also used in civil construction, but they are larger. These Cranes have maximum lifting height of 240 meters and a working radius of 70 meters. With the rise in construction of multi-storied buildings, demand for these equipments will be northbound in the years to come.



## Back Hoe & Wheeled loaders



Back Hoe Loaders are used in the construction and infrastructure sector for digging, moving, grading and loading earth and other loose aggregates. The

Company is also in the business of Wheeled Loaders.

## Lorry Loader Cranes

Currently, the Company imports these machines from PM. Italy and mounts them on Indian truck chassis. These machines are widely used in Europe, America and other developed countries. It can lift loads and transport it on its own chassis, and used unload at the desired destination. These are available from 2 ton/ meter to 80 ton/meter.



## Forklift Trucks

Forklift, is a powered industrial truck used to lift and transport material. The Company is supplying both battery operated and diesel operated Forklift Trucks with a lifting capacity of 1.5 ton to 10 Ton. The sale of this equipment would rise in the coming future with the increase in logistics and warehousing activities.



## Crawler Cranes

Crawler Cranes are used on soft ground for plant erection and maintenance work or plant ren-ovation. Basically, Crawler Cranes are similar to hydraulic excavators in traction and swing the load at 360 degree. The machine stability is achieved by the tracks themselves.



The basic advantages of the Crawler Crane is, it is quick in operation on soft ground compared to other class of Cranes. ACE is marketing Crawler Cranes from 50 Tons capacity onwards upto 600 Tons.

## Piling Rigs



Piling Rigs recently have gained acceptance in Indian construction industry as a must have equipment in construction of bridges, metro rails, ports. With almost all the foundations now being compulsorily constructed

with piling rigs, induction of Piling Rigs in ACE range of equipment is of great advantage. ACE offers complete range of models to cover all the strata, depths and diameters.

## Vibratory Rollers

Vibratory Rollers are machines used to compact loose soil or asphalt and are basically used for roads and highway construction as



per international standards. With the development of infrastructure and with the plans of government to take roads to the remote places of India and to repair the existing roads, the demand for these equipment is definitely bound to grow. Currently, Company is manufacturing 9 ton to 15.6 ton soil compactors and 3.5 ton, 9 ton & 10 ton Tandem compactors with advanced features.

## Tractors

Your company has started the production of Tractors last year only. The response to this product has been very good. Tractors are widely



used for farming purposes, and also for Construction and Industrial purpose This product at present is sold mainly in three states only viz. Uttar Pradesh, Rajasthan and Haryana but with plans of its being extended to all over the country, the demand for this product would definitely rise exponentially in the upcoming years. Also, the Company has tied with many banks to extend finance to its customers, which would act as catalyst in increasing the sales of this product. This product can be said to be in its toddler stage after completing its infant stage as our monthly sales has reached three dig its.

## MAIN FOCUS AREAS AND APPLICATIONS-

Majority of the equipment are supplied for Infrastructure Development and growth of this Industry is directly proportional to Infrastructure Industry. The Company's equipments are widely used in all major Infrastructure, Construction, Heavy Engineering and Industrial Projects across the country. Due to the versatility of the Company's equipment to satisfy a vast range of possible applications, the same are being successfully used in many sectors like Infrastructure construction, Power Projects, Ports & Shipyards, Dams, Metro Rail, Road, Coal Mines, Steel Industry, Engineering Industry, Railways, Cement, Petroleum, Defense, Chemicals and Fertilizer Plants, Building Construction etc. to name a few.

## OPPURTUNITIES, THREATS, RISK AND CONCERN

### Opportunities:-

1. The World Economy is witnessing a slowdown. The small players who have entered the market would find it difficult to sustain the demand for their products. The Company sees it as a good opportunity to eliminate the small players from the markets.
2. The Company can obtain a larger chunk from the market by offering quality products at low prices and building brand value.
3. With the initiative taken by the government for infrastructure Companies and in general, the Company sees no reason why the demand for construction equipment would not rise in the coming years.
4. Company has entered into new products recently. The Company by increased focus and attention can capture a good market share for these products also.
5. Inflation rate has been low in the recent times. Company at present can obtain good quality raw materials at reasonable prices and can thus positively effect the pricing of final equipment.

### Threats, Risks and Concerns:-

1. The World economy is going thru a recession face which can convert into a depression phase, thus adversely affecting the growth of Company.
2. The Assembly elections are around the corner. With a change in government, there might be possible change in the government policies too. Any adverse change in the policies can affect the Company.
3. Increase in the No. of competitors. As the Company's business is growing, new competitors with similar products are coming into the market. It could affect the company's share in the market.
4. The business of the Company primarily depends on proper supply of the raw material specially steel. Any adverse effect in the supply of the raw material, specially steel can hamper the production of the cranes.
5. Threat from import equipment can not be ignored as government is in the process of decreasing Custom duty under WTO agreements, bringing it to minimum level to promote competition.
6. More than 80% of the Company's sales is financed by NBFC's and banks. Any major financial shock can destabilize such entities.

### Outlook

The Company sees a brighter outlook, for itself in the upcoming years. With the growth in incentives, offered by the Government for Infrastructure Companies and in general, the growth which has slowed for a temporary period, would definitely pick leaps and bounds in the near future. The Company apart from having major share in Pick and Carry Cranes would try to further strengthen its position in the other segments too.

### Internal Control Systems and their Adequacies

The Company maintains proper internal control systems. The Internal Control is formed as such to avoid unnecessary losses, and to ensure proper record of transactions and also ensure protection against any misuse or loss of assets. The Internal Control system is adequately equipped so as to suggest proper changes that are required in the system to improve performance and minimize losses.

An independent firm of Chartered Accountants regularly carries out the internal audit of the Company. Internal audit of the Company is carried out at regular periodic intervals and the audit report submitted by Internal Auditors is presented before Audit Committee of the Company. The Officers responsible for their functions regularly submit their comments on report and share the steps they have taken to rectify the defects.



Your Company continues to be a ISO 9001 certified Company by CVI Conformity Verification International) recognized for the production, quality control and other qualities.

### Information and Technology

Your company believes in inflow, processing and outflow of data to be accurate, efficient and adequate to help the company form well-informed and timely decisions. The Company continues to invest highly in the IT infrastructure to support business applications. The Company realizes that the data of the company entered should flow in an accurate and smooth manner, thus making available the right data at the right time. The Company believes that today in this world of IT and fast communication world, a good and Robust IT infrastructure can give competitive advantage to the company. The Company is already trying to implement ORACLE APPS, which once implemented can be of good advantage to the Company. The implementation of this ERP is currently in planning phase. This is also accompanied by significant re-engineering and simplification of our business process to improve quality and customer service at reduced costs.

### Human Resources

The Company is a technology-driven Company and has its own HR policy, which focuses on qualitative & transparent recruitment, training and development, performance management, labor welfare etc. The Company believes that the development of employees is the prime responsibility of an organization and its employees are key contributors to its business success. It believes that to maintain the leading position in construction equipment industry, the company requires to provide good working culture and competitive compensation packages, to attract and retain talented people.

The Company seeks to establish and maintain an environment that supports its business processes and ensures that employee performance is evaluated against the achievement of objectives, which are in line with its long-term goals. All employees are provided with an

opportunity to discuss their performance, plan their development and submit self-appraisals.

To achieve a high level of ownership feeling and involvement of employees in decision-making, the Company has built its HR Policy in such a way that it achieves overall growth of the company as well as that of employees. Further, to motivate the employees and also to reward them for their performance, the company has a system of performance allowance based on output and target achievements, which is reviewed and modified from time to time.

### Comments on Financial Performance with respect to operational performance

During the Financial year under review, the turnover of the Company has increased to Rs. 42850 lac as compared to Rs. 40116 lac in the previous financial year. Although the turnover of the Company has increased but the profits of the Company has decreased as compared to previous financial year. Whereas the Profit before Tax(PBT) has decreased from Rs. 4567 lac to Rs. 3017 lac, Profit after Tax has decreased from Rs. 3628 Lac to Rs. 2273 Lac. It is because the Company has to play on margins and provide its products at competitive market prices. Also the growth in the turnover of the Company was not proportionate as compared to increase in the expenses of the Company. Whereas the employees and administrative and other expenses were Rs. 2211 lac in the FY 2007-08, it is Rs. 3107 lac in the financial year under review. Once the turnover of the Company reaches to desired levels, these costs can be justified. Other expenses somewhat more or less has remained proportionate to the Company's turnover.

### Cautionary Statement

Statements in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations, predictions etc. may be "Forward statement" with in the meaning of applicable laws and regulations. Actual results, performance or achievements may vary with those expressed or implied, depending upon the economic conditions, Government policies and other incidental/unforeseeable factors.



# Director's Report

To

## The Members-

Your Directors are pleased to present the Fifteenth Annual Report together with the Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2009.

This year was full of ups and downs. Although the profit as compared to previous year was less, but the heartening news is that the Company has crossed its previous year turnover figures. This fact in itself shows the trust and reliance our customers have placed on us. Though it was slowdown in this financial year but the Directors are sure that your Company would definitely do well in the upcoming financial year par expectations.

## Financial Results

Financial Results of the Company for the year under review along with the figures for previous year are as follows:

	(Rs. in lac)	
	2008-09	2007-08
Gross Sales	44783	42856
Other Income	1871	1064
<b>Total Income</b>	<b>46654</b>	<b>43920</b>
Profit before Depreciation and Tax	<b>3590</b>	<b>4886</b>
<b>Less:</b>		
Depreciation	574	319
Provision for Taxation	743	939
<b>Net Profit after Tax</b>	<b>2273</b>	<b>3628</b>
Profit brought forward	1355	568
<b>Profit available for Appropriation</b>	<b>3628</b>	<b>4196</b>
<b>Appropriations:</b>		
Interim Dividend	-	360
Dividend on Equity Shares	359	359
Corporate Tax on Dividend	122	122
Amount transferred to General Reserve	2000	2000
<b>Profit carried to Balance Sheet</b>	<b>1147</b>	<b>1355</b>

**Note:** Previous year's figures have been regrouped wherever necessary.

## Financial Performance

The performance of your Company can be termed to be quite satisfactory, given the current economic scenario. The turnover of the Company for the FY-2008-09 has increased to Rs. 42850 lac from Rs. 40116 lac. The net profits of the Company for the FY 2008-09 is Rs. 2273 lac. The Figures are satisfactory and the decline in net profits was mainly due to the fact that the Company has been playing on less margins. Turnover in absolute terms however, has increased.

## Dividend

Directors are privileged to recommend, subject to your approval, payment of final dividend of Rs. 0.40 on per equity share of Rs. 2/- each (20%) for the year 2008-09. Dividend, if declared, the total payout for the financial year 2008-09 will be Rs. 0.40 per equity share (20%).

## Corporate Plan

During the FY 2008-09 the economy slowed down globally which affected our country as well. Every Company had to come up with some new and innovative ideas not only to survive in the market but also to maintain its position in the market.

Thus need was felt to re-visit both short-term and long-term plans of the Company. Your Company has decided to implement new and innovative ideas and formed the following corporate strategies to maintain its position in the market. The Corporate plan aims at creating a robust and growth-oriented portfolio that would maximize return to the stakeholders.

Broadly, the revised Corporate strategy of your Company has identified the following key growth drivers:-

- Providing quality equipment and reasonable cost.
- Protecting and strengthening, the business of hydraulic cranes, which is a major revenue generator.
- Increasing the production and acquiring expertise in other forms of construction equipment.
- To produce every type of construction equipment so as to become complete solution provider for any infrastructure Company.
- Increase in marketing and production of tractors making it a key revenue generator for the Company in the years to come
- Exploring foreign markets for the products of the company



## Change in Share Capital

During the year, there was no change in the share capital of the Company.

## Listing

The shares of your Company are listed on National Stock Exchange of India Limited and Bombay Stock Exchange.

## Consolidated Financial Statements

Your Company has a wholly owned overseas subsidiary (WOS) Company at Cyprus viz M/s FRESTED LIMITED, and through it, your Company has acquired 73.90% equity stake in a Romanian Company viz. SC FORMA SA, Romania in the Financial year 2006-07. Further, in the financial year 2007-08, your Company has further acquired 144,781 of SC FORMA SA, Romania through FRESTED LIMITED, making total No. of shares held by the Company to 89.5% of the total Equity Shares of the SC FORMA SA, Romania. During the Financial year 2008-09, your Company has also formed a wholly-owned subsidiary Company viz. Action Developers Ltd. As per Section 4 of the Companies Act, 1956 all these three companies are subsidiary Companies of the Company. Therefore, in compliance of the listing agreement with the Stock Exchanges and Accounting Standard issued by The Institute of Chartered Accountants of India, your Company has consolidated the accounts incorporating the accounts of all these three subsidiary Companies. The audited Consolidated Financial Statements together with Auditors' Report thereon, form part of the Annual Report.

## Return on Net Worth

On the overall valuations of your Company, the Net Worth of the Company is Rs. 15542 lac as on 31<sup>st</sup> March, 2009, generating a Return on Net Worth (RONW) of 14.6%, and Return on Capital Employed (ROCE) of 11.7%, both of which indicate good return in the business.

## Marketing and Export and Scaling Up Overseas Business

The Indian economy is in a take off phase and has developed necessary strength to achieve the target of being a developed nation by the year 2020.

The Company plans to expand its overseas markets. It is looking at Middle East, Asia, Africa and Eastern Europe for its products.

With a view to enhance shareholder value, your Company continues to focus on expanding its customer base through cost reduction, increased efficiency and technology upgradation.

Your Company's confidence in building a positive future for itself stems from the continued and dedicated focus of

its management team to maximize customer satisfaction, growth in revenue, increased market penetration and addition to the product portfolio. With a large well spread network of 5 Regional Offices and 70 Sales and Services locations and dedicated Spare Parts Division along with a range of products in its basket, your Company is well equipped to provide the best products and parts, support and services to its increasing number of customers. In this year your Company has introduced vibratory compactors and hopefully it sales would be in lines of our existing products.

Your Company is looking for expansion in foreign countries also. Your Company, through its representatives, is regularly making visits to foreign countries for any good possibility of acquisitions and joint ventures. Beside Cyprus and Romania, where the Company has already formed its subsidiaries, your Company is also looking at other viable and conducive locations.

On the domestic front, your Company is one of the major equipment suppliers. Your Company supplies equipment to very big groups such as Reliance, L & T, Simplex, Essar, NCC, IVRCL, Punj Lyod, BHEL, Gammon India etc. to name a few, who have, through regular use of the companies products has formed a great faith on the Company's products.

Your Company intends to become "a one stop shop" for all possible infrastructure construction related equipment in the next 3 years

## Subsidiary Companies

As mentioned earlier, your Company has incorporated a wholly owned overseas subsidiary (WOS) Company at Cyprus viz M/s FRESTED LIMITED, and through it, your Company has acquired 89.5% equity stake in a Romanian Company viz. SC FORMA SA, Romania, which has become fellow subsidiary of your Company. Also, the Company has formed one more subsidiary Company viz. Action Developers Ltd. in the FY 2008-09

Ministry of Company Affairs, Government of India, vide its letter No. 47/428/2009 CL-III dated May 27, 2009 has exempted the Company from attaching the Annual Report and other particulars of its subsidiary companies along with the Annual Report of the Company u/s 212 of the Companies Act, 1956, therefore, the said Reports of the subsidiary companies viz. (1) FRESTED Limited, Cyprus, (2) SC FORMA SA, Romania (3) Action Developers Limited are not attached herewith. However, a statement giving certain information as required vide exemption letter No. 47/428/2009 CL-III dated May 27, 2009 is placed along with the Consolidated Accounts.

The Annual Accounts of the subsidiary companies and the related detailed information will be made available to the



members of the holding and subsidiary Company seeking such information at any point of time. The Annual accounts of the subsidiary companies will also be kept for inspection by any investor at its Registered Office.

### Quality Certification

Your Company has got CE Certification for most of its manufactured products. After getting this Certification, products of your Company are being well accepted in the International Market. Your Company is already ISO 9001 certified Company by CVI (Conformity Verification International), which is internationally recognized for the production, quality control and other qualities. This ensures that its standards of design, development, procurement, manufacturing, testing, installation and product support meet the most stringent norms. The ISO Certification gives international recognition and will help the Company, to boost its export turnover.

### Human Resources & Industrial Relations Front

The Industrial scenario during the year 2008-09 remained harmonious and cordial. There was no strike or lock out during the year and as such no man-days were lost. As on March 31, 2009, there were 434 employees on the roll of the Company.

Any shareholder interested in obtaining a copy of statement of particulars of employees referred to in section 217(2A) of the Companies Act, 1956, may write to the Company Secretary at the Registered Office of the Company.

### Environment, Health and Safety for Corporate Sustainability

Your Company's commitment and responsibility towards the environment stems from its vision, which enjoins upon your Company to sustain business growth with deep commitment to the environment. The safety and health of its employees are embedded in the core organizational values of the Company. The policy, inter-alia, aims to ensure safety of public, employees, plant and equipment, ensure compliance with all statutory rules and regulations, impart training to its employees, carry out safety audits of its facilities, conduct regular medical check up of its employees and promote eco-friendly activities.

### Corporate Social Responsibility

Your Company is committed to the belief that it exists not just to run business and generate profits, but also to fulfill its duties as a responsible corporate citizen. At ACE, we define Corporate Social Responsibility as "continuing commitment for operating the core business in a socially responsible way, complemented by investment in communities to produce an overall positive impact on

the society". As a caring citizen, we paint various vibrant hues on the canvas of life, each color in the palette coming alive with the bold brush strokes of hope, harmony and happiness. The focus areas of your Company's CSR activities are: Environment Protection, Infrastructure, Drinking water/Sanitation and Health /Medical facilities.

Your Company regularly conducts Yoga training program for its permanent as well as contract employees. Your Company is particularly cautious of the health of its employees and aims at providing good basic facilities and hygienic conditions to work for its employees.

Your company believes that a cleaner environment maintained today by the Company would be a precious gift to the upcoming generation. Your Company believes in growing trees in the premises of the Company as well as in nearby localities, thus maintaining a balance between environment and corporate growth.

Your Company is on its way and would be soon involved in social cause such as child education, green environment and others which effects and is very relevant to the society.

The Company, besides having an aim to generate profit, does understand its responsibilities as a good corporate citizen and always strives for ways through which it can do any good for the society.

### Directors

Shri Vijay K. Singh and Dr. Amar Singhal, Directors are liable to retire by rotation in ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors recommend for their re-appointment. None of the Directors of your Company is disqualified as per provisions of Section 274(1)(g) of the Companies Act, 1956.

### Management Discussion And Analysis

The Management Discussion and Analysis of the financial condition and result of operations separately form part of this report

### Auditors' Observation

Observations of the Auditors when read together with the relevant notes on accounts and accounting policies are self-explanatory and do not require any further comments.

### Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance and Auditor's Certificate regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

### Auditors

The Auditors of the Company, M/s. Rajan Chhabra & Co., Chartered Accountants, will retire at the ensuing Annual



General Meeting of the Company. They are eligible for re-appointment and have furnished a certificate to this effect that the proposed appointment, if made, will be in accordance with Section 224 (1B) of the Companies Act, 1956.

### Directors' Responsibility Statement

Pursuant to the provisions of Section 217 (2AA), your Directors hereby confirm –

- I) That in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- II) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- III) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV) That the directors had prepared the annual accounts on a going concern basis.

### Insurance

The assets of your Company are adequately insured against the losses by fire and other risks as considered necessary by the management.

### Deposits

Your Company has not accepted any public deposit within the meaning of the provisions of section 58A of the Companies Act, 1956.

### Particulars On Conservation Of Energy, Technology Absorption And Foreign Exchange Earning And Outgo

The information relating to the conservation of Energy, Technology Absorption and Foreign Exchange Earning &

Outgo required under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in **Annexure A** and forms part of this report.

### Inter-Se Relationship Between Directors

As per amendment made in Clause 49 of the Listing Agreement, your Company has to report Inter-se relationship between the Directors in the Annual Report of the Company. The following are the details of Inter-se relationship between the Directors:-

- Shri Vijay Agarwal, Chairman and Managing Director is husband of Smt Mona Agarwal, Whole-time Director and Father of Shri. Sorab Agarwal, Whole-time Director of the Company.

All other Directors of the Company, act in their independent capacities and do not have any inter-se relationship among themselves.

### Acknowledgement

The Board of Directors wish to place on record their sincere appreciation for the valuable services and dedicated efforts of the employees of the Company, who have ensured the accomplishment of good results and achievement of the Company. The Board also wishes to thank Government of India, various State Governments and the Company's Banker for all the help and encouragement they extended to the Company. Your Directors deeply acknowledge the continued trust and confidence that the Shareholders, Customers, the Dealers and the Suppliers have placed in your Company.

For and on behalf of the Board of  
**Action Construction Equipment Ltd**

**Vijay Agarwal**  
Chairman & Managing Director

Place: Ballabgarh  
Dated: 28<sup>th</sup> May, 2009

## ANNEXURE-A

### I) Conservation of Energy

1. Energy Conservation measures taken and additional Investment Proposals, if any:
  - Accounting & monitoring of Energy Consumption with each production unit, which has resulted in avoiding losses.
  - Minimized use of high self-generation of power.

- Use of low Intensity lighting for vigilance purpose during night shifts and off days.
- Introduced energy saving lights for office premises.
- Introduced and Installed eco ventilators in all production halls. These eco ventilators run through wind energy power and do not need electrical energy
- Reorganized layout and installed roller conveyors, rails and manual trolleys etc. These being frictionless do not require electrical power.



- Maintained power factor as high as say .98 resulting in reduction of transmission of losses of electricity.
2. Impact of above measures on energy conservation and cost of production:
    - Reduced energy consumption.
    - Consequent impact on the cost of production of product.
  3. Total energy consumption and energy consumption per unit:
    - Not Applicable.

## II) Tecnology Absorption

### 1. Research & Development

- a) Specific areas in which R & D is carried out by the company.
  - Developed 40 Ton, 360° Slew Truck crane.
  - New model cranes HY10, HYA12E, HY12, and HY14 with improved capacities and lift heights developed.
  - 10 Ton soil compactor developed.
  - 12 Ton soil compactor developed.
  - 10 Ton tandem compactor developed.
  - 3 Parts Boom assys. With single cylinder (non Hollow) and horizontal lay developed.
  - Modifications of clutch linkage.
  - Modified cabin of city crane.
- b) Benefits derived as a result of the above R & D
  - Addition in range of cranes to offer.
  - New range of compactors to offer.
  - Longer life of clutch assembly, ease in operation and improved operator comfort.
  - Wider / spacious ergonomics control cabin for city crane with electronic Dash board, Dual controls with double seat and new look.
  - New boom eliminate one cylinder from 3parts boom, are more reliable and chances of rope getting damage are eliminated.
- c) Future plan of Action.
  - 14 Ton New concept crane.
  - 15XW-F crane with new driveline aggregates.
  - New 15XW-F crane for Export.
  - 3 Ton Forklift with fluid coupling.
  - 3.5 Ton tandem compactor.
  - 15 Ton soil compactor.
  - 35 HP Tractor with dual clutch.

- Certification of Tractors with wet land application.
- Development of 25 HP & 60 HP Tractors.
- Development of 360° continuous slew cranes of 6TM, 10TM & 15TM

### 2. Tecnology absorption, adaptation & innovation.

- a) Efforts in brief. made towards Tecnology absorption & innovation.
  - **12 Nos VE/VA related Projects implemented, Substantial saving** – Gear Shift, Cable Steering, Revolving Seat, Brake bowl, New Cabin, High Low Mechanism, hydraulics Tubes, Differential Top cover, Control Valve Mounting, Weight Box-City Cab Canopy, Winch Bracket.
  - **11Nos QA related-Projects implemented-** Stop cable bracket, Lock Valve, brake booster, Silencer Mtg, Window Latch, Axle Pin-Gauge, Rear Door Handle, New Cabin, parking brake cable-routing, Improved Clutch Lay out, Reverse Switch gear.
- b) Benefits derived as a result of the above efforts.
  - **New Model Crane-Incorporating** – Electronic Dash Board, Improved Lock, Improved Vision, Ergonomics Controls, Steering Wheel Provision, Compact Size, & Economical.
  - **Implementation of Transmission Switch for Reverse Gear Buzzer**
  - **6 Nos Patents (3Nos Complete Specification & 3 Provisional Specification) Filed** Improved Over Hoist Safety System, Pick & Move Crane, Improved Steering Crane, Improved Brake Booster, Improved Lock Valve, Improved Location of Lift Jacks.
- c) Future plan of Action:
  - Looking for Commercial & Technical Tie up for new products range viz Truck Mounted Cranes, Construction Equipments & Road making machinery.
  - Improvement in Product Life & Serviceability.
  - Standardization & Variety Reduction across total product range.
  - Style / Profile improvement of present Cranes.
  - VE/VA Cost Saving Programme Rs 5000/ Machine.
  - Improved Over Hoist & Over Load Safety systems.

## III) Foreign Exchange earning and outgo:

Foreign exchange outgo : Rs. 13048 lac

Foreign exchange earned : Rs. 1316 lac



## Report on Corporate Governance

### Corporate Governance at ACE

At “ACE” we believe that the second name of Corporate Governance is “**Transparency**” and “**Fairness**”. We believe that Corporate Governance, instead of being a bookish Concept, is in fact the responsibility, the Management has towards all its stakeholders, whether shareholders, creditors, bankers, suppliers and others. We believe that the decisions taken by Management should be taken with at most sense of responsibility, integrity and with a good vision, taking into consideration the overall impact a decision can have, not only in short term but also in long term. We like to state here that the Corporate Governance instead should be called Conscience Governance because it takes more than laws and agreements to be a good corporate i.e. realizing responsibilities and doing right.

At “ACE” the Corporate Governance is designed to:-

- Achieve the goal of a proper balance between entrepreneurship and control, as well as between performance and compliance with the rules of corporate governance;
- Facilitate performance-driven management, but also to provide mechanisms for management and leadership, whilst ensuring integrity and transparency in the decision-making process;
- Determine the company’s objectives, the means through which these are to be attained and how performance is to be evaluated. In this respect, corporate governance is intended to encourage and enable the board and management to pursue objectives that are in the best interests of the company, its shareholders and other interested parties, such as the company’s customers and personnel.

The overall care to ensure Corporate Governance is done. The Management and decision taking of the Company is done at three levels:-

1. **Shareholders of the Company:** The Shareholders of the Company are the ultimate authority. This body is responsible for selecting overall management of the Company. The crucial decisions taken by Board of Directors of the Company has to be passed through the filter test from the Shareholders. Approval of Shareholders is taken at Annual General Meeting, at

Extra-Ordinary General Meeting and through Postal Ballot. Details of resolutions passed by Shareholders of the Company are covered under the upcoming section of the report.

2. **Board of Directors of the Company:** The Board of the Directors is elected by the Shareholders of the Company, to look after overall Management of the Company, on behalf of the Shareholders of the Company. Here, the ownership and management are segregated. The Board of Directors of the Company are authorised to take all the decisions on behalf of the Company, except such decisions as are mandated by law, rules and regulations of the land. The respective details of Board and its Meetings as specified under the Listing agreement are produced at the respective upcoming section.
3. **Sub-Committees of the Board:** There are certain issues and tasks which needs careful and specific attention. Thus, the formation of various committees is required. These Committees work under the supervision of Board. The working and decisions taken by the Committees are regularly updated to Board of Directors of the Company through minutes.

### Details of Board of Directors

There are four Executive and four Non-executive directors on the Board of the Company. All Non-executive Directors are independent directors in the Company. The Executive Directors are authorized for conducting the general business of the Company, but all other crucial decisions are taken at Board Meetings of the Company. The Board of directors of the Company meets at timely intervals and takes the crucial decisions of the Company. As *Board of Directors is the Managing Authority* of the Company, whereas the *ultimate ownership lies with the Shareholders* of the Company, some decisions have to be finally approved by the Shareholders of the Company, while for some, prior approval needs to be taken from them.

The Composition of Board of Directors is as per Listing Agreement. The Independent Directors appointed are as per the definition of Independent Directors provided in the Listing Agreement. The Board of Directors of the Company meet four times during the Financial year 2008-09 i.e. on 19<sup>th</sup> May, 2008, 31<sup>st</sup> July, 2008, 31<sup>st</sup> October, 2008 and 29<sup>th</sup> January, 2009.



The Composition and other directorship held by directors is given below:-

Name of Directors	Position in the Company	Attendance at Board Meeting out of Four and at/last AGM	Directorship in other Indian public Companies	Position on Audit & Investor Grievance Committees in Indian Companies including ACE.	
				As Chairman	As Member
Mr. Vijay Agarwal	Chairman & Managing Director	4 / Yes	-	-	1*/1**
Mrs. Mona Agarwal	Whole-Time Director	4/Yes	-	-	-
Mr. Sorab Agarwal	Whole-Time Director	3/Yes	-	-	-
Mr. Vijay K. Singh	Whole-Time Director	4/Yes	-	-	-
Mr. G.N. Mehra (IAS Retd.)	Independent Director	4/Yes	6	6*/5**	14*/7*
Mr. Subhash C. Verma	Independent Director	4/Yes	-	1*/1**	2*/2**
Dr. Amar Singhal	Independent Director	4/No	-	1*/0**	2*/1**
Dr. K.C. Agarwal	Independent Director	4/Yes	-	1*/1**	2*/1**

\*Includes all Committees. \*\* Includes only the Committees to be considered under Listing Agreement.

None of the Directors on the Company's Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the Companies in which he/she is a director.

## Details of Committees of Board of Directors

### (I) AUDIT COMMITTEE

As Mandated by Listing Agreement and Companies Act, 1956, the role of Audit Committee includes the following:-

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing, with the management, the annual financial and quarterly statements before submission to the board for approval, with particular reference to the matters as provided in the Listing Agreement.
- Reviewing, with the management, the statement of uses / application of funds raised through various issues.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems and recommending fees for Statutory Auditors.
- Reviewing the adequacy of internal audit function, if any, including the structure and other things.
- Discussion with internal auditors any significant findings and follow up there on.

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### Audit Committee details

Meeting of the Audit Committee was held on 4 occasions on 19<sup>th</sup> May, 2008, 31<sup>st</sup> July, 2008, 31<sup>st</sup> October, 2008 and 29<sup>th</sup> January, 2009. The detail of composition and attendance is produced below. The qualification & composition of Audit Committee is as per-se Listing Agreement. Mr. Subhash Chander Verma, a Graduate and qualified CAIIB (Associate of Indian Institute of Bankers.) is the Chairman of the Committee. He has an experience of over 40 years in financial matters and is an expert in accounting and financial management.

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Mr. Subhash C. Verma	Chairman	Independent	4
2.	Mr. Vijay Agarwal	Member	Executive	4
3.	Dr. Amar Singhal	Member	Independent	4
4.	Mr. G.N. Mehra (IAS Retd.)	Member	Independent	4

The Chief Financial Officer, Company Secretary and the Statutory Auditors are the regular invitees to the Meeting of Audit Committee.



## (II) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The role of Shareholders Grievance Committee includes the following:-

1. To look after the unresolved Complaints of the Shareholders of the Company.
2. To have an overall supervision on DEMAT, REMAT, Share Transfer procedure of the Company.
3. To consider request for issue of duplicate shares to the shareholders of the Company.
4. Other terms of reference, as provided or may be provided in this behalf.

### Shareholders/Investors Committee Details

Meeting of the Shareholders Grievance Committee was held once in FY 2008-09 i.e. on 29<sup>th</sup> January, 2009. The detail of Composition and Attendance is produced below. Maj. Gen. (Retd.) Dr. K.C. Agarwal, is the chairman of the Investors Grievance Committee.

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Dr. K.C. Agarwal	Chairman	Independent	1
2.	Mr. Subhash C. Verma	Member	Independent	1
3.	Mr. Vijay K. Singh	Member	Executive	1

The Company Secretary acts as Compliance Officer of the Committee.

There were no Complaints pending as on 31st March, 2009.

## (III) REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises of three Independent directors (Including the Chairman of the Committee), The Remuneration Committee of the Company is empowered to fix the remuneration of the Managing Director's and the Executive Directors.

### Remuneration Committee Details

During the year 2008-09, Remuneration Committee of the Company meet on 31<sup>st</sup> July, 2008. The Composition and other details of Remuneration Committee of Directors of the Company was as follows:-

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Dr. Amar Singhal	Chairman	Independent	1
2.	Mr. G.N. Mehra (IAS Retd.)	Member	Independent	1
3.	Dr. K.C. Agarwal	Member	Independent	1

Details of remuneration paid to Whole-time Directors and sitting fee paid to the Independent Directors, for attending the meetings of the Board of Directors and Committees thereof of the Company for the financial year 2008-09, is as below:

(i) Remuneration paid to Executive Directors of the Company:-

Sl. No.	Name of Directors	Salary & Allowances	Contri-bution to PF, Gratuity and Other Funds	Other benefits and perquisites	Performance Linked Incentives/ Commission	Total
1.	Mr. Vijay Agarwal Chairman & Managing Director	168.00	-	15.00	(26.00)	157.00
2.	Mrs. Mona Agarwal Whole-time Director	105.00	-	9.01	-	114.01
3.	Mr. Sorab Agarwal Whole-time Director	28.28	-	2.00	-	30.28
4.	Mr. Vijay K. Singh Whole-time Director	10.38	0.09	1.35	-	11.82



During the year under review 2008-09, remuneration of Managing Director and the Whole-Time Directors were increased, proper notice of which were sent to all the shareholders of the Company. However, due to inadequacy of profits, remuneration was kept within the Limits as prescribed by Section 198, Section 309 and Schedule-XIII of the Act.

The Service Contract of Managing and Whole-Time Directors of the Company is for five years and is renewable. The Company has not introduced any stock-option scheme.

(ii) Remuneration paid to Non-Executive Directors of the Company:-

S.No.	Name of the Directors	Amount (in Rs.)
1.	Mr. G.N. Mehra (IAS Retd.)	90000
2.	Mr. Subhash C. Verma	90000
3.	Dr. K.C. Agarwal	60000
4.	Dr. Amar Singhal	90000

## General Body Meetings

The location and time of last three AGMs are as follows:

For the Year	2005-06	2006-07	2007-08
AGM	12th	13th	14th
Date & Time	29.07.2006 11:00 a.m.	08.08.2007 12:30 p.m.	01.08.2008 11:30 a.m.
Venue	II Floor, Plot No. 7, H-Block, Sarita Vihar, New Delhi	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.

Special Resolutions passed in the past three years.:-

At Extra Ordinary General Meeting held on 25th Oct., 2005	
1.	Preferential Issue of shares other than existing shareholders.
2.	Preferential Issue of shares to Public through Stock Exchanges.
3.	Changes in the Articles of Association of the Company.
4.	Appointment of Mr. Vijay Agarwal as Managing Director.
5.	Appointment of Mrs. Mona Agarwal as Whole-Time Director.
6.	Appointment of Mrs. Sorab Agarwal as Whole-Time Director.
7.	Appointment of Mr. Vijay Kumar Singh as Whole-Time Director.
8.	Change in Name of the Company from Action Construction Equipments Limited to Action Construction Equipment Ltd.
9.	To borrow in excess as prescribed under section 293(1)(d) of Companies Act, 1956
At Extra Ordinary General Meeting held on 14th Mar., 2006	
1.	Alteration of Articles of the Company.
2.	Allotment of Shares on Preferential basis to Western India Trustee and Executor Company Ltd.
At Annual General Meeting held on 8th Aug., 2007	
1.	To carry on business mentioned in other object clause.



The following Resolutions were passed through Postal Ballot, results of which were announced on 3<sup>rd</sup> March, 2008

1. To Split share of the company from a Face Value of Rs. 10/- per share to Rs. 2/- per share
2. To amend Articles of Association of the company relating to Directors Sitting Fees.

To authorized directors to mortgage etc. under section 293(1)(a).

Resolution	1	2	3
Number of Valid Ballot forms received	435	435	435
Number of votes in favour of Resolution	11828683	11824158	11827496
Number of votes against Resolution	76	3879	387

\*\* All the above resolutions were passed by the shareholders of the company by overwhelming majority. The Entire Postal ballot exercise was conducted under the supervision of Mrs. Savita Trehan, Practicing Company Secretary who was appointed as scrutinizer for the purpose of conducting Postal Ballot Exercise.

## Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and senior management personnel of the Company. All Board members and senior management personnel have confirmed compliance to the Code. A declaration signed by the Chairman & Managing Director is attached and forms part of the Annual Report of the Company

## Disclosures

- i. The details of “Related Party Disclosures” are being disclosed in Notes no. 12 of Other Notes of Schedule-16 to the Accounts in the Annual Report.
- ii. The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that the Executive management controls risk.
- iii. None of the Independent Directors had any pecuniary relationship or transactions with the Company during the financial year ending 31<sup>st</sup>, March, 2009.
- iv. The Company has complied with the requirements of the SEBI, Stock Exchanges or any regulatory authorities on ‘Capital Market’ related activities as applicable from time to time. There has been no non-compliance to the

provisions/requirements of SEBI, Stock Exchanges or any regulatory authorities related to capital markets in the previous Financial Year.

- v. The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement.

## CEO/ CFO Certification

Chief Executive Officer (CEO) and Chief Finance Officer (CFO) certification, on financial statements is issued pursuant to the provisions of Clause 49 of the listing agreement and is annexed to the Corporate Governance Report and form part of the annual Report.

## Means of Communication

The quarterly and half-yearly Financial Results of the Company during the year 2008-09 were published in leading newspapers (English & Hindi), viz., The Economics Times ,Navbharat Times, The Statesman and Veer Arjun. The Financial Results are simultaneously posted on the website of the Company i.e. [www.ace-cranes.com](http://www.ace-cranes.com)

The “Limited Review” Reports of the Financial Results for the quarters ended June 30, 2008, September 30, 2008 and December 31, 2008 were obtained from the Statutory Auditors of the Company and filed with the stock exchange(s).

To facilitate prompt correspondence with investors/ shareholders relating to their queries and grievances, the Company has a dedicated Email-id, viz., [investorqueries@ace-cranes.com](mailto:investorqueries@ace-cranes.com). The Shareholders can also e-mail their queries at [cs@ace-cranes.com](mailto:cs@ace-cranes.com).

## General Shareholder Information

### Registrar and Share Transfer agent

Karvy Computershare Pvt. Ltd (“KARVY” or “RTA”) ACTS as Registrar and Share transfer agent to the Company. All the requests received for RE-MAT, DE-MAT, transfers, splits are routed through the Karvy and all the records related to the Shareholders of the Company is being maintained by the Karvy. The requests received from the Shareholders is properly processed with in the time specified in the Companies Act and as per Listing agreement entered with SEBI.

During the year, half-yearly certificate(s), confirming due compliance of the share transfer formalities by the Company (clause 47(c) of the Listing Agreement); and Secretarial Audit Report(s) [under SEBI (Depositories and Participants) Regulations, 1996] for reconciliation of total admitted capital with both the depositories, were obtained from a Practicing Company Secretary and the same submitted with the stock exchanges within the stipulated time.



The Company has taken various steps to ensure that the shareholder-related matters are given due priority and the matters/issues raised are resolved at the earliest.

The any query or request, detailed address of our RTA is produced below:-

Karvy Computershare Private Limited  
 "Karvy House"  
 46 Avenue 4, Street -1, Banjara Hills  
 Hyderabad - 500 034  
**Phone:** + 91-40-23312454, 23320751/52/53  
**Fax:** + 91-40-23311968  
 Email: einward.ris@karvy.com

### Forthcoming AGM : Date, time and venue

The 15<sup>th</sup> Annual General Meeting of the Company is scheduled for, the 6th August, 2009, at 12.00 noon at MPCU SHAH AUDITORIUM, Shree Delhi, Gujrati Samaj Marg, Delhi-110054.

### Financial year

The Company's financial year was from April 1, 2008 to March 31, 2009

### Dividend payment date and Book Closure Date

The Board has recommended the payment of Final Dividend of Rs. 0.40 on per equity share of Rs. 2/- each (20%) for the financial year 2008-09 for consideration of the shareholders at the ensuing Annual General Meeting. If approved by the shareholders, The total dividend outgo for

the financial year 2008-09 would be 20%. The same will be transferred within five days from the date of declaration, as per the provisions of the Companies Act, 1956, and shall be paid within 30 days from the date of approval i.e. 6th August, 2009.

Further, the Register of Members shall remain closed from, the 3rd August, 2009 to 6th August, 2009 (both days inclusive) for the purpose of determining the eligibility of the members/beneficial owners of the Company for the payment of final dividend.

### Listing on Stock Exchanges

The equity shares of the Company are listed on:

1. Bombay Stock Exchange Limited (BSE)
2. The National Stock Exchange of India Limited (NSE)

The Annual listing fee, for the equity shares of the Company, pertaining to the year 2009-10, has been paid to the concerned Stock Exchanges on demand.

### Stock Codes

The stock codes of the Company's securities are as follows:

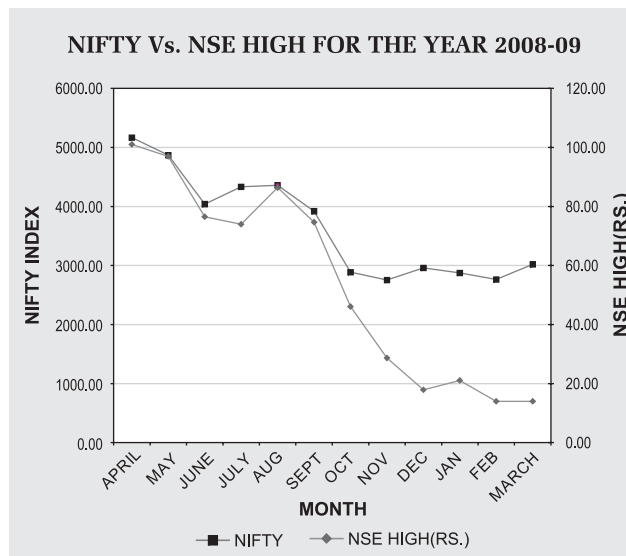
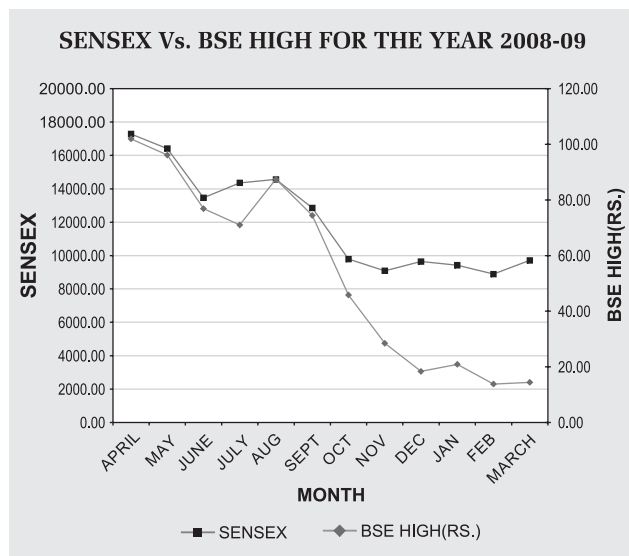
Stock Exchanges	Security Code	Type of Security
Bombay Stock Exchange	532762	Equity Shares
National Stock Exchange of India Limited (NSE)	ACE	Equity Shares

### Market Price Data: High, Low during each month in last financial year

MONTH(S) 2008-09	NSE		BSE		MONTH END	
	HIGH (in Rs.)	LOW (in Rs.)	HIGH (in Rs.)	LOW (in Rs.)	BSE SENSEX	NIFTY
APRIL	101	75.25	102.00	74.25	17287.31	5165.90
MAY	97	73.00	96.15	72.00	16415.57	4870.10
JUNE	76.5	57.25	76.90	57.80	13461.60	4040.55
JULY	74	52.10	71.00	52.00	14355.75	4332.95
AUGUST	86.4	62.00	87.50	61.40	14564.53	4360.00
SEPTEMBER	74.7	42.10	74.45	42.90	12860.43	3921.20
OCTOBER	46.1	17.20	45.85	17.75	9788.06	2885.60
NOVEMBER	28.7	15.60	28.50	15.50	9092.72	2755.10
DECEMBER	17.9	14.40	18.35	14.50	9647.31	2959.15
JANUARY	21.05	12.90	20.90	12.90	9424.24	2874.80
FEBRUARY	14	11.05	13.80	11.00	8891.61	2763.65
MARCH	14	8.80	14.40	8.60	9708.50	3020.95



## Performance in comparison to broad-based indices such as SENSEX and Nifty



## Shareholding Pattern as on 31.03.2009

Category of Shareholding	Number of Shareholders	Shareholding in % by amount
Resident individuals & Others	17350	75.25
Banks, FIs, Insurance Company	0	0.00
Mutual Funds/ UTI	6	12.20
Non-residents	143	5.55
Bodies Corporate	517	7.00
<b>TOTAL</b>	<b>18016</b>	<b>100.00</b>

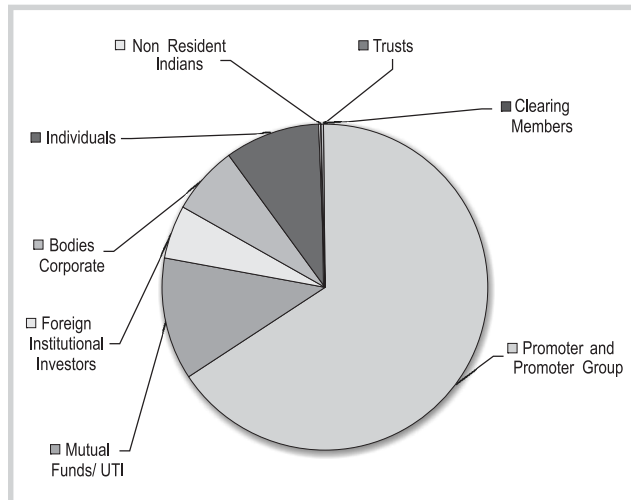
## Distribution of Shareholding by Size as on 31.03.2009

No. of Share-holders	% to Total	Shareholding of nominal value of Rs. 2	No. of Shares	Amount (in Rs.)	% to Total
17486	97.06	Upto 5000	5151685	10303370.00	5.73
281	1.56	5001 to 10000	1086100	2172200.00	1.21
116	0.64	10001 to 20000	856559	1713118.00	0.95
41	0.23	20001 to 30000	494170	988340.00	0.55
16	0.09	30001 to 40000	291496	582992.00	0.32
13	0.07	40001 to 50000	301969	603938.00	0.34
23	0.13	50001 to 100000	814922	1629844.00	0.91
40	0.22	100001 and above	80888099	161776198.00	89.99
<b>18016</b>	<b>100</b>	<b>Total</b>	<b>89885000</b>	<b>179770000.00</b>	<b>100.00</b>



## Distribution of Shareholding by Ownership as on 31.03.2009

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	% of holding
(A)	<b>Shareholding of Promoter and Promoter Group<sup>2</sup></b>			
	<b>1. Indian</b> (a) Individuals/Hindu Undivided Family	9	58897189	65.53
(B)	<b>Public shareholding</b>			
	<b>1. Institutions</b>			
	(a) Mutual Funds/ UTI	6	10967230	12.20
	(b) Foreign Institutional Investors	8	4839556	5.38
	<b>2. Non-institutions</b>			
	(a) Bodies Corporate	517	6294569	7.00
	(b) Individuals	17231	8467978	9.42
	(d) Non Resident Indians	135	146261	0.16
	(e) Trusts	1	250	0.00
	(f) Clearing Members	109	271967	0.30
	<b>TOTAL</b>		<b>18016</b>	<b>89885000</b>



### Dematerialization of shares and liquidity

As on 31st March, 2009, 99.78 % of the shareholding were held in dematerialized form as per details mentioned below:-

Particular	No. of Shares	% of Total Issued Capital
Physical System	198134	0.22
NSDL	84957352	94.52
CDSL	4729514	5.26
Total	89885000	100.00

The DEMAT ISIN of the Company's equity shares is INE731H01025.

### Outstanding GDRs/ADRs/Warrants or any Convertible instrument

There are no outstanding GDRs /ADRs Warrants or any Convertible instrument.

### Compliance with non Mandatory Requirements:-

**i) Chairman of the Board and tenure of Independent Directors:** No separate office is maintained for the Non-Executive Chairman.

Company became a Listed Company in the recent years only. Independent directors being new to the office, Company do not feel any need to decide upon the tenure of appointment of Independent Directors at present. However, Company would think over it in the coming years.

**ii) Remuneration Committee:** Details given under the heading Remuneration Committee.

**iii) Shareholders Rights:** The Financial results are not sent to the shareholder of the Company on half yearly basis. However, Company takes at most care that results are brought with in knowledge of shareholders by publishing them in prominent newspaper of the Country, through out the India.

**iv) Audit Qualification:** During the year under review, there was no audit qualification in the Company's Financial Statements. The Company continues to adopt



best practices to ensure a regime of unqualified financial statements.

v) **Training of Board Members:** The Board regularly discusses and informs the Board of members of its business model of the Company as well as the risk profile of Business parameters of the Company. The independent Directors are encouraged to attend training programmes that may be of relevance and interest to the Directors in discharging their responsibilities to the Company's Stakeholders under the emerging Business Environment.

vi) **Mechanism for evaluation of non-executive Board Members:** The performance evaluation of non-executive Board Members on regular basis. The Board while evaluating the performance of Directors takes in to consideration, attendance by the Directors at the meeting of the Board and Committee thereof and the value addition that a Director is bringing to the Board of the Company.

vii) **Whistler Blower Mechanism:** No formal Whistle Blower Mechanism(WBM) has been framed by the Board so far, but the Board always encourages the employees to report any unethical behavior, fraud or violation of any Company's Code of Conduct. The Board is always ready to take safeguards against such employees who report to the Board of any Committee thereof of any unethical behavior. The Board would soon form a formal Whistle Blower Mechanism.

## Plant Locations

The following are the plant locations of the Company:-

### Plant - 1

Jajru Road,  
25<sup>th</sup> Mile Stone,  
Delhi Mathura Road  
Ballabgarh- 121 004  
Distt. Faridabad (Haryana)

### Plant - 2

Dhudhola Link Road,  
Village Dhudhola  
Palwal - 121 102  
Haryana

### Plant - 3

Plot no C-5/6/7/8  
Industrial Area UPSIDC  
Bazpur-262 123  
Dist. Uddham Singh Nagar, Uttranchal.

### Plant - 4

Dhudhola Link Road,  
Village Dhudhola  
Palwal- 121 102  
Haryana

Besides this, the company has dedicated Product Support Division at Faridabad.

## Address for correspondence

Action Construction Equipment Limited  
Jajru Road, 25<sup>th</sup> Mile Stone,  
Delhi Mathura Road  
Ballabgarh - 121 004  
Dist. Faridabad (Haryana)  
**Phone:** + 91-129-2306111  
**Fax No.:** + 91-129-2307562  
**Email Id:** cs@ace-cranes.com

## Declaration Regarding Code of Conduct

I hereby declare that all Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

**Vijay Agarwal**  
Chairman & Managing Director

Place: Ballabgarh  
Date: 28<sup>th</sup> May, 2009



## CEO/CFO Certification

To

The Board of Directors  
Action Construction Equipment Limited

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Finance Officer, in Action Construction Equipment Limited, to the best of our knowledge and belief, certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2009 and based on our knowledge and belief, we state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company

and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- d. We have indicated to the Auditors and the Audit committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**(Vijay Agarwal)**  
**Chairman & Managing**  
**Director & CEO**

**(P K Bansal)**  
**Chief Finance Officer**

Place: Ballabgarh,  
Date : 28<sup>th</sup> May, 2009

## Auditor's Certificate on Corporate Governance

We have examined the compliance of conditions of Corporate Governance procedures implemented by Action Construction Equipment Limited for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and according to the explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company.

We further state, as informed that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per the records maintained by the Shareholder/Investor Grievance and Share Transfer Committee.

**For Rajan Chhabra & Co.**  
**Chartered Accountants**

**Rajan Chhabra**  
**Proprietor**

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

**Membership No. 088276**



## Auditors' Report

### AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of Action Construction Equipment Limited as at 31st March, 2009, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the statement on the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c. The Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of written declaration received from the Directors, as on 31st March, 2009, and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2009, from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
  - ii. in the case of the Profit & Loss Account, of the profit for the year ended on that date and,
  - iii. In the case of the Cash Flow Statement, of the cash flow of the company for the year ended on that date.

**For Rajan Chhabra & Co.  
Chartered Accountants**

**(Rajan Chhabra)  
Proprietor**

Place: Faridabad  
Dated: 28th May, 2009

**Membership No.088276**

### ANNEXURE TO THE AUDITOR REPORT

The Annexure referred to in the Auditor's Report to the Members of Action Construction Equipment Limited for the year ended March 31, 2009.

We report that:

- (I) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, there is a regular programme of

verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. The management during the year has physically verified fixed assets and no material discrepancies were noticed on such verification.

There was sale of Plant & Machineries worth Rs. 289.44 lac and Vehicles worth Rs. 33.71 lac during the year. Though, if we compare with total value of fixed assets, it is not substantial.



(II) According to the information and explanations given to us, the inventory of stores and spares were physically verified by the Management.

In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

According to the information and explanations given to us, no material discrepancies have been noticed on physical verification of stock of stores and spares as compared to the books and records.

(III) The Company has neither granted nor taken any loans secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(IV) In our opinion, and according to information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness has been noticed in the internal controls.

(V) On the basis of our examination of the books of accounts, the transactions in respect of any party during the financial year that needs to be entered in the register pursuant to the section 301 of the Companies Act, 1956 have so been entered.

In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301, in respect of any party, during the year have been made at the prices which are reasonable having regard to prevailing market prices at the relevant time.

(VI) The company has not accepted any deposits from the public during the year and consequently, the directive issued by the Reserve Bank of India and the provisions of section 58A and 58AA of the Companies Act, 1956, and the rules framed there under are not applicable.

(VII) In our opinion, the company's internal audit system is commensurate with its size and nature of its activities. However, it requires further strengthening due to increase in the activities of the company in recent past.

(VIII) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident fund, Income tax, Wealth Tax, Fringe Benefit tax, Sales tax, Custom duty, Excise duty, Cess, Service tax and any other statutory dues with the appropriate authorities. According to the information and

explanations given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Wealth Tax, Sales tax, Custom duty, Excise duty, Cess, Service tax and any other statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.

(IX) The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

(X) Based on our audit procedure and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial Institution and Bank.

(XI) In our opinion, the company has not granted loans and advances on the basis of security by way of pledge of shares and other securities; hence this point of order is not applicable.

(XII) The provisions of any special statute applicable to a chit fund, nidhi, mutual benefit fund or a society are not applicable to this company.

(XIII) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debenture and other investments.

(XIV) The company has not issued corporate guarantee in favour of Banks and financial institutions.

(XV) According to the information & explanations given to us the term loans have been applied for the purpose for which obtained.

(XVI) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(XVII) The company has not issued any debentures during the year, hence this point of order is not applicable.

(XVIII) The Cost Records are not required to be maintained by the Company.

(XIX) Management has disclosed the end use of money raised by the public issue, (to the extent utilized) and the same has been verified by us (Note no B - 1 of Schedule 16 of Balance Sheet).

(XX) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For Rajan Chhabra & Co.  
Chartered Accountants**

**(Rajan Chhabra)  
Proprietor**

Place: Faridabad  
Dated: 28<sup>th</sup> May, 2009

**Membership No.088276**



## Balance Sheet

### as at 31st March, 2009

*(Rs. in lac)*

Particulars	Schedules Annexed	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	1,797.70	1,797.70
Reserves & Surplus	2	13,897.04	12,044.25
<b>LOAN FUNDS</b>			
Secured Loans	3	3,913.99	2,138.49
<b>DEFERRED TAX LIABILITIES</b>			
		77.74	99.79
<b>TOTAL</b>		<b>19,686.47</b>	<b>16,080.23</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	8,053.31	6,983.54
Less: Depreciation		1,141.60	666.07
Net Block		6,911.71	6,317.47
Capital Work in Progress		4.93	406.95
<b>INVESTMENTS</b>			
	5	108.94	41.90
<b>CURRENT ASSETS, LOAN AND ADVANCES</b>			
	6		
Inventories		5,086.36	3,350.30
Sundry Debtors		5,258.48	5,268.01
Cash & Bank Balances		1,776.50	2,075.81
Loans & Advances		9,165.63	6,954.20
		21,286.97	17,648.32
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
	7		
Current Liabilities		5,814.04	5,576.33
Provisions		2,820.15	2,767.20
		8,634.19	8,343.53
<b>NET CURRENT ASSETS</b>			
		12,652.78	9,304.79
Miscellaneous Expenditure (To the extent not written off or adjusted)		8.11	9.12
<b>TOTAL</b>		<b>19,686.47</b>	<b>16,080.23</b>

As per our Report appended to the Balance Sheet  
For Rajan Chhabra & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Rajan Chhabra  
Proprietor  
Membership No. 088276

Subhash C. Verma  
Independent Director

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

P.K. Bansal  
Chief Finance Officer

Ashish K. Bhatt  
Company Secretary

Sorab Agarwal  
Whole-time Director



## Profit & Loss Account

### for the year ended 31st March, 2009

(Rs. in lac)

Particulars	Schedules Annexed	Current Year 2008-09	Previous Year 2007-08
<b>INCOME</b>			
<b>Gross Sales</b>		<b>44,783.50</b>	42,855.73
<i>Less: Excise Duty</i>		<b>1,933.31</b>	2,739.53
<b>Net Sales</b>		<b>42,850.19</b>	40,116.20
Other Income	8	<b>1,870.53</b>	1,063.86
<b>TOTAL INCOME</b>		<b>44,720.72</b>	<b>41,180.06</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	9	<b>36,143.53</b>	30,958.24
(Increase)/Decrease in Stock	10	<b>(1,746.37)</b>	(365.84)
Manufacturing Expenses	11	<b>2,188.61</b>	2,078.46
Employees Expenses	12	<b>1,736.65</b>	1,368.31
Selling & Distribution Expenses	13	<b>1,108.34</b>	1,287.29
Administrative & Other Expenses	14	<b>1,370.79</b>	842.66
Interest	15	<b>328.68</b>	124.95
Depreciation	4	<b>573.90</b>	318.93
<b>TOTAL EXPENDITURE</b>		<b>41,704.13</b>	<b>36,613.00</b>
<b>PROFIT BEFORE TAX</b>		<b>3,016.59</b>	4,567.06
Provision for Income Tax		<b>722.71</b>	829.59
Provison for Wealth Tax		<b>2.43</b>	1.74
Provison for Deferred Taxation		<b>(22.05)</b>	69.28
Provison for Fringe Benefit Tax		<b>40.06</b>	38.25
<b>PROFIT AFTER TAX</b>		<b>2,273.44</b>	3,628.20
<b>BALANCE BROUGHT FORWARD</b>		<b>1,354.93</b>	568.01
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>3,628.37</b>	4,196.21
Transferred to General Reserve		<b>2,000.00</b>	2,000.00
Dividend		<b>359.54</b>	719.08
Tax on Dividend		<b>61.11</b>	122.20
<b>Balance Carried to Balance Sheet</b>		<b>1,207.72</b>	1,354.93
<b>Earnings per Share (Rs.) Basic &amp; Diluted</b>		<b>2.53</b>	4.04

As per our Report appended to the Balance Sheet  
For Rajan Chhabra & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Rajan Chhabra  
Proprietor  
Membership No. 088276

Subhash C. Verma  
Independent Director

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

P.K. Bansal  
Chief Finance Officer

Ashish K. Bhatt  
Company Secretary

Sorab Agarwal  
Whole-time Director



## Cash Flow Statement

*(Rs. in lac)*

Particulars	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit after Tax as per Profit and Loss Account</b>	<b>2,273.44</b>	<b>3,628.20</b>
<b>Adjustments For :</b>		
Interest Expenses	328.68	124.95
Depreciation	573.90	318.93
Interest Received	(370.71)	(373.39)
Dividend Received	-	(0.38)
Profit on Sale of Fixed Assets	(92.19)	(2.93)
Loss on Sale of Fixed Assets	0.83	0.27
Income Tax Provision	722.71	829.58
Wealth Tax Provision	2.43	1.74
Deferred Tax Provision	(22.05)	69.28
Fringe Benefit Tax Provision	40.06	38.25
	<b>1,183.66</b>	<b>1,006.30</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,457.10</b>	<b>4,634.50</b>
<b>Adjustments For :</b>		
Trade & other Receivable	9.53	(1,342.21)
Inventories	(1,736.05)	(849.18)
Trade Payable	237.71	1,179.02
Provision of Income Tax & Wealth Tax for earlier year adjusted	(712.26)	-
Misc. Exp not written off	1.01	(9.12)
	<b>(2,200.06)</b>	<b>(1,021.49)</b>
<b>Cash Generated from Operations</b>	<b>1,257.04</b>	<b>3,613.01</b>
<b>Net Cash from Operating Activities</b>	<b>1,257.04</b>	<b>3,613.01</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of Fixed Assets (incl. Capital WIP)	(991.53)	(4,204.61)
Sale of Fixed Assets	316.76	30.80
Investments	(67.04)	(40.83)
Interest Received	370.71	373.39
Dividend Received	-	0.38
<b>Net Cash From Investing Activities</b>	<b>(371.10)</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Secured Loans	1,775.50	1,332.13
Loans & Advances	(2,211.43)	(1,836.16)
Interest Paid	(328.68)	(124.95)
Dividend & Tax thereon	(420.64)	(1,051.61)
<b>Net Cash From Financing Activities</b>	<b>(1,185.25)</b>	<b>(1,680.59)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(299.31)</b>	<b>(1,908.45)</b>
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>2,075.81</b>	<b>3,984.26</b>
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>1,776.50</b>	<b>2,075.81</b>

As per our Report appended to the Balance Sheet  
For Rajan Chhabra & Co.  
Chartered Accountants

Rajan Chhabra  
Proprietor  
Membership No. 088276

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

P.K. Bansal  
Chief Finance Officer

Ashish K. Bhatt  
Company Secretary

Subhash C. Verma  
Independent Director

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash C. Verma  
Independent Director

Sorab Agarwal  
Whole-time Director



## SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009 AND PROFIT & LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2009

(Rs. in lac)

Particulars	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,00,00,000 Equity Shares of Rs. 2/- each	2,000.00	2,000.00
	<b>2,000.00</b>	<b>2,000.00</b>
<b>ISSUED AND SUBSCRIBED</b>		
89,885,000 Equity Shares of Rs. 2/- each, fully paid and Subscribed	1,797.70	1,797.70
<b>AS PER BALANCE SHEET</b>	<b>1,797.70</b>	<b>1,797.70</b>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
a) Revaluation Reserve	144.88	144.88
b) Share Premium	7,044.44	7,044.44
c) General Reserve	5,500.00	3,500.00
d) Profit & Loss Account	1,207.72	1,354.93
<b>AS PER BALANCE SHEET</b>	<b>13,897.04</b>	<b>12,044.25</b>
<b>SCHEDULE 3 - LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
a) Cash Credit/Working Capital Demand Loans - Banks	3,088.22	991.44
b) Buyer Credit - Banks	795.44	1,093.55
b) For Vehicles - From Private Institutions against Hypothecation	30.33	53.50
<b>AS PER BALANCE SHEET</b>	<b>3,913.99</b>	<b>2,138.49</b>

### SCHEDULE 4 - FIXED ASSETS

(Rs. in lac)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2008	Addi- tions	Sales	As at 31.03.2009	Up to 01.04.2008	For the Year	Deduc- tions/ Adjust- ments	Total 31.03.2009	As At 31.03.2009	As At 31.03.2008
Land	2,170.07	277.17	-	2,447.24	-	-	-	-	2,447.24	2,170.07
Building - Factory	1,473.60	638.73	-	2,112.33	167.62	155.95	-	323.57	1,788.76	1,305.98
Building - Office	1,581.39	40.48	-	1,621.87	99.43	74.96	-	174.39	1,447.48	1,481.96
Plant & Machinery	992.20	187.52	289.44	890.28	128.15	177.54	77.52	228.17	662.11	864.05
Furniture & Fixtures	191.74	54.21	-	245.95	35.42	33.81	-	69.23	176.72	156.32
Office Equipment	57.17	15.48	-	72.65	18.43	6.60	-	25.03	47.62	38.74
Motor Vehicles	403.93	116.93	33.71	487.15	164.18	85.15	20.58	228.75	258.40	239.74
Computer	113.46	63.02	0.64	175.84	52.85	39.89	0.28	92.46	83.38	60.61
<b>TOTAL</b>	<b>6983.56</b>	<b>1393.54</b>	<b>323.79</b>	<b>8053.31</b>	<b>666.08</b>	<b>573.90</b>	<b>98.38</b>	<b>1141.60</b>	<b>6911.71</b>	<b>6317.47</b>



(Rs. in lac)

Particulars	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>SCHEDULE 5 - INVESTMENTS</b>		
<i>(LONG TERM, UNQUOTED, UNLESS OTHERWISE STATED)</i>		
(A) <b>INVESTMENT IN GOVERNMENT SECURITIES</b>		
6 - Year National Saving Certificates	0.50	0.50
(B) <b>INVESTMENTS IN SUBSIDIARY COMPANY</b>		
1000 Equity Shares for Euro 1 each in Frested Ltd. Cyprus	0.58	0.58
999,999 Equity Shares for Rs. 10 each in Action Developers Ltd. Re. 1 Each Paid Up.	10.00	-
(C) <b>INVESTMENTS IN PARTNERSHIP FIRM</b>	97.86	40.82
<b>AS PER BALANCE SHEET</b>	<b>108.94</b>	<b>41.90</b>
<b>SCHEDULE 6 - CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>INVENTORIES</b>		
<i>(AS VERIFIED, VALUED AND CERTIFIED BY THE MANAGEMENT)</i>		
Raw Materials	2,353.62	2,363.93
Work-in-Progress	1,179.31	348.86
Finished Goods	1,553.43	637.51
<b>AS PER BALANCE SHEET</b>	<b>5,086.36</b>	<b>3,350.30</b>
<b>SUNDRY DEBTORS</b>		
<i>(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</i>		
Exceeding six months	1,517.31	796.31
Others	3,763.31	4,493.84
Less : Provision for Doubtful Debts	22.14	22.14
<b>AS PER BALANCE SHEET</b>	<b>5,258.48</b>	<b>5,268.01</b>
<b>CASH &amp; BANK BALANCES</b>		
(i) Cash in Hand	19.58	13.41
(ii) With Scheduled Banks		
(a) In Current Accounts	175.34	35.34
(b) Margin Money with Banks (including accrued interest)	59.73	105.96
(c) Fixed Deposits (including accrued interest)	908.62	223.19
(iii) Bank Balance lying in IPO Account		
(a) In Current Account	9.35	22.13
(b) Fixed Deposits (including accrued interest)	603.88	1,675.78
<b>AS PER BALANCE SHEET</b>	<b>1,776.50</b>	<b>2,075.81</b>
<b>LOANS &amp; ADVANCES</b>		
<i>(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</i>		
Advances Recoverable in cash or in kind	5,497.04	3,351.07
Loan To Subsidiary	1,606.78	1,247.10
Advance Income Tax	1,764.70	2,145.95
Advance Fringe Benefit Tax	72.62	64.94
Advance Wealth Tax	2.83	1.82
Tax Deducted at Source	221.66	143.32
<b>AS PER BALANCE SHEET</b>	<b>9,165.63</b>	<b>6,954.20</b>
<b>SCHEDULE 7 - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors		
- Trade	3,919.37	2,993.02
- Others	1,064.72	1,236.84
Other Liabilities	331.49	360.91
Advances from Customers	498.46	985.56
<b>AS PER BALANCE SHEET</b>	<b>5,814.04</b>	<b>5,576.33</b>
<b>B) PROVISIONS</b>		
Provision for Income Tax	2,299.32	2,272.57
Provision for Wealth Tax	5.26	3.56
Provision for Fringe Benefit Tax	94.92	70.43
Provision for Dividend on Equity Shares	359.54	359.54
Provision for Tax on Dividend	61.11	61.10
<b>AS PER BALANCE SHEET</b>	<b>2,820.15</b>	<b>2,767.20</b>



(Rs. in lac)

Particulars	Current Year 2008-09	Previous Year 2007-08
<b>SCHEDULE 8 - OTHER INCOME</b>		
Service Charges Received	1,152.02	440.02
Interest Received	370.71	373.39
Rent Received	161.63	106.57
Misc. Income	0.60	0.66
Insurance Claim Received	-	13.46
Profit on Sale of Assets	92.19	2.93
Dividend Received	-	0.38
Duty Draw back Received	11.52	8.50
Hiring Charges Received	12.00	36.77
Profit on Foreign Currency Transactions	-	81.18
Commission Received	69.86	-
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>1,870.53</b>	<b>1,063.86</b>
<b>SCHEDULE 9 - RAW MATERIALS CONSUMED</b>		
Opening Stock of Raw Material	2,363.93	1,880.59
Add : Purchases of Raw Materials (including Expenses thereon Less Rejection & Returns)	36,133.22	31,441.58
Less : Closing Stock of Raw Material	2,353.62	2,363.93
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>36,143.53</b>	<b>30,958.24</b>
<b>SCHEDULE 10 - (INCREASE)/DECREASE IN WIP &amp; FINISHED GOODS</b>		
Opening Stock : Work in Progress	348.86	130.65
Finished Goods	637.51	489.88
	986.37	620.53
Closing Stock : Work in Progress	1,179.31	348.86
Finished Goods	1,553.43	637.51
	2,732.74	986.37
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>(1,746.37)</b>	<b>(365.84)</b>
<b>SCHEDULE 11 - MANUFACTURING EXPENSES</b>		
Manufacturing Expenses	660.53	740.13
Power & Fuel	128.66	98.53
Repair - Machinery	19.97	9.79
Repair - Building	11.05	16.44
Packing, Forwarding & Freight	1,368.40	1,213.57
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>2,188.61</b>	<b>2,078.46</b>
<b>SCHEDULE 12 - EMPLOYEES EXPENSES</b>		
Salaries, Wages & Bonus	1,587.12	1,244.76
Contribution to Provident & Other Funds	59.99	40.60
Welfare Expenses	89.54	82.95
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>1,736.65</b>	<b>1,368.31</b>
<b>SCHEDULE 13 - SELLING &amp; DISTRIBUTION EXPENSES</b>		
Selling Expenses	693.47	811.65
Commission on Sales	414.87	475.64
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>1,108.34</b>	<b>1,287.29</b>



(Rs. in lac)

Particulars	Current Year 2008-09	Previous Year 2007-08
<b>SCHEDULE 14 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent	63.46	27.93
Rate Fees & Taxes	28.14	28.33
Insurance	33.54	21.42
Travelling & Conveyance	369.34	281.21
Communication Expenses	83.00	73.91
Bank Charges	101.22	54.27
Vehicle Expenses	33.13	21.11
Loss on Foreign Currency Transactions	233.88	-
Miscellaneous Expenses	425.08	334.48
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>1,370.79</b>	<b>842.66</b>
<b>SCHEDULE 15 - INTEREST</b>		
To Banks	319.41	117.57
To Others	9.27	7.38
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>328.68</b>	<b>124.95</b>

## SCHEDULE 16 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### A) Significant Accounting Policies -

#### 1. System of Accounting :

The Financial Statement have been prepared to comply with the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the company unless otherwise stated.

#### 2. Fixed Assets :

All Fixed Assets are valued at historical costs less accumulated depreciation. Cost of assets comprise of purchase price and any attributable cost of bringing the asset to its working condition.

#### 3. Depreciation :

Depreciation has been provided on WDV method as per rates prescribed by Schedule XIV of the Companies Act, 1956.

#### 4. Investments :

Investments are valued at the cost.

#### 5. Inventory Valuation :

(a) Raw Materials and Components are valued at cost.

(b) Work in Progress is valued at prime cost and includes direct labour & overhead charges.

(c) Finished goods are valued at works cost/landed cost and inclusive of Excise Duty & Cess thereon, if any.

#### 6. Foreign Currency Transactions:

Foreign Currency Transactions are accounted for on the exchange rate prevailing at the transaction date. Current Assets and Current Liabilities on the date of Balance Sheet are restated at the exchange rates prevailing on that date. Variations on settlement/restatement are recognised as gain or loss in exchange in Profit & Loss Account.

#### 7. Revenue Recognition:

- Sales are recognised at the time of dispatch of Goods from the factory.
- Services are recognised when performed as per Contract.

#### 8. Benefits to Employees:

(a) Short term Employee Benefit:

All employee benefits payable within twelve months of rendering of the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, exgratia etc. and are recognised in the period in which the employee renders the related service.



(b) Post Employment benefits;

(i) Defined Contribution Plans:

The Company's State government provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(ii) Defined Benefits Plans:

The employee's gratuity fund scheme, long term compensated absences are company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation on the date of the balance sheet. Gratuity Liability is funded through a Group Gratuity Scheme with Life Insurance Corporation of India wherein contributions are made and charged to revenue on annual basis.

#### 9. Accounting for Taxes on Income :

Provision for taxation for the year comprises of current taxes and deferred taxes. Current taxes consist of Income Tax/ Wealth Tax payable on current year Income/ Wealth. Deferred Tax is calculated for timing differences and has been accounted as per provisions of the Accounting Standard-22 issued by The institute of Chartered Accountants of India. Provision for Fringe Benefit Tax has been made in accordance with the applicable Income Tax Laws prevailing for relevant assessment years.

#### 10. Impairment of Assets :

The carrying amount of assets is reviewed at each Balance Sheet date to ascertain Impairment based on Internal/external factors. An impairment loss is recognised, when the carrying amount of an asset exceed its realisable value. The realisable value is greater of the assets net selling price.

#### 11. Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalised as part of cost of such assets upto the date the assets are ready for its intended use. All other borrowing costs are recognised as an expenses in the year in which they are incurred.

#### 12. Expenditure during Construction Period :

In case of new projects/substantial expansions of existing factories, expenditure incurred, including trial production expenses net of revenue earned and

attributable interest and financing costs prior to commencement of commercial production are capitalized.

#### 13. Provisions, Contingent Liabilities and Contingent Assets:

**Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if**

- the Company has a present obligation as a result of a past event;
- a probable outflow of resources is expected to settle the obligation and;
- the amount of obligation can be reliably estimated; Reimbursements expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

#### Contingent Liability is disclosed in case of

- a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- a possible obligation, of which the probability of outflow of resources is remote.

Contingent Assets are neither recognised nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

#### B. Other Notes-

- Out of the Funds raised through IPO Rs. 5980 lac, Rs. 5484 lac (see annexure) have been utilized till 31st March, 2009 and balance amount is lying unutilised & will be utilised as per amendments made to "Proposed Deployment of Funds" by the shareholders of the Company in its Annual General Meeting held on 1st August, 2008. The Shareholders of the Company have authorised the Board of Directors to utilise remaining IPO proceeds in the best interest of the Company. The unutilised funds have been temporarily invested in Fixed Deposits with Bank.
- The Board of Director's has recommended dividend Rs. 0.40 per Equity Share of Rs. 2 each (20%), subject to approval of Share Holders.
- During the year, the company has incorporated a wholly owned Subsidiary, namely Action Developers Ltd.
- Miscellaneous Expense to the extent not written off, includes Life Time Club Membership, to be amortized over a period of ten years, commencing from 2007-08, in accordance with Accounting Standard 26 issued by The institute of Chartered Accountants of India.



5. In absence of any information requested from the vendors with regards to their registration (filing of Memorandum) under “The Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006)”, liability can not be ascertained at the close of the year and hence no disclosures have been made in this regards.

**6. Contingent Liabilities, not provided for:**

(Rs. in lac)

Particulars	2008-09	2007-08
Bank Guarantees including Corporate Guarantees	293.80	731.10
Letter of Credits	195.33	842.68
Claim against the Company, not acknowledge as Debts	148.43	53.42
Sales Tax, Excise & Income Tax Matters, pending before Assessing/ Appellate Authorities	28.33	8.63
<b>Total</b>	<b>665.89</b>	<b>1,635.83</b>

**7. Miscellaneous Expenses include Auditor's Remuneration as under:**

(Rs. in lac)

Particulars	2008-09	2007-08
Audit Fee	2.75	2.50
Taxation Matters	1.60	1.00
<b>Total</b>	<b>4.35</b>	<b>3.50</b>

**8. Remuneration paid to Whole-time Directors :**

(Rs. in lac)

S.No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity & Other Funds	Other benefits & perquisites	Excess remuneration, since refunded	Total
1.	Sh. Vijay Agarwal, Chairman & Managing Director	168.00		15.00	(26.00)	157.00
2.	Smt. Mona Agarwal, Whole-time Director	105.00	-	9.01	-	114.01
3.	Sh. Sorab Agarwal, Whole-time Director	28.28	-	2.00	-	30.28
4.	Sh. Vijay Kumar Singh, Whole-time Director	10.38	0.09	1.35	-	11.82
	<b>Total</b>	311.66	0.09	27.36	(26.00)	313.11

**9. Calculation of Net Profit u/s 349 of the Companies Act, 1956:**

(Rs. in lac)

Particulars	2008-09	
Net Profit as per Profit and Loss A/c		3,016.59
Add: Whole-time Director's Remuneration	313.11	
Add: Loss on Sale of Assets	0.83	313.94
		<b>3,330.53</b>
Less: Profit on Sale of Assets	92.19	
Less: Interest on Fixed Deposits from Bank on IPO Proceeds	92.62	184.81
<b>Net Profit on which Director's remuneration is payable</b>		<b>3,145.72</b>



**10. Calculation for Deferred tax Liabilities/(Assets):**
*(Rs. in lac)*

Particulars	2008-09	2007-08
The breakup of net Deferred Tax Liabilities/(Assets) as on March 31, 2009 is as under-		
<b>Deferred tax Liabilities on account of :-</b>		
Difference between Book and Tax Depreciation		
- Depreciation as per Income Tax	478.44	508.43
- Depreciation as per Co's Act	573.90	318.93
	(95.46)	189.50
- 1/5th of IPO Expenses - u/s 35D 2 (c) iv as per Income Tax	75.86	75.86
<b>Total Deferred Tax Liabilities</b>	<b>(19.60)</b>	<b>265.36</b>
<b>Deferred tax Assets</b>		
Expenditure disallowable under Section 43B & others	45.26	61.54
<b>Total Deferred tax Assets-</b>	<b>45.26</b>	<b>61.54</b>
<b>Net Deferred Tax (Assets)/Liabilities</b>	<b>(64.86)</b>	<b>203.82</b>

**11. Segment Reporting in terms of Accounting Standard -17 - issued by The Institute of Chartered Accountants of India:**

Information about the primary business segments of the Company-

*(Rs. in lac)*

S.No.	Particulars	Current Accounting Year ended 31-3-2009	Previous Accounting Year ended 31-3-2008
1.	<b>Segment Revenue</b>		
	A) Cranes	36,930.85	36,273.18
	B) Material Handling/Construction Equipment & Others	5,919.34	3,871.22
	<b>Total</b>	<b>42,850.19</b>	<b>40,144.40</b>
	Less: Inter Segment Revenue	-	28.20
	Net Sales / Income from Operations	42,850.19	40,116.20
2.	<b>Segment Results</b>		
	A) Cranes	3,734.75	4,564.14
	B) Material Handling/Construction Equipment & Others	(128.34)	464.95
	<b>Total</b>	<b>3,606.41</b>	<b>5,029.09</b>
	Less: Interest	328.68	124.95
	Less- Other Unallocable Expenditure	261.14	337.08
	<b>Profit before Tax</b>	<b>3,016.59</b>	<b>4,567.06</b>
3.	<b>Capital Employed</b>		
	A) Cranes	14,797.18	12,028.63
	B) Material Handling/Construction Equipment & Others	4,658.56	3,797.81
	<b>Total</b>	<b>19,455.74</b>	<b>15,826.44</b>

12. As per Accounting Standard 18, "Related Party Disclosure" issued by The Institute of Chartered Accountants of India, the disclosures of transactions with the Related Parties as defined in the Accounting Standard are given below-

**a. Associate Companies / Entities-**

ACE Steelfab Pvt. Ltd.  
ACE TC Rentals Pvt. Ltd.  
Namo Metals

**b. Subsidiary Companies.**

FRESTED Limited, Cyprus  
Wholly Owned Subsidiary

SC FORMA SA, Romania  
Fellow Subsidiary

ACTION DEVELOPERS Limited, India  
Wholly Owned Subsidiary



**c. Key Management Personnel-**

Mr. Vijay Agarwal  
 Mrs. Mona Agarwal  
 Mr. Sorab Agarwal  
 Mr. Vijay K. Singh

**d. Relatives of Key Management Personnel and Enterprises, over which Relatives of Key Management Personnel exercise significant influence-**

Mrs. Surbhi Garg

**(e) Related Party Transactions-**
*(Rs. in lac)*

Nature of Transaction	Period	Associates Companies/Firms			Subsidiary Companies			Key Management Personnel	Total
		ACE Steelfab Pvt. Ltd.	ACE TC Rentals Pvt. Ltd.	Namo Metals	FRESTED Ltd., Cyprus	SC FORMA SA, Romania	Action Developers Ltd.		
Purchase of Goods	2008-09	5,162.63	-	-	-	-	-	-	5,162.63
	2007-08	5,796.34	-	-	-	-	-	-	5,796.34
Sales of Goods	2008-09	514.54	284.00	-	-	92.99	-	-	891.53
	2007-08	287.30	181.80	-	-	-	-	-	469.10
Remuneration Paid	2008-09	-	-	-	-	-	-	313.71	313.71
	2007-08	-	-	-	-	-	-	415.03	415.03
Licence Fee Paid	2008-09	-	-	-	-	-	-	32.88	32.88
	2007-08	-	-	-	-	-	-	20.79	20.79
Rent Received	2008-09	2.40	0.60	-	-	-	-	-	3.00
	2007-08	2.40	0.60	-	-	-	-	-	3.00
Interest Received	2008-09	70.96	7.59	7.68	144.34	-	-	-	230.57
	2007-08	26.16	9.01	-	103.93	-	-	-	139.10
Investment in Equity	2008-09	-	-	-	-	-	10.00	-	10.00
	2007-08	-	-	-	-	-	-	-	-
Loan to Subsidiary	2008-09	-	-	-	215.34	-	-	-	215.34
	2007-08	-	-	-	165.41	-	-	-	165.41

**13. Disclosure as required by Clause 32 of the Listing Agreement:**
*(Rs. in lac)*

Particulars	2008-09	2007-08	2008-09	2007-08
	Amount at the end of Financial Year		Maximum amount outstanding during the Financial Year	
1. Loan and advances in the nature of loans:				
a. To Subsidiary Companies- FRESTED LIMITED, CYPRUS SC FORMA SA, ROMANIA ACTION DEVELOPERS LTD, INDIA	1,606.78	1,247.10	1,606.78	1,247.10
b. To Companies in which Directors are interested				
c. Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372A of Companies Act, 1956				
2. Investment by the Subsidiary Companies in the shares of Action Construction Equipment Ltd.	NIL		NIL	



14. The Company has entered into agreements in the nature of Lease/ Leave and Licence agreement with different Lessors/ Licensors for the purpose of establishment of office premises/ residential accommodations. These are generally in nature of operating Lease/leave and Licence and disclosure required as per Accounting Standard-19 issued by The institute of Chartered Accountants of India with regard to the above is as under-

- (a) Payment under Lease/Leave and License for period:
1. Not later than 1 year Rs. 25.41 lac
  2. Later than 1 year, but not later than 5 years Rs. 24.92 lac.
- (b) There are no transactions in the nature of Sub Lease.
- (c) Payments recognised in the profit and Loss Account for the year ended 31st March, 2009 is Rs.63.46 lac.

15. Disclosure pursuant to Accounting Standard -15 (Revised), issued by The Institute of Chartered Accountants of India - EMPLOYEE BENEFITS-

**A. Expenses recognised in P & L Account-**

(Rs. in lac)

Particulars	2008-09	2007-08
a) Current Service Cost	11.37	8.23
b) Interest Cost	-	-
c) Employee Contribution	-	-
d) Actuarial (Gain)/Loss	3.76	2.68
e) Past Service Cost	-	-
g) Settlement Cost	-	-
<b>Total Expenses, debited to P &amp; L Account</b>	<b>15.13</b>	<b>10.91</b>

**B. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2009-**

(Rs. in lac)

Particulars	2008-09	2007-08
a) Present Value of defined Benefit Obligation at the end of the year	41.58	26.30
b) Fair Market Value of Plan Assets with LIC at the end of the year	41.58	26.30
<b>Net Liability/Assets</b>	<b>-</b>	<b>-</b>

**C. Change in the obligation during the year-**

(Rs. in lac)

Particulars	2008-09	2007-08
a) Present Value of Defined benefit obligation at the beginning of the year	26.30	14.28
b) Current Service Cost	11.37	8.23
c) Interest Cost	2.37	1.29
d) Settlement Cost	-	-
e) Actuarial (Gain)/Loss	3.76	2.68
f) Benefit Payment	2.23	0.18
g) Present Value of Defined benefit obligation at the end of the year	41.58	26.30

**D. Change in the Assets during the year ended March 31, 2009-**

(Rs. in lac)

Particulars	2008-09	2007-08
a) Plan assets at the beginning of the year	26.30	14.28
b) Actuarial (Gain)/Loss	3.76	2.68
c) Contribution	11.37	8.23
d) Benefit Payment	2.23	0.18
e) Return on the Plan Assets	2.37	1.29
f) Plan assets at the end of the year	41.58	26.30

**E) Actuarial Assumption-**

- a) Discounted Rate 8% p.a.
- b) Mortality Rate LIC (1994-1996) Ultimate
- c) Withdrawal rate 1% to 3%, depending on age
- d) Salary Escalation 5%
- e) Retirement Age 58

Liability in respect of unavailed privilege leave was hitherto valued at the salary rates prevailing on the balance sheet date. During the year, the company has valued the compensated absences, specified in AS 15 (Revised) on actuarial basis. Further para 132 of AS 15 (Revised 2005) does not require any specific disclosure except where the expense resulting from compensated absences is of such size, nature of incidence that its disclosure is relevant under other Accounting Standards. In the opinion of the management, the expense resulting from compensated absences is not significant and hence no disclosures are prepared under various paragraphs of Accounting Standard 15 (Revised 2005) issued by The institute of Chartered Accountants of India.



**16. CIF Value of Imports:**
*(Rs. in lac)*

Particulars	2008-09	2007-08
Raw Materials, Spare Parts & Finished Products	14,017.35	6,450.79

**17. I) Capacity & Production:**

Particular	Unit	Licensed Capacity		Installed Capacity		Production-No. of Equipment	
		This Year	Prev. Year	This Year	Prev. Year	This Year	Prev. Year
a) Cranes	Nos.	NA	NA	NA	NA	2666	3415
b) Material Handling/ Construction Equip- ment & Others	Nos.	NA	NA	NA	NA	1051	474
<b>Total</b>						<b>3717</b>	<b>3889</b>

**II) Turnover:**

Turnover	This Year		Previous Year	
	Qty. in Unit	Rs. in Lac	Qty. in Unit	Rs. in Lac
a) Cranes	2826	35,662.14	3519	35,198.22
b) Material Handling/Construction Equipment	440	4,216.02	418	3,606.86
c) Others	622	2,972.03	60	1,311.13
d) Excise Duty		1,933.31		2,739.52
<b>Total Value</b>	<b>3888</b>	<b>44,783.50</b>	<b>3997</b>	<b>42,855.73</b>

**18. Details of Raw Material consumed:**
*(Rs. in lac)*

S.No.	Items	Quantity in units		Value (Rs. in Lac)	
		CY	PY	CY	PY
1.	Engine	3308	3418	2,653.76	2,670.70
2.	Winch	2565	3140	1,067.53	1,365.13
3.	Boom	2644	3333	1,416.82	2,122.70
4.	Others	-	-	31,005.42	24,799.71
	<b>Total</b>			<b>36,143.53</b>	<b>30,958.24</b>

**19. Earning in Foreign Exchange:**
*(Rs. in lac)*

Particulars	2008-09	2007-08
Export of Goods (F.O.B. Value)	1,315.51	970.00

**20. Expenditure in Foreign Currency:**
*(Rs. in lac)*

Particulars	2008-09	2007-08
Foreign Traveling Expenses	61.00	47.78
Club Membership Fees	0.34	-
Exhibition Expenses	6.22	-
Commission on Sale	-	1.57
<b>Total</b>	<b>67.56</b>	<b>49.35</b>



**21. Value of Imported Material Consumed:**
*(Rs. in lac)*

Particulars	Imported value	%	Indigenous value	%	Total Value
Current Year	12,980.92	35.91%	23,162.61	64.09%	36,143.53
Previous Year	5,323.96	17.20%	25,634.28	82.80%	30,958.24

**22. Earning Per Share (Basic & Diluted):**

Particulars	2008-09	2007-08
Opening no. of shares of Rs. 2 each	89,885,000	89,885,000
Closing no. of shares of in Rs. 2 each	89,885,000	89,885,000
Weighted average no. of Equity Shares of Rs. 2 each (Basic & Diluted)	89,885,000	89,885,000
Profit After Tax (Rs. in lac)	2,273.44	3,628.20
EPS (In Rupees)-Basic & Diluted	2.53	4.04

23. All Credit Facilities from Banks are secured by way of hypothecation of the Company's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movable including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present & future and Plant & Machinery on pari passu basis and First charge by way of equitable mortgage of property situated at Jajru Road, 25th Mile Stone, Delhi Mathura Road, Ballabhgarh, Haryana on pari passu basis.
24. Balance of Sundry Debtors and Sundry Creditors are subject to confirmation by the parties and adjustment, if any, required on reconciliation, will be done in the year in which the same is reconciled. Further, Management does not expect any material difference in the financial statements for the year.
25. The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) issued by The Institute of Chartered Accountants of India.
26. Previous years figures have been regrouped to make them comparable with current year figures wherever necessary.
27. Schedules 1 to 16 form integral part of the accounts and are duly authenticated.

As per our Report appended to the Balance Sheet For Rajan Chhabra & Co. Chartered Accountants	For and on behalf of the Board of Directors		
	Vijay Agarwal Chairman & Managing Director		
Rajan Chhabra Proprietor Membership No. 088276	Subhash C. Verma Independent Director		
Place : Faridabad Date : 28 <sup>th</sup> May, 2009	P.K. Bansal Chief Finance Officer	Ashish K. Bhatt Company Secretary	Sorab Agarwal Whole-time Director

**ANNEXURE**
**Details of monies utilized out of funds raised through IPO of the Company as per Schedule - 16, (B) -Other Notes - 1:**
*(Rs. in lac)*

S.No.	Particulars	2008-09
1	New Manufacturing Plants	1,716.47
2	Modernise and Expansion	135.16
3	Acquisition	929.00
4	Working Capital	1,767.23
5	Corporate Office	532.56
6	Issue Expenses	403.67
	<b>Total</b>	<b>5,484.09</b>



## Balance Sheet Abstract and Company's General Business Profile

**I. Registration Details**

Registration No.

5	5	-	0	6	4	3	4	7
---	---	---	---	---	---	---	---	---

 State Code 

5	5
---	---

Balance Sheet Date

3	1	0	3	2	0	0	9
---	---	---	---	---	---	---	---

**II. Capital Raised During the Year (Amount in '000)**

Public Issue

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

Right Issue

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

Bonus Issue

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

Private Placement

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

**III. Position of Mobilisation and Deployment of Funds (Amount in '000)**

Sources of Funds

Total Liabilities

1	9	6	8	6	4	7
---	---	---	---	---	---	---

Total Assets

1	9	6	8	6	4	7
---	---	---	---	---	---	---

Paid up Capital

1	7	9	7	7	0
---	---	---	---	---	---

Reserves &amp; Surplus

1	3	8	9	7	0	4
---	---	---	---	---	---	---

Secured Loans

3	9	1	3	9	9
---	---	---	---	---	---

Unsecured Loans

-	-	-	-	-	-
---	---	---	---	---	---

Deferred Tax/(Liability)

		7	7	7	4
--	--	---	---	---	---

Application of Funds

Net fixed Assets

6	9	1	6	6	4
---	---	---	---	---	---

Investments

		1	0	8	9	4
--	--	---	---	---	---	---

Net Current Assets

1	2	6	5	2	7	8
---	---	---	---	---	---	---

Misc. Expenditure

			8	1	1
--	--	--	---	---	---

**IV. Performance of Company ( Amount in '000)**

Turnover &amp; Other Income

4	4	7	2	0	7	2
---	---	---	---	---	---	---

Total Expenditure (Net)

4	1	7	0	4	1	3
---	---	---	---	---	---	---

+ - Profit/Loss Before Tax

+		3	0	1	6	5	9
---	--	---	---	---	---	---	---

+ - Profit/Loss After Tax

+		2	2	7	3	4	4
---	--	---	---	---	---	---	---

Earning Per Share in Rs.

		2	.	5	3
--	--	---	---	---	---

Dividend %

2	0
---	---

**V. Generic Names of Three Principal Products / Services of Company (As per monetary terms)**

Item Code No. (ITC Code)

8	4	2	6	4	1	.	0	0
---	---	---	---	---	---	---	---	---

Product Description

H	Y	D	R	A	U	L	I	C	M	O	B	I	L	E	C	R	A	N	E
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

8	4	2	6	2	0	.	0	0
---	---	---	---	---	---	---	---	---

Product Description

T	O	W	E	R	C	R	A	N	E										
---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--

Item Code No. (ITC Code)

8	4	2	9	5	1	.	0	0
---	---	---	---	---	---	---	---	---

Product Description

L	O	A	D	E	R														
---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--

As per our Report appended to the Balance Sheet  
For Rajan Chhabra & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

Rajan Chhabra  
Proprietor  
Membership No. 088276

Vijay Agarwal  
Chairman & Managing Director

Subhash C. Verma  
Independent Director

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

P.K. Bansal  
Chief Finance Officer

Ashish K. Bhatt  
Company Secretary

Sorab Agarwal  
Whole-time Director



## Auditors' Report

**TO THE BOARD OF DIRECTORS OF ACTION CONSTRUCTION EQUIPMENT LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ACTION CONSTRUCTION EQUIPMENT LIMITED AND ITS SUBSIDIARIES-**

We have examined the attached Consolidated Balance Sheet of Action Construction Equipment Limited and its Subsidiaries as at 31st March 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These Financial Statements are the responsibility of the Action Construction Equipment Limited's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework generally accepted in India and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries, namely FRESTED LIMITED, Cyprus and SC FORMA SA, Romania, whose Financial Statements reflect net total assets of Rs. -1147.89 lac as at 31<sup>st</sup> March, 2009 and total revenue of Rs. 52.51 lac for the year ended on that date. These

Financial Statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard - 21, viz, "CONSOLIDATED FINANCIAL STATEMENTS" and Accounting Standard - 23, viz, "ACCOUNTING FOR INVESTMENTS IN ASSOCIATES" issued by The Institute of Chartered Accountants of India, on the basis of the separate audited financial statements of Action Construction Equipment Limited and its subsidiaries included in the Consolidated Financial Statements.

In our opinion and to the best of our information and according to explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Action Construction Equipment Limited and its subsidiaries, the said Consolidated Financial Statements read together with the accounting policies and notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:

1. in the case of the Consolidated Balance Sheet, of the state of affairs of Action Construction Equipment Limited and its subsidiaries as at 31st March 2009;
2. in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
3. in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Rajan Chhabra & Co.  
Chartered Accountants

**(Rajan Chhabra)**  
**Proprietor**  
**Membership No.088276**

Place: Faridabad  
Dated: 28<sup>th</sup> May, 2009



## Balance Sheet

### as at 31st March, 2009 (Consolidated)

*(Rs. in lac)*

Particulars	Schedules Annexed	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	1	1,797.70	1,797.70
Reserves & Surplus	2	12,516.74	11,229.02
<b>MINORITY INTEREST</b>		<b>34.20</b>	39.17
<b>LOAN FUNDS</b>			
Secured Loans	3	3,913.99	2,201.50
<b>DEFERRED TAX LIABILITIES</b>		<b>77.74</b>	99.79
<b>TOTAL</b>		<b>18,340.37</b>	<b>15,367.18</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	10,558.92	8,913.67
Less: Depreciation		3,119.42	2,380.34
Net Block		7,439.50	6,533.33
Capital Work in Progress		119.97	501.30
<b>INVESTMENTS</b>	5	<b>0.50</b>	41.32
<b>CURRENT ASSETS, LOAN AND ADVANCES</b>			
Inventories	6	5,460.31	3,690.37
Sundry Debtors		5,204.36	5,400.34
Cash & Bank Balances		1,858.22	2,147.01
Loans & Advances		7,592.64	5,821.63
		20,115.53	17,059.35
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	7	<b>6,536.43</b>	6,021.93
Current Liabilities		2,820.15	2,767.20
Provisions		9,356.58	8,789.13
<b>NET CURRENT ASSETS</b>		<b>10,758.95</b>	8,270.22
Miscellaneous Expenditure (To the extent not written off or adjusted)		21.45	21.01
<b>TOTAL</b>		<b>18,340.37</b>	<b>15,367.18</b>

As per our Report appended to the Balance Sheet  
For Rajan Chhabra & Co.  
Chartered Accountants

Rajan Chhabra  
Proprietor  
Membership No. 088276

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

P.K. Bansal  
Chief Finance Officer

Ashish K. Bhatt  
Company Secretary

Sorab Agarwal  
Whole-time Director

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash C. Verma  
Independent Director



## Profit & Loss Account

### for the year ended 31st March, 2009 (Consolidated)

(Rs. in lac)

Particulars	Schedules Annexed	Current Year 2008-09	Previous Year 2007-08
<b>INCOME</b>			
<b>Gross Sales</b>		44,747.72	43,382.41
<i>Less: Excise Duty</i>		1,933.31	2,739.53
<b>Net Sales</b>		42,814.41	40,642.88
Other Income	8	1,713.81	982.79
<b>TOTAL INCOME</b>		<b>44,528.22</b>	<b>41,625.67</b>
<b>EXPENDITURE</b>			
Raw Materials Consumed	9	36,192.94	31,207.03
(Increase)/Decrease in Stock	10	(1,839.36)	(365.84)
Manufacturing Expenses	11	2,197.25	2,141.41
Employees Expenses	12	1,786.43	1,537.87
Selling & Distribution Expenses	13	1,109.38	1,299.48
Administrative & Other Expenses	14	1,543.59	1,001.14
Interest	15	347.76	141.46
Depreciation	4	580.36	325.00
<b>TOTAL EXPENDITURE</b>		<b>41,918.35</b>	<b>37,287.55</b>
<b>PROFIT BEFORE TAX</b>		<b>2,609.87</b>	<b>4,338.12</b>
Provision for Income Tax		722.71	829.59
Provison for Wealth Tax		2.43	1.74
Provison for Deferred Taxation		(22.05)	69.28
Provison for Fringe Benefit Tax		40.06	38.25
<b>PROFIT AFTER TAX BEFORE MINORITY INTEREST</b>		<b>1,866.72</b>	<b>3,399.26</b>
Minority Interest		122.57	11.09
<b>BALANCE BROUGHT FORWARD</b>		<b>445.24</b>	<b>(176.84)</b>
Translation on Opening Balance in Respect of Foreign Subsidiaries		(276.40)	53.01
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>2,158.13</b>	<b>3,286.52</b>
Transferred to General Reserve		2,000.00	2,000.00
Dividend		359.54	719.08
Tax on Dividend		61.11	122.20
<b>Balance Carried to Balance Sheet</b>		<b>(262.52)</b>	<b>445.24</b>
<b>Earnings per Share (Rs.) Basic &amp; Diluted</b>		<b>2.08</b>	<b>3.78</b>

As per our Report appended to the Balance Sheet  
For Rajan Chhabra & Co.  
Chartered Accountants

Rajan Chhabra  
Proprietor  
Membership No. 088276

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

P.K. Bansal  
Chief Finance Officer

Ashish K. Bhatt  
Company Secretary

Sorab Agarwal  
Whole-time Director

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash C. Verma  
Independent Director



## Cash Flow Statement (Consolidated)

*(Rs. in lac)*

Particulars	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit after Tax as per Profit and Loss Account</b>	<b>1,866.72</b>	<b>3,399.26</b>
<b>Adjustments For :</b>		
Interest Expenses	347.76	141.46
Depreciation	580.36	325.00
Interest Received	(218.74)	(269.64)
Dividend Received	-	(0.38)
Profit on Sale of Fixed Assets	(92.19)	(2.93)
Loss on Sale of Fixed Assets	0.83	0.27
Provision for Income Tax	722.71	829.59
Provision for Wealth Tax	2.43	1.74
Provision for Deferred Tax	(22.05)	69.28
Provision for Fringe Benefit Tax	40.06	38.25
Exchange Difference on Translation	(272.75)	51.46
Minority Share in Profit & Loss a/c	122.57	11.09
	<b>1,210.99</b>	<b>1,195.19</b>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>3,077.71</b>	<b>4,594.45</b>
<b>Adjustments For :</b>		
Trade & other Receivable	195.98	(1,325.11)
Inventories	(1,769.94)	(712.26)
Trade Payable	514.50	1,271.75
Provision of Income Tax & Wealth Tax for earlier year adjusted	(712.26)	-
Misc. Exp not written off	(0.44)	(8.93)
	<b>(1,772.16)</b>	<b>(774.55)</b>
<b>Net Cash From Operating Activities</b>	<b>1,305.55</b>	<b>3,819.90</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of Fixed Assets (incl. Capital WIP)	(1,338.78)	(4,309.02)
Sale of Fixed Assets	316.77	30.80
Investments	40.82	(40.82)
Interest Received	218.74	269.64
Dividend Received	-	0.38
Change in minority interest	(4.97)	(63.10)
	<b>(767.42)</b>	<b>(4,112.12)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Secured Loans	1,712.49	1,290.05
Loans & Advances	(1,771.01)	(1,646.62)
Interest Paid	(347.76)	(141.46)
Dividend & Tax thereon	(420.64)	(1,051.61)
	<b>(826.92)</b>	<b>(1,549.64)</b>
<b>Net Cash From Financing Activities</b>	<b>(826.92)</b>	<b>(1,549.64)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(288.79)</b>	<b>(1,841.86)</b>
<b>OPENING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>2,147.01</b>	<b>3,988.87</b>
<b>CLOSING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	<b>1,858.22</b>	<b>2,147.01</b>

As per our Report appended to the Balance Sheet  
For Rajan Chhabra & Co.  
Chartered Accountants

Rajan Chhabra  
Proprietor  
Membership No. 088276

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

P.K. Bansal  
Chief Finance Officer

Ashish K. Bhatt  
Company Secretary

Sorab Agarwal  
Whole-time Director

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash C. Verma  
Independent Director



**SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET (CONSOLIDATED)  
AS AT 31ST MARCH, 2009 AND PROFIT & LOSS ACCOUNT (CONSOLIDATED) FOR YEAR  
ENDED 31ST MARCH, 2009**

(Rs. in lac)

Particulars	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>SCHEDULE 1 - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,00,00,000 Equity Shares of Rs. 2/- each	<b>2,000.00</b>	2,000.00
	<b>2,000.00</b>	<b>2,000.00</b>
<b>ISSUED AND SUBSCRIBED</b>		
89,885,000 Equity Shares of Rs. 2/- each, fully paid and Subscribed	<b>1,797.70</b>	1,797.70
<b>AS PER BALANCE SHEET</b>	<b>1,797.70</b>	<b>1,797.70</b>
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>		
a) Revaluation Reserve	<b>234.82</b>	239.34
b) Share Premium	<b>7,044.44</b>	7,044.44
c) General Reserve	<b>5,500.00</b>	3,500.00
d) Profit & Loss Account	<b>(262.52)</b>	445.24
<b>AS PER BALANCE SHEET</b>	<b>12,516.74</b>	<b>11,229.02</b>
<b>SCHEDULE 3 - LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
a) Cash Credit/Working Capital Demand Loans - Banks	<b>3,088.22</b>	1,054.45
b) Buyer Credit - Banks	795.44	1,093.55
b) For Vehicles - From Private Institutions against Hypothecation	<b>30.33</b>	<b>53.50</b>
<b>AS PER BALANCE SHEET</b>	<b>3,913.99</b>	<b>2,201.50</b>

**SCHEDULE 4 - FIXED ASSETS**

(Rs. in lac)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2008	Addi- tions	Sales	As at 31.03.2009	Up to 01.04.2008	For the Year	Deduc- tions/ Adjust- ments	Total 31.03.2009	As At 31.03.2009	As At 31.03.2008
Land	2,198.76	228.50	-	<b>2,427.26</b>	-	-	-	-	<b>2,427.26</b>	2,200.45
Building - Factory	2,870.79	848.98	-	<b>3719.77</b>	1,509.64	157.22	-	<b>1,666.86</b>	<b>2,052.91</b>	1,382.95
Building - Office	1,599.92	40.48	-	<b>1,640.40</b>	99.82	74.96	-	<b>174.78</b>	<b>1465.62</b>	1,481.96
Plant & Machinery	1,636.95	187.52	290.19	<b>1,534.28</b>	735.82	182.21	78.27	<b>839.76</b>	<b>694.52</b>	906.94
Furniture & Fixtures	191.90	54.21	-	<b>246.11</b>	35.58	33.81	-	<b>69.39</b>	<b>176.72</b>	156.39
Office Equipment	57.17	15.48	-	<b>72.65</b>	18.43	6.60	-	<b>25.03</b>	<b>47.62</b>	38.74
Motor Vehicles	421.53	116.93	33.71	<b>504.75</b>	181.77	85.16	20.58	<b>246.35</b>	<b>258.40</b>	239.75
Computer	120.80	63.02	0.65	<b>183.17</b>	57.14	40.40	0.29	<b>97.25</b>	<b>85.92</b>	60.61
Goodwill	65.54	164.99	-	<b>230.53</b>	-	-	-	-	<b>230.53</b>	65.54
<b>TOTAL</b>	<b>9,163.36</b>	<b>1,720.11</b>	<b>324.55</b>	<b>10,558.92</b>	<b>2,638.20</b>	<b>580.36</b>	<b>99.14</b>	<b>3,119.42</b>	<b>7,439.50</b>	<b>6,533.33</b>



(Rs. in lac)

Particulars	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>SCHEDULE 5 - INVESTMENTS</b>		
<i>(LONG TERM, UNQUOTED, UNLESS OTHERWISE STATED)</i>		
(A) <b>INVESTMENT IN GOVERNMENT SECURITIES</b>		
6 - Year National Saving Certificates	0.50	0.50
(B) <b>INVESTMENTS IN PARTNERSHIP FIRM</b>	-	40.82
<b>AS PER BALANCE SHEET</b>	<b>0.50</b>	<b>41.32</b>
<b>SCHEDULE 6 - CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>INVENTORIES</b>		
<i>(AS VERIFIED, VALUED AND CERTIFIED BY THE MANAGEMENT)</i>		
Raw Materials	2,634.58	2,704.00
Work-in-Progress	1,179.31	348.86
Finished Goods	1,646.42	637.51
<b>AS PER BALANCE SHEET</b>	<b>5,460.31</b>	<b>3,690.37</b>
<b>SUNDRY DEBTORS</b>		
<i>(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</i>		
Exceeding six months	1,550.43	852.08
Others	3,676.07	4,570.40
Less : Provision for Doubtful Debts	22.14	22.14
<b>AS PER BALANCE SHEET</b>	<b>5,204.36</b>	<b>5,400.34</b>
<b>CASH &amp; BANK BALANCES</b>		
(i) Cash in Hand	19.69	78.79
(ii) With Scheduled Banks		
(a) In Current Accounts	256.95	41.08
(b) Margin Money with Banks (including accrued interest)	59.73	106.04
(c) Fixed Deposits (including accrued interest)	908.62	223.19
(iii) Bank Balance lying in IPO Account		
(a) In Current Account	9.35	22.13
(b) Fixed Deposits (including accrued interest)	603.88	1,675.78
<b>AS PER BALANCE SHEET</b>	<b>1,858.22</b>	<b>2,147.01</b>
<b>LOANS &amp; ADVANCES</b>		
<i>(UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</i>		
Advances Recoverable in cash or in kind	5,530.83	3,465.60
Advance Income Tax	1,764.70	2,145.95
Advance Fringe Benefit Tax	72.62	64.94
Advance Wealth Tax	2.83	1.82
Tax Deducted at Source	221.66	143.32
<b>AS PER BALANCE SHEET</b>	<b>7,592.64</b>	<b>5,821.63</b>
<b>SCHEDULE 7 - CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>A) CURRENT LIABILITIES</b>		
Sundry Creditors		
- Trade	4,363.41	3,206.43
- Others	1,308.38	1,390.79
Other Liabilities	366.18	439.15
Advances from Customers	498.46	985.56
<b>AS PER BALANCE SHEET</b>	<b>6,536.43</b>	<b>6,021.93</b>
<b>B) PROVISIONS</b>		
Provision for Income Tax	2,299.32	2,272.57
Provision for Wealth Tax	5.26	3.56
Provision for Fringe Benefit Tax	94.92	70.43
Provision for Dividend on Equity Shares	359.54	359.54
Provision for Tax on Dividend	61.11	61.10
<b>AS PER BALANCE SHEET</b>	<b>2,820.15</b>	<b>2,767.20</b>



(Rs. in lac)

Particulars	Current Year 2008-09	Previous Year 2007-08
<b>SCHEDULE 8 - OTHER INCOME</b>		
Service Charges Received	1,152.02	440.02
Interest Received	218.74	269.64
Rent Received	161.63	106.57
Misc. Income	(4.21)	23.26
Insurance Claim Received	-	13.46
Profit on Sale of Assets	92.19	2.93
Dividend Received	-	0.38
Commission Received	69.86	-
Duty Draw back Received	11.52	8.50
Hiring Charges Received (Net)	12.00	36.77
Profit / (Loss) on Foreign Currency Transactions	0.06	81.26
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>1,713.81</b>	<b>982.79</b>
<b>SCHEDULE 9 - MATERIALS &amp; TRADING EXPENSES</b>		
Opening Stock	2,704.00	2,357.58
Add : Purchases (including Expenses thereon Less Rejection & Returns)	36,123.52	31,553.45
Less : Closing Stock of Raw Material	2,634.58	2,704.00
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>36,192.94</b>	<b>31,207.03</b>
<b>SCHEDULE 10 - (INCREASE)/DECREASE IN WIP &amp; FINISHED GOODS</b>		
Opening Stock : Work in Progress	348.86	130.65
Finished Goods	637.51	489.88
	986.37	620.53
Closing Stock : Work in Progress	1,179.31	348.86
Finished Goods	1,646.42	637.51
	2,825.73	986.37
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>(1,839.36)</b>	<b>(365.84)</b>
<b>SCHEDULE 11 - MANUFACTURING EXPENSES</b>		
Manufacturing Expenses	660.53	774.76
Power & Fuel	137.30	126.85
Repair - Machinery	19.97	9.79
Repair - Building	11.05	16.44
Packing, Forwarding & Freight	1,368.40	1,213.57
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>2,197.25</b>	<b>2,141.41</b>
<b>SCHEDULE 12 - EMPLOYEES EXPENSES</b>		
Salaries, Wages & Bonus	1,622.71	1,356.48
Contribution to Provident & Other Funds	74.18	40.60
Welfare Expenses	89.54	140.79
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>1,786.43</b>	<b>1,537.87</b>
<b>SCHEDULE 13 - SELLING &amp; DISTRIBUTION EXPENSES</b>		
Selling Expenses	694.51	823.84
Commission on Sales	414.87	475.64
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>1,109.38</b>	<b>1,299.48</b>



(Rs. in lac)

Particulars	Current Year 2008-09	Previous Year 2007-08
<b>SCHEDULE 14 - ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent	67.19	33.42
Rate Fees & Taxes	52.38	52.09
Insurance	33.59	23.74
Travelling & Conveyance	374.00	289.06
Communication Expenses	88.02	79.02
Bank Charges	101.53	58.86
Vehicle Expenses	33.13	21.11
Loss on Foreign Currency Transactions	235.60	-
Penalties to State Budget & Others	25.05	12.16
Miscellaneous Expenses	533.10	431.68
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>1,543.59</b>	<b>1,001.14</b>
<b>SCHEDULE 15 - INTEREST</b>		
To Banks	338.49	134.08
To Others	9.27	7.38
<b>AS PER PROFIT &amp; LOSS ACCOUNT</b>	<b>347.76</b>	<b>141.46</b>

## SCHEDULE 16 - NOTES ON ACCOUNTS

### (A) Background-

Action Construction Equipment Limited (Company) was incorporated at New Delhi (India) on 13th January, 1995, to manufacture, supply of Hydraulic Mobile Cranes, Mobile Tower Cranes, Material Handling and Construction Equipment.

The Company concluded its Initial Public Offer (IPO) in September 2006 and its Equity Shares listed at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. on 26th September 2006. The IPO comprised of 46,00,000 Equity Shares of face value of Rs. 10 each allotted at a premium of Rs. 120 per share and on 24th March, 2008, the Company has sub-divided its Shares from face value of Rs. 10 each to Rs. 2 each.

In December 2006, the Company has incorporated its wholly owned subsidiary (WOS) in CYPRUS in the name of FRESTED LIMITED, for overseas Investments. The Company has acquired 73.90% stake in SC FORMA SA, a Romanian Company through its wholly owned subsidiary (WOS), FRESTED LIMITED, Cyprus, in the line of its "Object of the Issue" mentioned in the Prospectus of its IPO. The Company, further, acquired 15.60% stake in SC FORMA SA, Romania in the year 2007-08, increasing the total stake to 89.50%.

In May 2008, the company has incorporated a wholly owned Subsidiary, namely Action Developers Ltd.

### (B) Statement of Significant Accounting Policies -

#### 1. Basis of Accounting:

The Financial Statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention and on accrual basis.

#### 2. Principles of Consolidation:

The Consolidated Financial Statements (CFS) relate to Action Construction Equipment Limited (hereinafter referred as the "Company") and its Subsidiaries, Fellow Subsidiary Company and Partnership Firm. The Consolidated Financial Statements have been prepared in accordance with applicable Accounting Standards on the following basis:

- The Financial Statements of the Company and its Subsidiary Companies, are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra -group balances and intra -group transactions resulting in unrealized profits or losses in accordance with Accounting



Standard - 21 “Consolidated Financial Statement” (CFS) and Accounting Standard - 23 “Accounting for Investments in Associates in Consolidated Financial Statements”, issued by The Institute of Chartered Accountants of India.

- (b) The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate Financial Statements except as otherwise disclosed in the Notes to Accounts.
- (c) The excess of cost to the Company of its investment in the Subsidiary Company is recognised in the financial statements as Goodwill, which is tested for impairment on every balance sheet date. The excess of Company’s share of equity and reserves of the Subsidiary Company over the cost of acquisition is treated as Capital Reserve. Amortisation of goodwill is confined to amalgamation goodwill in accordance with the applicable Accounting Standards.
- (d) The Consolidated Financial Statements are prepared in Indian Rupees, which is the functional currency for Action Construction Equipment Limited, However, the USD & RON are the functional currencies for its foreign subsidiaries located in the Cyprus and Romania, respectively. The translation of the functional currencies into the reporting currency is performed for assets & liabilities of the foreign subsidiaries currency using the current exchange rates in effect at the balance sheet date, The resultant translation exchange gain/loss has been adjusted in Reserves and Surplus.

3. The Consolidated Financial Statements represent consolidation of following accounts other than the Company (Action Construction Equipment Limited), as detailed below:

Name of Company	Country of Incorporation	Relation	Percentage of ownership interest at the end of	
			As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
Frested Ltd.	Cyprus	Subsidiary	100.00%	100.00%
SC Forma SA	Romania	Fellow Subsidiary	89.50%	89.50%
Action Developers Ltd.	India	Subsidiary	100.00%	-
Namo Metals	India	Partnership Firm	90.00%	-

**4. Fixed Assets :**

All Fixed Assets are valued at historical costs less accumulated depreciation. Cost of assets comprise of purchase price and any attributable cost of bringing the asset to its working condition.

**5. Depreciation :**

Depreciation has been provided on WDV method as per rates prescribed by Schedule XIV of the Companies Act, 1956.

**6. Investments :**

Investments are valued at the cost.

**7. Inventory Valuation -**

- (a) Raw Materials and Components are valued at cost.
- (b) Work in Progress is valued at prime cost and includes direct labour & overhead charges.
- (c) Finished goods are valued at works cost/landed cost and inclusive of Excise Duty & Cess thereon, if any.

**8. Foreign Currency Transactions:**

Foreign Currency Transactions are accounted for on the exchange rate prevailing at the transaction date. Current Assets and Current Liabilities on the date of Balance Sheet are restated at the exchange rates prevailing on that date. Variations on settlement/ restatement are recognised as gain or loss in exchange in Profit & Loss Account.

**9. Revenue Recognition:**

- (a) Sales are recognized at the time of despatch of Goods from the factory.
- (b) Services are recognized when performed as per contract.

**10. Benefits to Employees:**

- (a) Short term Employee Benefit:

All employee benefits payable within twelve months of rendering of the service are classified as short-term benefits. Such benefits include



salaries, wages, bonus, short term compensated absences, awards, exgratia etc. and are recognised in the period in which the employee renders the related service.

(b) Post Employment benefits;

(i) Defined Contribution Plans:

The Company's State government provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid/payable under the scheme is recognised during the period in which the employee renders the related service.

(ii) Defined Benefits Plans:

The employee's gratuity fund scheme, long term compensated absences are company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation on the date of the balance sheet. Gratuity Liability is funded through a Group Gratuity Scheme with Life Insurance Corporation of India wherein contributions are made and charged to revenue on annual basis.

#### 11. Accounting for Taxes on Income :

Provision for taxation for the year comprises of current taxes and deferred taxes. Current taxes consist of Income Tax / Wealth Tax payable on current year Income / Wealth. Deferred Tax is calculated for timing differences and has been accounted as per provisions of the Accounting Standard-22 issued by The Institute of Chartered Accountants of India. Provision for Fringe Benefit Tax has been made in accordance with the applicable Income Tax Laws prevailing for relevant assessment years.

#### 12. Impairment of Assets:

The carrying amount of assets is reviewed at each Balance Sheet date to ascertain Impairment based on Internal/external factors. An impairment loss is recognised, when the carrying amount of an asset exceed its realisable value. The realisable value is greater of the assets net selling price.

#### 13. Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalised as part of cost of such assets upto the date the assets are ready for its intended use. All other borrowing costs are recognised as an expenses in the year in which they are incurred.

#### 14. Expenditure during Construction Period:

In case of new projects/substantial expansions of existing factories, expenditure incurred, including trial production expenses net of revenue earned and attributable interest and financing costs prior to commencement of commercial production are capitalized.

#### 15. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- the Company has a present obligation as a result of a past event;
- a probable outflow of resources is expected to settle the obligation and;
- the amount of obligation can be reliably estimated;

Reimbursements expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

#### Contingent Liability is disclosed in case of

- a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation;
- a possible obligation, of which the probability of outflow of resources is remote.

Contingent Assets are neither recognised nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

#### (C) Others Notes -

- Out of the Funds raised through IPO Rs. 5980 lac, Rs. 5484 lac have been utilized till 31st March, 2009 and balance amount is lying unutilised & will be utilised as per amendments made to "Proposed Deployment of Funds" by the shareholders of the Company in its Annual General Meeting held on 1st August, 2008. The Shareholders of the Company has authorised the Board of Directors to utilise remaining IPO proceeds in the best interest of the Company. The unutilised funds have been temporarily invested in Fixed Deposits with Bank.



**2. Contingent Liabilities, not provided for:**

(Rs. in lac)

Particulars	2008-09	2007-08
Bank Guarantees including Corporate Guarantees	293.80	731.10
Letter of Credits	195.33	842.68
Claim against the Company, not acknowledge as Debts	148.43	53.42
Sales Tax, Excise & Income Tax Matters, pending before Assessing/ Appellate Authorities	28.33	8.63
<b>Total</b>	<b>665.89</b>	<b>1,635.83</b>

**3. Miscellaneous Expenses include Auditor's Remuneration as under:**

(Rs. in lac)

Particulars	2008-09	2007-08
Audit Fee	6.09	5.48
Taxation Matters	1.60	1.00
<b>Total</b>	<b>7.69</b>	<b>6.48</b>

**4. Remuneration paid to Whole-time Directors:**

(Rs. in lac)

S.No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity & Other Funds	Other benefits & perquisites	Excess remuneration, since refunded	Total
1.	Sh. Vijay Agarwal, Chairman & Managing Director	168.00		15.00	(26.00)	<b>157.00</b>
2.	Smt. Mona Agarwal, Whole-time Director	105.00	-	9.01	-	<b>114.01</b>
3.	Sh. Sorab Agarwal, Whole-time Director	28.28	-	2.00	-	<b>30.28</b>
4.	Sh. Vijay Kumar Singh, Whole-time Director	10.38	0.09	1.35	-	<b>11.82</b>
	<b>Total</b>	<b>311.66</b>	<b>0.09</b>	<b>27.36</b>	<b>(26.00)</b>	<b>313.11</b>

**5. Calculation for Deferred tax Liabilities/(Assets):**

(Rs. in lac)

Particulars	2008-09	2007-08
The breakup of net Deferred Tax Liabilities/(Assets) as on March 31, 2009 is as under-		
<b>Deferred tax Liabilities on account of :-</b>		
Difference between Book and Tax Depreciation		
- Depreciation as per Income Tax	478.44	508.43
- Depreciation as per Co's Act	573.90	318.93
	<b>(95.46)</b>	<b>189.50</b>
- 1/5th of IPO Expenses - u/s 35D 2 (c) iv as per Income Tax	75.86	75.86
<b>Total Deferred Tax Liabilities</b>	<b>(19.60)</b>	<b>265.36</b>
<b>Deferred tax Assets</b>		
Expenditure disallowable under Section 43B & others	45.26	61.54
<b>Total Deferred tax Assets-</b>	<b>45.26</b>	<b>61.54</b>
<b>Net Deferred Tax (Assets)/Liabilities</b>	<b>(64.86)</b>	<b>203.82</b>



**6. Segment Reporting in terms of Accounting Standard -17 issued by The Institute of Chartered Accountants of India:**

(a) Information about the primary business segments of the Company -

*(Rs. in lac)*

S.No.	Particulars	Current Accounting Year ended 31-3-2009	Previous Accounting Year ended 31-3-2008
1.	<b>Segment Revenue</b>		
	A) Cranes	36,837.86	36,273.18
	B) Material Handling/Construction Equipment & Others	5,919.34	3,871.22
	C) Subsidiaries Business	57.21	526.68
	<b>Total</b>	<b>42,814.41</b>	<b>40,671.08</b>
	Less: Inter Segment Revenue	-	28.20
	Net Sales / Income from Operations	42,814.41	40,642.88
2.	<b>Segment Results</b>		
	A) Cranes	3,734.75	4,564.14
	B) Material Handling/Construction Equipment & Others	(128.34)	464.95
	C) Subsidiaries Business	(387.64)	(212.43)
	<b>Total</b>	<b>3,218.77</b>	<b>4,816.66</b>
	Less: Interest	347.76	141.46
	Less- Other Unallocable Expenditure	261.14	337.08
	<b>Profit before Tax</b>	<b>2,609.87</b>	<b>4,338.12</b>
3.	<b>Capital Employed</b>		
	A) Cranes	14,797.18	12,028.63
	B) Material Handling/Construction Equipment & Others	4,658.56	3,797.81
	C) Subsidiaries Business	(1,483.58)	(858.57)
	<b>Total</b>	<b>17,972.16</b>	<b>14,967.87</b>

(b) Since Segment Revenues from external customers are not more than 10% of enterprise revenue, hence, Secondary Segment reporting is not required to be provided as per Accounting Standard - 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.

7. As per Accounting Standard 18, "Related Party Disclosure" issued by The Institute of Chartered Accountants of India, the disclosures of transactions with the Related Parties as defined in the Accounting Standard are given below-

**a. Associate Companies / Entities-**

ACE Steelfab Pvt. Ltd.  
ACE TC Rentals Pvt. Ltd.  
Namo Metals

**b. Subsidiary Companies.**

FRESTED Limited, Cyprus  
*Wholly Owned Subsidiary*

SC FORMA SA, Romania

*Fellow Subsidiary*

ACTION DEVELOPERS LIMITED, INDIA

*Wholly Owned Subsidiary*

**c. Key Management Personnel-**

Mr. Vijay Agarwal

Mrs. Mona Agarwal

Mr. Sorab Agarwal

Mr. Vijay K. Singh

**d. Relatives of Key Management Personnel and Enterprises, over which Relatives of Key Management Personnel exercise significant influence-**

Mrs. Surbhi Garg



(e) Related Party Transactions:

(Rs. in lac)

Nature of Transaction	Period	Associates Companies/Firms			Subsidiary Companies			Key Management Personnel	Total
		ACE Steelfab Pvt. Ltd.	ACE TC Rentals Pvt. Ltd.	Namo Metals	FRESTED Ltd., Cyprus	SC FORMA SA, Romania	Action Developers Ltd.		
Purchase of Goods	2008-09	5,162.63	-	-	-	-	-	-	5,162.63
	2007-08	5,796.34	-	-	-	-	-	-	5,796.34
Sales of Goods	2008-09	514.54	284.00	-	-	92.99	-	-	891.53
	2007-08	287.30	181.80	-	-	-	-	-	469.10
Remuneration Paid	2008-09	-	-	-	-	-	-	313.71	313.71
	2007-08	-	-	-	-	-	-	415.03	415.03
Licence Fee Paid	2008-09	-	-	-	-	-	-	32.88	32.88
	2007-08	-	-	-	-	-	-	20.79	20.79
Rent Received	2008-09	2.40	0.60	-	-	-	-	-	3.00
	2007-08	2.40	0.60	-	-	-	-	-	3.00
Interest Received	2008-09	70.96	7.59	7.68	144.34	-	-	-	230.57
	2007-08	26.16	9.01	-	103.93	-	-	-	139.10
Investment in Equity	2008-09	-	-	-	-	-	10.00	-	10.00
	2007-08	-	-	-	-	49.19	-	-	49.19
Loan to Subsidiary	2008-09	-	-	-	215.34	-	-	-	215.34
	2007-08	-	-	-	165.41	-	-	-	165.41

8. The Company has entered into agreements in the nature of Lease/ Leave and Licence agreement with different Lessors/ Licensors for the purpose of establishment of office premises/ residential accommodations. These are generally in nature of operating Lease/leave and Licence and disclosure required as per Accounting Standard-19 issued by The institute of Chartered Accountants of India with regard to the above is as under-

(a) Payment under Lease/Leave and License for period:

1. Not later than 1 year Rs. 25.41 lac
2. Later than 1 year, but not later than 5 years Rs. 24.92 lac.

(b) There are no transactions in the nature of Sub Lease.

(c) Payments recognised in the profit and Loss Account for the year ended 31st March, 2009 is Rs.63.46 lac

9. Disclosure pursuant to Accounting Standard -15 (Revised), issued by The Institute of Chartered Accountants of India - EMPLOYEE BENEFITS-

A. Expenses recognised in P & L Account-

(Rs. in lac)

Particulars	2008-09	2007-08
a) Current Service Cost	11.37	8.23
b) Interest Cost	-	-
c) Employee Contribution	-	-
d) Actuarial (Gain)/Loss	3.76	2.68
e) Past Service Cost	-	-
g) Settlement Cost	-	-
<b>Total Expenses, debited to P &amp; L Account</b>	<b>15.13</b>	<b>10.91</b>

B. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2009-

(Rs. in lac)

Particulars	2008-09	2007-08
a) Present Value of defined Benefit Obligation at the end of the year	41.58	26.30
b) Fair Market Value of Plan Assets with LIC at the end of the year	41.58	26.30
<b>Net Liability/Assets</b>	<b>-</b>	<b>-</b>



**C. Change in the obligation during the year-**
*(Rs. in lac)*

Particulars	2008-09	2007-08
a) Present Value of Defined benefit obligation at the beginning of the year	26.30	14.28
b) Current Service Cost	11.37	8.23
c) Interest Cost	2.37	1.29
d) Settlement Cost	-	-
e) Actuarial (Gain)/Loss	3.76	2.68
f) Benefit Payment	2.23	0.18
g) Present Value of Defined benefit obligation at the end of the year	41.58	26.30

**D. Change in the Assets during the year ended March 31, 2009-**
*(Rs. in lac)*

Particulars	2008-09	2007-08
a) Plan assets at the beginning of the year	26.30	14.28
b) Actuarial (Gain)/Loss	3.76	2.68
c) Contribution	11.37	8.23
d) Benefit Payment	2.23	0.18
e) Return on the Plan Assets	2.37	1.29
f) Plan assets at the end of the year	41.58	26.30

**E) Actuarial Assumption-**

- a) Discounted Rate 8% p.a.
- b) Mortality Rate LIC (1994-1996) Ultimate
- c) Withdrawal rate 1% to 3%, depending on age
- d) Salary Escalation 5%
- e) Retirement Age 58

Liability in respect of unavailed privilege leave was hitherto valued at the salary rates prevailing on the balance sheet date. During the year, the company has

valued the compensated absences, specified in AS 15 (Revised) on actuarial basis. Further para 132 of AS 15 (Revised 2005) does not require any specific disclosure except where the expense resulting from compensated absences is of such size, nature of incidence that its disclosure is relevant under other Accounting Standards. In the opinion of the management, the expense resulting from compensated absences is not significant and hence no disclosures are prepared under various paragraphs of Accounting Standard 15 (Revised 2005) issued by The Institute of Chartered Accountants of India.

**10. Earning Per Share (Basic & Diluted):**

Annualised earning per equity shares have been calculated based on net profit after taxation of Rs. 1866.72 lac. Basic and Diluted Earning per Share for the year is Rs.2.08 (Previous Year - Rs. 3.78)

**11. Miscellaneous expenditure (to the extent not written off or adjusted) represents:**

- (a) R & D expenditure - Rs. 13.34 lac.
- (b) Life Time Club Membership - Rs. 8.11 lac (to be amortized over a period of ten years, commencing from 2007-08)

12. Balance of Sundry Debtors and Sundry Creditors are subject to confirmation by the parties and adjustment, if any, required on reconciliation, will be done in the year in which the same is reconciled. Further, Management does not expect any material difference in the financial statements for the year.

13. The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) issued by The Institute of Chartered Accountants of India.

14. Previous years figures have been regrouped to make them comparable with current year figures wherever necessary.

15. Schedules 1 to 16 form integral part of the accounts and are duly authenticated.

As per our Report appended to the Balance Sheet  
For Rajan Chhabra & Co.  
Chartered Accountants

Rajan Chhabra  
Proprietor  
Membership No. 088276

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

P.K. Bansal  
Chief Finance Officer

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash C. Verma  
Independent Director

Ashish K. Bhatt  
Company Secretary

Sorab Agarwal  
Whole-time Director



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 AS AT 31ST MARCH, 2009**

		<i>(Rs. in lac)</i>	<i>(Rs. in lac)</i>	<i>(Rs. in lac)</i>
	<b>PARTICULARS</b>	<b>FRESTED LIMITED CYPRUS</b>	<b>SC FORMA SA ROMANIA</b>	<b>ACTION DEVELOPERS LTD.</b>
a	Capital	0.58	171.08	10.00
b	Reserves & Surplus	(1,018.27)	(301.28)	(2.61)
c	Total Assets (Fixed Assets + Current Assets)	73.95	579.26	7.55
d	Total Liabilities (Debts+Current Liabilities)	6.11	619.52	0.17
e	Details of Investment (except in case of investment in subsidiaries)	-	-	-
f	Turnover (Including other Income)	0.10	52.41	-
g	Profit/(Loss) Before Taxation	(152.52)	(245.91)	(0.60)
h	Provision for Taxation	-	-	-
i	Profit/(Loss) After Taxation	(152.52)	(245.91)	(0.60)
j	Proposed Dividend	-	-	-
k	Exchange rate used (in Rs.)	50.72	15.91	1.00
l	Local Currency	USD	RON	INR
m	Relation	Subsidiary	Fellow Subsidiary	Subsidiary

The Financial Statements of Foreign Subsidiaries have been converted into Rupees on the basis of appropriate exchange rates as on 31st March, 2009.

**Note:**

1. The Ministry of Company Affairs, Government of India vide letter No. 47/428/2009-CL-III dated 27th May, 2009 has granted approval under section 212 (8) of the Companies Act, 1956 for the financial year ended 31.03.2009, whereby the Balance Sheet, Profit and Loss Account of the Subsidiaries and other documents required to be attached thereto under section 212 (1) of the Companies Act, 1956, are not attached to the Company's Accounts, pursuant to said approval.
2. The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the members of the holding and Subsidiary Companies seeking information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor in registered office of the Company between 11 a.m to 1 p.m on all working days.

For and on behalf of the Board of Directors

Vijay Agarwal  
Chairman & Managing Director

Subhash C. Verma  
Independent Director

Place : Faridabad  
Date : 28<sup>th</sup> May, 2009

P.K. Bansal  
Chief Finance Officer

Ashish K. Bhatt  
Company Secretary

Sorab Agarwal  
Whole-time Director





**PROXY FORM**

Action Construction Equipment Ltd.  
**Registered Office: 5th Floor, TDI Centre, Jasola, New Delhi-110076**

I/We \_\_\_\_\_ being a member of Action Construction Equipment Limited hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy, in my/our absence to attend and vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on Thursday, the 6th day of August, 2009 at 12:00 noon at MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Delhi-110054

Affix  
Revenue  
Stamp of  
Rs.1/-

Signature:  
Signed this .....day of ..... 2009

Ledger Folio/DP & Client Id No.	
No. of Shares	
Name	
Address	
Proxy No.	

**Note:** The Proxy in order to be valid, must be deposited at the Registered Office of the Company duly stamped, completed and signed, not less than 48 hours before the time for holding the meeting.



**ATTENDANCE SLIP**

Action Construction Equipment Ltd.  
**Registered Office: 5th Floor, TDI Centre, Jasola, New Delhi-110076**

Please complete this attendance slip and hand it over at the entrance of the meeting hall. Joint shareholders may obtain attendance slip on request.

Ledger Folio/DP & Client Id No.	
No. of Shares	
Name	
Address	
Proxy No.	

I hereby record my presence at the Fifteenth Annual General Meeting of the Ccompany to be held on Thursday, the 6th day of August, 2009 at 12:00 noon at MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Delhi-110054.

Signature of Shareholder/Proxy

# Book Post

*If undelivered, please return to -*

## ACE

**Action Construction Equipment Ltd.**

Jajru Road, 25 Mile Stone, Delhi-Mathura Road,  
Ballabgarh-121 004 (Haryana)  
[www.ace-cranes.com](http://www.ace-cranes.com)

