

ACE

Action Construction Equipment Ltd.

Annual Report



14th Annual Report 2007-2008

*Nothing beats an **ACE***





H I G H L I G H T S

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ROBUST FINANCIAL PERFORMANCE...

- ◆ Profit after Tax up by **82%**.
- ◆ Sales up by **64%**.
- ◆ Number of Equipment Sold up by **61%** .
- ◆ EPS increased from 2.52 per share to **4.04** per share.

IMPRESSIVE BUSINESS GROWTH...

- ◆ Production of Tractors started by the Company w.e.f March 2008
- ◆ No. of Sales and Service Dealers increased from 55 to 65.

FUTURE BEAMS...

- ◆ Full Capacity Utilization of Tractor Plant.
- ◆ Increased production in Bazpur plant situated in Uttranchal.
- ◆ Utilization of Manpower to its potential
- ◆ Improvement in Subsidiary company position.
- ◆ Implementation of latest and upgraded ERP.

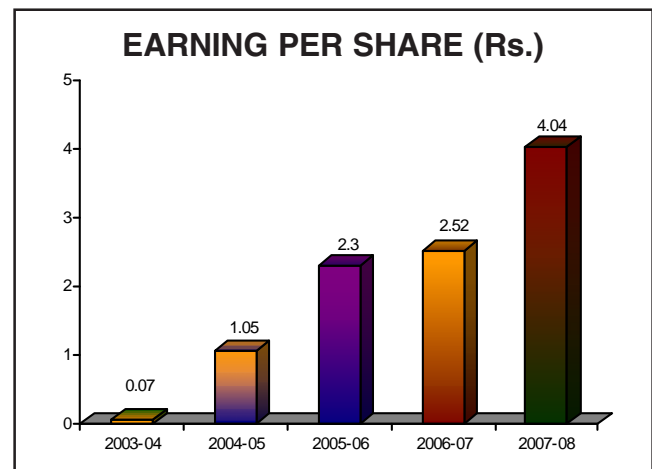
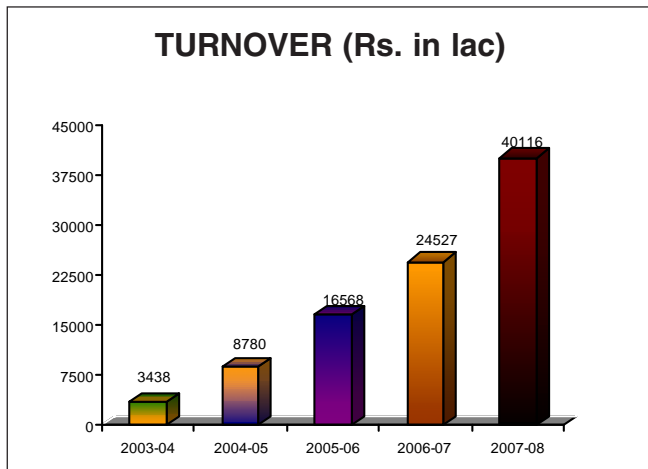
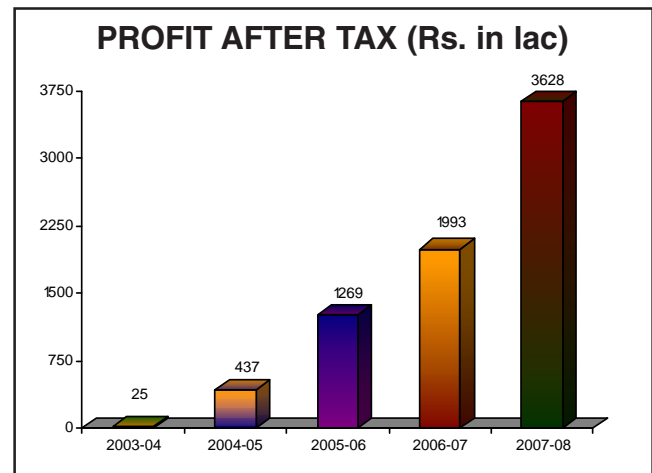
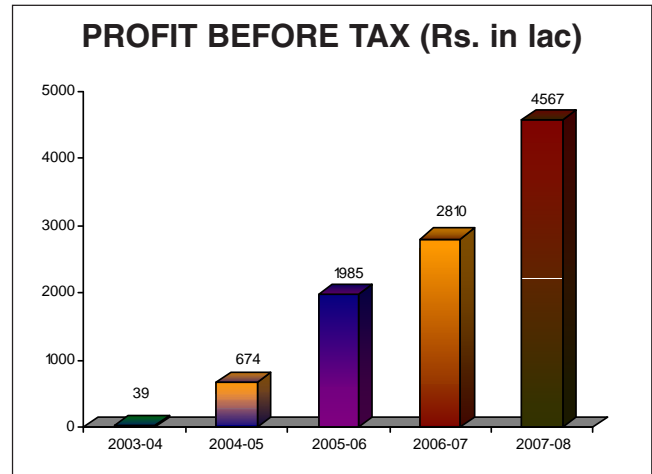
REPORT SAYS...

“The Indian ECE industry has the potential to grow fivefold from its current size of US\$2.3 billion to approximately US\$12–13 billion by 2015, growing at 24% CAGR”

Mckinsey and Company

CREDENTIALS...

- ◆ CE Certified Products.
- ◆ Clientele Like Reliance, L & T(ECC), BSES, BHEL, Punj Lloyd, Essar, Gammon India, Gujrat Ambuja to name a few.
- ◆ Awarded consecutively for the second year with **Construction World NICMAR Award(2007)** for fastest growing construction equipment company





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THE VISION

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

THE MISSION

“To consolidate the 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 of Product Support and Spares availability”.



C O R P O R A T E P R O F I L E

BOARD OF DIRECTORS

Shri Vijay Agarwal	: Chairman & Managing Director
Smt. Mona Agarwal	: Whole-time Director
Shri Sorab Agarwal	: Whole-time Director
Shri Vijay Kumar Singh	: Whole-time Director
Shri Girish Narain Mehra (IAS Retd.)	: Non-Executive Director
Shri Subhash Chander Verma	: Non-Executive Director
Maj. Gen. (Retd.) Dr. K.C. Agarwal	: Non-Executive Director
Dr. Amar Singhal	: Non-Executive Director

CHIEF FINANCE OFFICER

Shri P.K. Bansal

COMPANY SECRETARY

Shri Ashish K. Bhatt

STATUTORY AUDITORS

M/s Rajan Chhabra & Co.
Chartered Accountants

STOCK EXCHANGES

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited
'Karvy House'
46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad- 500 034
Phone : + 91-40-2331 2454, 2332 0751/52/53
Fax : + 91-40-2331 1968
Email : einward.ris@karvy.com

CORPORATE OFFICE

Jajru Road, 25 Mile Stone,
Delhi Mathura Road, Ballabgarh-121 004, Haryana
Phone : +91-129-230 7922/933/924
Fax : + 91-129-230 7562
E-mail : cs@ace-cranes.com

SUBSIDIARY COMPANIES

FRESTED LIMITED, Cyprus
SC FORMA SA, Romania

BANKERS

ICICI Bank Limited
Citibank N.A.
The Hongkong and Shanghai Banking Corporation Limited

PLANTS

- Jajru Road, 25 Mile Stone, Plant-1
Delhi Mathura Road,
Ballabgarh - 121 004, Haryana
- Dudholla Link Road, Plant-2
Village Dudholla, Tehsil Palwal,
Dist. Faridabad - 121 102, Haryana
- Plot No. C-5,6,7 & 8 Plant-3
UPSIDC Industrial Area-1
Bazpur, Dist. Uddham Singh Nagar - 262 123
Uttranchal
- Dhudholla Link Road, Plant-4
Village Dhudholla, Tehsil Palwal,
Faridabad - 121 102

PRODUCT SUPPORT DIVISION

Plot No. 17, Sector - 11A,
Faridabad - 121 006, Haryana

REGISTERED OFFICE

II Floor, Plot No. 7, H Block, Sarita Vihar,
New Delhi - 110 076
Phone : +91-11-2695 3623/626/633
Fax : + 91-11-2695 3717
E-mail : marketing@ace-cranes.com

WEBSITE

www.ace-cranes.com

C H A I R M A N S P E E C H



Dear Shareholders,

As we progress into 15th financial year of the Company, it makes me extremely proud that, our Company has carried on with it's run of good performances carried on from the past financial years. Whereas, the previous financial year was one of the major land marks in the history of the Company, as the Company brought its first Initial Public offer, this year proved to be stupendous year in view of the level of production, financial results and diversification of business of the Company.

Whereas the Company has always been one of the leading equipment manufacturers of hydraulic cranes, tower cranes and construction equipment, the company this year ventured into some new businesses. The Company, this year started manufacturing of tractors, which can contribute on a large scale for future growth. The Company through its dedicated and sincere efforts would like to make the same impact in the field of tractors, as it has made in the field of cranes and construction equipment. The idea behind venturing into tractors is to diversify the portfolio of the Company besides having a strong grip on the conventional business of the Company. The Company is also looking towards the possibility of spreading its business arms across the globe. The Company has already tied up with some prominent equipment manufacturing companies like Italy based PM and China based Zoomlion.

ACE has also successfully launched its new product offerings like Concrete Pumps, Crawler Cranes and Piling Rigs keeping in sync with expanding it's infrastructure equipment product portfolio.

Last year, the company also got CE Certification for its equipment, making the same more acceptable in the international market. Besides giving tough Competition to its competitors in India, the company is also making its presence felt in the international market.

The Company is already having two foreign subsidiaries, in Cyprus and Romania. We are sure that these companies would also progress on the same lines with the parent Company.

I am sure that coming years would add to the success, glory and wonderful achievements of the company and we would be able to achieve even bigger milestones.

Vijay Agarwal
Chairman and Managing Director



NOTICE

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

Day, Date : Friday, 1st August, 2008

Time : 11:30 A.M.

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, 2008, audited Profit & Loss Account for the year ended 31st March, 2008, Board's Report and addendum thereto, Auditors' Report.
2. To declare dividend on Equity Share Capital for the financial year ended on 31st March, 2008. The Board has recommended final dividend of 20% on the paid-up Equity Share Capital of the Company for the year ended 31st March, 2008.
3. To appoint a Director in place of Maj. Gen. Dr. K.C. Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Subhash Chander Verma, 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 **Ordinary Resolution**:-

"RESOLVED THAT pursuant to Section 61 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals, permissions, sanctions and consents that may be required from such authorities concerned, consent of the Members, be and is hereby accorded to the Board of Directors (hereinafter to be referred as the "the Board", which expression shall include any Committee thereof) to vary, modify, alter add or delete any of the details, as the Board may deem fit in the best interest of the Company, of the objects of the initial public offer of equity shares made by the Company through 100% book building process as contained in the prospectus dated 12th September, 2006 including the change in deployment of funds having regard to business prospects and exigencies and funding requirements of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company including any Committee thereof, be and is hereby authorized to do such acts, deeds, matters and things, as may be necessary, desirable or expedient, and to delegate all or any of the powers conferred herein to any Committee or Executive of the Company, for giving effect to the above Resolution."

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 Friday, the 25th July, 2008 to Friday, 1st August, 2008 (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.

NOTICE

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:-
- bring their copy of Annual Report and attendance Slip at the venue of the meeting.
 - Quote their Folio/DP & Client Id No. in all correspondence with the Company/ R&T Agent.
 - 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.
 - Note that **no gifts** will be distributed at the Annual General Meeting.

- Note that **shareholders present in person or through registered proxy** shall only be entertained.
- 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 : 19th May 2008

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 19th May, 2008.

In Respect of Item No. 6

The Company came out with an Initial Public Offer (IPO) of 46,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 120 per equity share, aggregating to Rs. 59.80 crores. The objects, for which IPO was brought, were described in brief and as well as in detail in the prospectus itself. But due to some reasons, some of the objects for which IPO was brought are not feasible. Also, in order to meet the business exigencies and to ensure optimum utilisation of the funds in the best interest of the Company, certain revisions/ variations are required to be made in the original estimates/ schedules mentioned in the prospectus.

In terms of the provisions of Section 61 of the Companies Act, 1956, approval of the Members of the Company is required for making any variations/change in the deployment of the funds raised through IPO. Hence, your consent is sought for the aforesaid resolution.

At present, the company is not able to set up a Joint Venture (JV) with Tigieffe SRL, Italy. The Company, inter-alia, would like to utilize this money for the purpose of acquisition & setting up another production plant in Uttarakhand, which is a Tax Free Zone under various Acts.

Your Directors commends the Resolution at Item No.6 of the Notice as an Ordinary Resolution for your approval.

None of the Directors of the Company is in anyway, concerned or interested in the above resolution.

By Order of the Board of Directors

Ashish K Bhatt
Company Secretary

Place: New Delhi
Date : 19th May 2008

BRIEF RESUME OF DIRECTORS RETIRING BY ROTATION SEEKING RE-ELECTION**Major General (Retd.) Dr. K.C. Agarwal**

Dr. K.C. Agarwal aged 66 years, is a holder of Ph.D. in Mechanical Engineering from IIT Delhi. He is a retired Major General from Indian Army. During his tenure with Indian Army, he was Director in DRDO Laboratory and has experience of 28 years. He was Vice Chancellor with Rai University. He is presently Director in Ideal Institute of Engineering College. He has introduced the concept of application oriented teaching in which teaching in which practical concept is used to provide knowledge to the students based on practical implementation of project. His major projects include "e-learning "in which on line courses and provided and "Content Development" which includes practical approach to industry oriented study and as per the demand and the Industry requirements.

Dr. K.C. Agarwal does not have any shareholding in the Company. Except, Dr. K.C. Agarwal, no other Director is interested in the Resolution, relating to his appointment.

Mr. Subhash Chander Verma

Mr. Subhash Chander Verma, aged 62 years is graduate and Qualified CAIIB(Associate of Indian Institute of Bankers). He is a retired Dy. General Manager from Punjab National Bank, He has 40 years of experience in Banking Industry, out of which more than 20 years were served in Senior Management cadre like Zonal Manager, Regional Manager etc. He has experience of dealing with Industrial and infrastructural projects for their financial viability and their project Finance and appraisal.

He holds 25000 Equity shares of Rs. 2/- each in the company. Except, Shri Subhash Chander Verma, no other Director is interested in the Resolution, relating to his appointment.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company is a sound believer of the philosophy that nothing can beat a good product, supported by dedicated & hard-working professionals. The Company's Logo-"**NOTHING BEATS AN ACE**"-speaks volume. Your Company has continued with its run of good performance carried on from past financial years. Sales of your company, increased tremendously from a net turnover of Rs. 24527 lac in FY 2006-2007, to a net turnover of Rs. 40116 lac in FY 2007-2008, registering a impressive growth of 63% and CAGR of 64% in last 5 years.

The Company results for the financial year 2007-2008, which are summarized as under-

1. Increase in net turnover from Rs. 24527 lac to Rs. 40116 lac, registering an increase of 63%.
2. Profit before Tax (PBT) increased by 63% from Rs. 2810 lac to Rs. 4567 lac.
3. Profit after Tax (PAT) increased by 82% from Rs. 1993 lac to Rs. 3628 lac.
4. Earning per Share (weighed) has increased by 60% from Rs. 2.52 to Rs. 4.04 per Share.

Overall performance of the company in the financial year under review is more than satisfactory. The company has also entered new business of Tractors. Further, our latest product offerings of **Truck Mounted Cranes, Concrete Pumps, Piling Rigs & Crawler Cranes** have been very well accepted in the market and we expect to capitalize the potential of these machines in the years to come.

Review of the performance of your Company's business operations, initiatives taken by the Company and its overall financial performance in 2007-2008, are as under.

INDUSTRY STRUCTURE AND DEVELOPMENT

Your Company is leading 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.

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
- Concrete Pumps
- 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 oper-



ate 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.



MDA REPORT

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. Your Company started this product in previous year and has got overwhelming response in the beginning itself. 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 renovation. 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, introduction of Piling Rigs in ACE range of equipment will be of great advantage. Tie up with Zoomlion ensures supply of quality machines at value for money prices to our existing clients. Zoomlion also has a complete range of models to cover all the strata, depths and diameters.



CONCRETE PUMPS

Concrete pumps in the last five years have gained a firm foothold in construction industry as the preferred method of concrete delivery. With the advent of batching plant for concrete production and transit mixers for concrete delivery, the pumps complete the end of chain by receiving and laying the concrete. Zoomlion has a range of concrete pumps which are not only of latest technology but also with proven performance. Being a short life product, the replacement market also will keep the demand high in coming years.



TRACTORS



Your company has started the production of Tractors this year. Tractors are widely used for farming purpose as against the conventional methods. The Company, in the financial year under review, has just started the production of Tractors. Its sales in the coming financial year would definitely grow exponentially.

Tractors are also used for construction and industrial purposes, and ACE shall suitably capitalize its existing strength in these sectors.

MAIN FOCUS AREAS AND APPLICATIONS

Majority of the equipment is supplied for Infrastructure Development and today Infrastructure is the buzzword for the growth of Indian Economy. Your Company's equipment is 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, Roads, Coal Mines, Steel Industry, Engineering Industry, Railways, Cement, Petroleum, Defence, Chemicals and Fertilizer Plants, Building Construction etc.

OPPORTUNITIES

- Your Company can exploit the foreign market, as the rate of custom duty is decreasing in foreign countries to promote competition as per WTO norms.
- Your Company can use its years of expertise to set-up Subsidiaries in foreign countries engaged in the similar field of production. Thus, the Company would be able to use its know-how for exploiting the foreign markets.
- Your Company on the other hand can form Joint Ventures (JV) outside the country to share its expertise, which it has already gained and in return get share in profits from JV. The Company can also form Joint Ventures in the country to counter competition and increase the market share.



- The market for the construction equipment is rapidly increasing due to rapid increase in development of infrastructure in the country. Your Company can turn it into its advantage by proper and timely marketing techniques.

THREATS, RISKS AND CONCERN

- The business of the Company primarily depends on proper supply of the raw material especially steel. Any adverse effect on the supply of the raw material, especially steel can hamper the production of the cranes.
- 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.
- Inflation can affect the pricing and thus sales of the Company's Equipment.
- Any adverse changes in Tax laws such as Income Tax Act, Sales Tax Act, Value Added Act, Excise Act, Custom Act can have adverse effect on the sales of the Company.
- Threat from Imported 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.

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. Your Company continues to invest highly in the IT infrastructure to support business applications. Your 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. For this purpose, you Company have robust Private Network supplemented by high bandwidth to connect the remote locations.

Your 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 in the process of implementing ORACLE APPS ERP. Once implemented, this can be a good advantage to the company. The implementation of this ERP is currently in final phase. This is also accompanied by significant re-engineering and simplification of our business process to improve quality and customer service at reduced costs.

RESEARCH & DEVELOPMENT

Your Company comprises of talented and motivated engineers with high energy levels, who combine individual creativity with teamwork. This Team has been instrumental in many new products and launches, and has dramatically increased the Company's speed from design to market. In the financial year, your Company launched new models of higher capacity Cranes like RT20, TM230,18XW etc.

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, labour 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 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

YOUR COMPANY'S FINANCIAL PERFORMANCE DURING LAST 5 YEARS

Particulars	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Net Sales	40116.20	24527.35	16,567.56	8,780.20	3,437.99
Other Income	1063.86	383.19	31.36	13.48	5.64
TOTAL INCOME	41,180.06	24910.54	16,598.92	8793.68	3,443.63
EXPENDITURE					
Raw materials & goods consumed	30592.40	18,608.41	12,377.54	6933.62	2,842.36
Manufacturing expenses	2078.46	1,261.96	743.63	366.97	122.20
Staff Costs	1368.31	629.14	489.59	275.17	128.94
Selling & Distribution expenses	1287.29	894.42	612.92	222.24	101.71
Administration & other expenses	842.66	534.02	304.28	250.83	154.23
Interest	124.95	43.68	14.24	20.00	28.28
Depreciation	318.93	128.72	71.50	50.61	26.65
TOTAL EXPENDITURE	36613.00	22,100.35	14,613.70	8119.44	3,404.37
Net Profit before tax	4567.06	2,810.19	1,985.22	674.24	39.26
Provision for Taxations	938.86	817.05	716.00	237.00	14.56
Net Profit after tax	3628.20	1,993.14	1,269.22	437.24	24.70



DISCUSSION ON THE RESULTS OF OPERATIONS

As evident from the above Financial Statement, the Company has shown a consistent growth in its operations and profitability during the last five years. From a turnover of Rs.3438 lac in the financial year 2003-04, it achieved a turnover of Rs. 40116 lac in the financial year 2007-08. There has been a significant growth in turnover of the Company during the last five years. CAGR of the company has been growing consistently with a rate of 64% in the last 5 years.

COMPARISON OF PERFORMANCE FOR FY 2007-08 VIS-À-VIS FY 2006-07

NET SALES

Net Sales for the FY 2007-08 is Rs. 40116 lac as compared to Rs. 24527 Lac for FY 2006-07, giving a 64% rise in turnover, due to increase in sales of new products like Forklifts Trucks, Backhoes etc. Your company is quite hopeful to maintain the same level of growth as it has maintained earlier, in the FY 2008-09.

RAW MATERIALS & GOODS CONSUMED

In the year 2006-07, the material consumed was Rs. 18608 Lac, which has increased to Rs. 30592 lac in 2007-08 i.e. by 64 %. The increase was largely due to increase in level of production and increase in the cost of raw materials mainly, steel.

MANUFACTURING EXPENSES

Manufacturing Expenses for the FY 2007-08 have increased by 65% from Rs 1262 Lac in the FY 2006-07 to Rs. 2078 Lac in the FY 2007-08. This increase was mainly due to increase in the level of production and increase in freight expenses. These are variable costs and will vary with the level of production the company.

STAFF COST

The Company's Staff Cost increased from Rs. 629 lac in FY 2006-07 to Rs.1368 lac in FY 2007-08, an increase by 117%. The increase in staff cost was mainly due to increase in production level of the Company. Beside this, your Company has also set up a Tractor Plant. The recruitment for this Tractor Plant has already been made by the company, but the actual results would be attained, only when this Tractor plant of the company would be optimally utilized. As the Company at the dawn of FY 2007-08 has started the production of Tractor, thus its results would be realized in the coming financial years. The no. of head count stood at 393 in FY 2007-08 as compared to 249 last year on rolls.

SELLING AND DISTRIBUTION EXPENSES

Selling and Distribution expenses increased by 44% from Rs. 894 lac in FY 2006-07 to Rs. 1287 lac in FY 2007-08. The increase is mainly due to increased activity in the sales and aggressive marketing efforts of the company. The benefits of the current expenditures would be reaped by the company in immediate future. Your Company is in the process of further strengthening its marketing efforts.

ADMINISTRATION & OTHER EXPENSES

There has been 59% increase in Administration and other expenses cost in comparison to the previous year. During FY 2007-08 the administration and other expenses are Rs. 843 Lac, whereas it was Rs. 529 lac during fiscal 2006-07. This is mainly due to increase in foreign tour and travels for exploring the possibility of foreign trade, increase in professional charges, increase in Retainer ship fees etc. The Directors of your Company see long term benefits of these cost incurred, not only in near future, but also for years to come. Your Company believes that thorough research conducted in initial phase before making any investments, would prove to be one of the wisest investments. Yours Directors supports such type of initiatives.

INTEREST

During the period, the Company's interest cost increased to Rs. 125 lac from Rs. 44 lac in the previous financial year. It was mainly due to increase in working capital, required by the company for increased turnover. However, Return on scale continues to be more.

DEPRECIATION

Depreciation has increased from Rs. 318 lac to Rs.129 lac due to additions to fixed assets during the fiscal year 2007-08.

PROFIT BEFORE TAX (PBT)

In the year 2007-08, the PBT increased by 63%, in the line of increase in Sales/activity. It is Rs. 4567 lac in the year 2007-08 as against Rs.2810 lac for the corresponding previous year.

PROVISION FOR TAXATION

Provision for taxation for the fiscal year 2007-08 increased to Rs. 939 lac from Rs. 817 Lac in the previous fiscal year 2006-07. The rate of Taxation has come down to 18% from 27%, due to increase in the production at Bazpur (Uttaranchal), which is in tax free zone.

PROFIT AFTER TAX (PAT)

PAT for the period increased by 82% from Rs. 1993 lac in 2006-07 to Rs. 3628 lac in 2007-08 due to higher sales and profitability. It was 8% of net sales in the year 2006-07, and now it has risen to 9 % in the year 2007-08. It is mainly due to economy of scales and increase in production at Bazpur(Uttaranchal) where production is tax free for few years. It will further improve, due to increase in the activity at Bazpur(Uttarakhand).

CAUTIONARY STATEMENT

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



D I R E C T O R ' S R E P O R T

To
The Members

Your Directors are pleased to present the Fourteenth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2008.

Your Company has witnessed yet another successful year of operation. The Company has performed remarkably well this year. Directors of the Company have immense pleasure in informing that the Company, this year, has entered into new ventures. Your Company, in this year, started manufacturing Tractors and hope that its sales would pick up in the coming years. Your Company is also in the process of upgrading to new ORACLE APPS ERP. The Company also successfully introduced in the market it's new product offering like, concrete pumps, piling rigs, crawler cranes and truck mounted cranes.

FINANCIAL RESULTS

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

Particulars	(Rs.in lac)	
	2007-08	2006-07
Gross Sales	42856	26583
Other Income	1064	379
Total Income	43920	26962
Profit before Depreciation and Tax	4886	2939
Less:		
Depreciation	319	129
Provision for Taxation	939	817
Net Profit after Tax	3628	1993
Profit brought forward	568	206
Profit available for Appropriation	4196	2199
Appropriations:		
Interim Dividend	360	-
Dividend on Equity Shares	359	539
Corporate Tax on Dividend	122	92
Amount transferred to General Reserve	2000	1000
Profit carried to Balance Sheet	1355	568

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

FINANCIAL PERFORMANCE

Your Company has recorded a significant growth in performance. Total Income grew to Rs. 42856 lac from Rs. 26583 lac, registering a impressive growth of 61%. The Company's net profit after tax has increased from Rs. 1993 lac to Rs. 3628 lac, an increase of 82% from the last year.

DIVIDEND

The Board of Directors of the Company had earlier approved payment of an interim dividend @ Rs. 2 per equity share of Rs. 10 each, for the year 2007-08, which has been paid to the members of the Company.

Directors are now privileged to recommend, subject to your approval, payment of final dividend of 40 paise per equity share of Rs. 2/- each for the year 2007-08. With this, the total dividend payment for the fiscal 2007-08 stands at 40% of the paid up equity capital, an increase of 33% over the previous year.

CORPORATE PLAN

During the last few years, the kinetics of construction equipment business have been influenced by several change factors such as burgeoning demand-supply gap, increase in number of competitors, rapid growth of infrastructure companies, inflation and other factors. Thus, a need was felt to re-visit the long term corporate strategy.

Your Company has formulated a long term corporate strategy plan, which is in line with the corporate vision and mission statement. 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:-

- 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, your Company sub-divided its share from face value of Rs. 10/- per share to Rs. 2/- per share. As a result number of Shares increased from 1,79,77,000 Equity Shares of Rs. 10/- each to 8,98,85,000 Equity shares of Rs. 2/- each.

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

DIRECTOR'S REPORT



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. Both these 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 both Subsidiary Companies. The audited Consolidated Financial Statements together with Auditors' Report thereon, form part of the Annual Report.

RETURN ON NETWORTH

On the overall valuations of your Company, the Net Worth has gone up to Rs. 13688 lac as on 31st March, 2008, generating a Return on Net Worth (RONW) of 27%, and Return on Capital Employed (ROCE) of 25%, both of which indicate healthy return in the business.

MARKETING AND SCALING UP OVERSEAS BUSINESS

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

In April 2007, your Company participated in the world's biggest exhibition for construction equipment – BAUMA 2007 in Munich-Germany, which was visited by more than 500,000 delegates from all over the world. Your Company has become the first Company in India, to showcase all its equipment in this exhibition. Your Company got a tremendous response from potential customers and international dealers.

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 maximise 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 60 Sales and Services Centers and dedicated Spare Parts Division alongwith 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 new products like piling rigs, crawler cranes and concrete pumps and for next year, company is planning to introduce Road making equipment and to make further addition to it's concrete equipment range

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 Lloyd, BHEL, Gammon etc., who have, through regular use of the companies products formed a great faith on the Company's

products. Your company intends to become "a one stop shop" for all 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.

Ministry of Company Affairs, Government of India, vide its letter No. 47/309/2008 CL-III dated May 22, 2008 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 are not attached herewith. However, a statement giving certain information as required vide exemption letter No. 47/309/2008 CL-III dated May 22, 2008 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 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 helps the Company, to boost its export turnover.

AWARDS & ACCOLADES

During the year under review, your Company has once again been conferred upon with **CONSTRUCTION WORLD NICMAR AWARD (2007)**, as the fastest growing construction equipment company, second year in succession

HUMAN RESOURCES & INDUSTRIAL RELATIONS FRONT

The Industrial scenario during the year 2007-08 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, 2008, there were 393 employees on the roll 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 colour 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 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 coming 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 be involved in social cause such as child education, green environment and others which effects and is very relevant to the society.

Your Company besides having an aim to generate profit, do 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 Subhash Chander Verma and Maj. General Dr. K.C. Agarwal 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 forms 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 alongwith 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.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

The particulars of employees u/s 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employee) Rules, 1975 are given in **Annexure B** and forms part of this report.



INTER-SE RELATIONSHIP BETWEEN DIRECTORS ACKNOWLEDGEMENT

As per latest amendment made in Clause 49 of the Listing Agreement, your Company has to report Inter-se relationship between the Directors of the Company 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 there Independent capacities and do not have any inter-se relationship between themselves.

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

Place : Ballabgarh
Dated : 19th May, 2008

Vijay Agarwal
Chairman & Managing Director

ANNEXURE-A

INFORMATION AS REQUIRED UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956.

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.
- Minimize use of high cost self-generation of Power.
- Use of low intensity lighting for vigilance purpose during night shifts & off days.
- Introduced energy saving lights for office premises.

2. Impact of the 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) TECHNOLOGY ABSORPTION

1. Research & Development

(a) Specific areas in which R & D is carried out by the Company:

- Developed 18XW-18 Ton Pick and Carry cranes.
- Developed TM 230-23 Ton Truck mounted cranes.
- Adoption of ACE engine on Rhino90 and Rhino110.
- Relocation of lift cylinders on main frame 14XW & 12XW.
- New model/ New look Pick & Carry Crane Rhino90/ Rhino110/12XW.

- Synchronized boom, rope drive with self compensation developed for 12XW/14XW and 15XW Pick and Carry Cranes.
- New Look Cabin developed for Pick and Carry Cranes.
- Winch brake booster new modified.
- Control valve block mounted on chassis, located at most convenient location- for service.
- Other research on various parts of the cranes, increasing the efficiency of the cranes.

(b) Benefits derived as a result of the above R & D:

- Lower fuel Consumption, due to lower working pressure.
- Better traction and road grip
- Avoid damage to luff cylinders by swinging load due to unique location of lift cylinders. Moreover heavy loads can be lifted and loaded to increased heights.
- Lower cost of operation due to ACE Engines.
- Reduced Operator Fatigue, due to lower pull or push efforts of Control Valve Levers. Easy access for operation and serviceability.
- Lower Operating Cost due to the long life of hydraulic metal pipes. No hoses in cabin.
- ACE Cabin has no assembly located inside cabin which can leak. Dry status of cabin Guaranteed.
- Improved looks & working lights.
- Improved ergonomics for operator comfort.
- Durable and improved electronic analogue compact instrument cluster(No. mechanical cable or piping).
- Heavy duty Ignition and rotary switches.



- Improved wiring harness and connectors, ensuring for easy serviceability.
- Smooth and jerk free steering operation.

(c) Future Plan of Action:

- Development of 40 Ton Truck Mobile Crane.
- Improvement in crane capacities in terms of lift, height and reach.
- Development of 10 Ton Soil Compactor.
- Development of 12 Ton Soil Compactor.
- Development of 10 Ton Tandem Compactor.
- Development of 3.5 Ton Tandem Compactor.
- Development of U & V type bend booms extension sections and their standardization.

(d) Expenditure of R & D:

- Nil (the cost has been charged respective head)

2. Technology absorption, adaptation & Innovation

(a) Efforts in brief, made towards Technology Absorption & Innovation:

- 12 VA/VE Projects Implemented.
- 32 Quality Improvement related projects implemented.
- 12 Aesthetic improvement projects implemented.

(b) Benefits derived as a result of the above efforts:

- Ease of operation & serviceability.
- Product Life Improvement.

- Improved aesthetics.
- Reduction in Fatigue.
- Time Saving.
- Standardization of assay elements.
- Reduced no. of parts
- Import Substitution.
- Development of reliable and Quality Sources.
- Improved productivity.
- Improved system life.
- Economical approach & quality improvements.

(c) Future plan of action:

- VE/VA cost saving per machine Rs. 4000-6000 per machine.
- System reliability.
- Cab controls as per Ergonomics.
- Introduction of improved window latch.
- Patent provisional/ complete Specification
- Improvements in existing range of products
- Development of 360 deg Continuous – 5 -10 MT Crane.
- Introduction of Imported Cabins for Cranes/Excavators.

III) Foreign Exchange earning and outgo

Foreign exchange outgo	:	Rs. 6114 lac
Foreign exchange earned	:	Rs. 970 lac

ANNEXURE-B

PARTICULARS OF EMPLOYEES AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 AND THE RULES MADE THEREUNDER AND FORMING A PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2007

In respect of employees in receipt of remuneration for the year aggregating not less than Rs. 24,00,000/- per year or Rs. 2,00,000/- per month

Sl. No.	Name & Designation	Age (Years)	Qualification	Date of commencement of employment	Remuneration received (Rs. in lac)	Experience (Years)	Particulars of Past Employment
1.	Shri Vijay Agarwal, Chairman & Managing Director	58	BE (Mechanical), M.B.A	13.01.1995	204.50	36	Business Head, Delhi Automobiles Limited
2.	Smt. Mona Agarwal, Whole-time, Director	52	Intermediate	13.01.1995	123.93	13	-
3.	Shri Sorab Agarwal	31	BE (Mech. Engg)	27.2.1977	69.51	10	-

REPORT ON CORPORATE GOVERNANCE

Corporate Governance Report pursuant to clause 49 of the Listing Agreement.

1. CORPORATE GOVERNANCE AT ACE

In simple terms, Corporate Governance can be defined as the business being done behind the glasses instead of walls in a responsible and accountable manner, so that everything is known fairly to all the Stakeholders, what should be known to them and help them making a timely and well-informed decision. It's about doing business with a concern for shareholders, suppliers, buyers, government and every other person dealing with the company and creating a sustainable value for them.

For ACE, Corporate governance is a continuing process of creating inherent value for stock by "feeling Responsible" and "being Accountable". By feeling responsible, we know that Investment made by any stakeholder in the company has to dealt in strictly in a very responsible way, the way it is intended for and being Accountable does not mean merely means compliances under the law in words, but also in spirit and realizing the importance of letting the stakeholders know what should be known to them, whether disclosures or compliances needs to be made under any law or not.

2. BOARD OF DIRECTORS

(i) Composition and category of Directors

The Board of Directors of the Company, beside the Shareholders of the Company is one such body on whom, the power to take the crucial decisions of the Company vests. The importance of the functioning of the Board, all in all takes more importance because this body is regularly in touch with day to day crucial affairs of the Company. A strong Board of Directors can guide the Company in a smooth way and can help sail it easily at the time of difficulties.

The Articles of Association of the Company stipulate that the number of Directors shall be not less than three and not more than twelve.

As on March 31, 2008, there were eight Directors on the Board of which four are Independent Directors, which is in due Compliance of the Listing Agreement. The Management of the Company is vested in the Board. Shri Vijay Agarwal, who was appointed as Chairman & Managing Director, holds operational responsibilities of the Company, as may be entrusted to him, under the overall supervision, control and direction of the Board.

During the year 2007-08, none of the Independent Directors of the Company had any pecuniary or material relationship or any transaction with the Company.

Composition of the Company's Board of Directors during the financial year 2007-08 was as follows:

S.No.	Name of the Directors	Designation held
1.	Shri Vijay Agarwal	Chairman & Managing Director
2.	Smt. Mona Agarwal	Whole-time Director
3.	Shri Sorab Agarwal	Whole-time Director
4.	Shri Vijay Kumar Singh	Whole-time Director
5.	Shri Girish Narain Mehra (IAS Retd.)	Independent Director
6.	Shri Subhash Chander Verma	Independent Director
7.	Maj. Gen. (Retd.) Dr. K.C. Agarwal	Independent Director
8.	Dr. Amar Singhal	Independent Director

(ii) Attendance of each Director at the Board meetings and the last AGM

During the year under review, the Board met five times on May 29, 2007, July 31, 2007, October 25, 2007, January 24, 2008 and March 29, 2008. The maximum time-gap between any 2 consecutive meetings did not exceed 4 months.

Particulars of Directors including their attendance at Board meetings and Annual General Meeting during the financial year 2007-08 is detailed below:-

S. No.	Name of the Directors	Date of appointment	No. of Board meetings attended (out of 5)	Attendance at 13 th AGM held (Yes / No)
1.	Sh. Vijay Agarwal	13.01.1995	5	Yes
2.	Smt. Mona Agarwal	13.01.1995	5	Yes
3.	Sh. Sorab Agarwal	20.03.1998	4	Yes
4.	Sh. Vijay Kumar Singh	14.11.1997	5	Yes
5.	Sh. Girish Narain Mehra (IAS Retd.)	25.10.2005	5	Yes
6.	Sh. Subhash Chander Verma	25.10.2005	5	Yes
7.	Maj. Gen. (Retd.) Dr. K.C. Agarwal	25.10.2005	5	Yes
8.	Dr. Amar Singhal	29.07.2006	4	Yes

Proper notices were given in respect of these meetings and proceedings were properly recorded and signed including circular resolutions passed, in the Minutes Book maintained for the purpose.

(iii) Number of Boards or Board Committees in which a Director is a member or Chairman

Details of Directors are given below in respect of Directorships and committee positions in Public Companies:

S. No.	Name of the Directors	No. of Directorship(s) held in public companies [^]	No. of Membership (s) in Committees of Board of public Companies	Chairmanship (s) in Committees of Board of public companies
1.	Shri Vijay Agarwal	1	1*/1**	Nil
2.	Smt Mona Agarwal	1	Nil	Nil
3.	Shri Sorab Agarwal	1	Nil	Nil
4.	Shri Vijay Kumar Singh	1	1*/1**	Nil
5.	Shri Girish Narain Mehra (IAS Retd.)	7	14*/7**	6*/5**
6.	Shri Subhash Chander Verma	1	2*/2**	1*/1**
7.	Maj. Gen. (Retd.) Dr. K C Agarwal	1	2*/1**	1*/1**
8.	Dr. Amar Singhal	1	2*/1**	1*/0**

[^] Includes Action Construction Equipment Limited

* For this purpose, Audit Committee, Shareholders/Investors Grievance & Share Transfer Committee and Remuneration Committee are considered (includes Action Construction Equipment Limited Committee's also)

** Committees to be considered under Listing Agreement for the purpose of Limit (Audit Committee and Investors Grievance Committee only needs to be considered)

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 is a director. All the Directors have made necessary disclosure regarding Committee positions held by them in other companies and do not hold office of Director in more than 15 companies as stipulated under the Act and Listing Agreement.

3. AUDIT COMMITTEE

(i) Brief description of terms of reference

The terms of reference of the Audit Committee, as specified by the Board in writing, include the whole as specified in the Listing Agreement and Companies Act, 1956, including:-

- a review of audit procedures & techniques,
- financial reporting systems,
- internal control systems & procedures and
- ensuring compliance with regulatory guidelines.

The committee also recommends appointment of external auditors and their fees/payments and also takes an overview of the financial reporting process to ensure that financial statements are correct, sufficient and credible. The reports of the statutory auditors are reviewed along with management's comments and "action-taken" reports. The committee has explicit authority to investigate any matter within its terms of reference and has full access to the information, resources and external professional advice which it needs to do so.

(ii) Meeting, Composition, Designation, Category and Attendance thereof

During the year 2007-08, 4 meetings of Audit Committee were held on May 29, 2007, July 31, 2007 October 25, 2007 & January 24, 2008. The Composition and other details of Audit Committee of Directors of the Company was as follows:

S. No.	Name of the Directors	Designation	Category	Number of meeting attended
1.	Shri Subhash Chander Verma	Chairman	Independent	4
2.	Shri Vijay Agarwal	Member	Executive	4
3.	Shri Girish Narain Mehra (IAS Retd.)	Member	Independent	4
4.	Dr. Amar Singhal	Member	Independent	3

All the members of the Audit Committee are financially literate. The Chairman of the Committee, Shri Subhash Chander Verma is a Graduate and qualified CAIIB (Associate of Indian Institute of Bankers). He is a retired Dy. General Manager from Punjab National Bank and has 40 years experience in Banking Industry; thus being an expert in accounting and financial management.

Besides the above, the following are permanent invitees to the meetings of Audit Committee:

1. Chief Finance Officer
2. Statutory Auditors of the Company

The Company Secretary acts as the Secretary to the Committee.

4. REMUNERATION COMMITTEE

(i) Brief description of terms of reference

The Remuneration Committee comprises of 3 independent directors (including the Chairman of the Committee). The Remuneration Committee of the Company is empowered to review the remuneration of the Managing Director and the Executive Directors.

(ii) Meeting, Composition, Designation, Category and Attendance thereof

During the year 2007-08, Remuneration Committee of the company meet on July 31, 2007. The Composition and other details of Remuneration Committee of Directors of the Company was as follows:

S. No.	Name of the Directors	Designation Directors	Category	Number of meeting attended
1.	Dr. Amar Singhal	Chairman	Independent	1
2.	Shri Girish Narain Mehra (IAS Retd.)	Member	Independent	1
3.	Maj. Gen. (Retd.) Dr. K C Agarwal	Member	Independent	1

- (iii) **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 2007-08, is as below:**

(Rs. in lac)

S. No.	Name of the Directors	Salary & Allowances	Contribution to PF, Gratuity and other Funds	Other benefits and perquisites	Performance Linked Incentives	Total
1.	Shri Vijay Agarwal Chairman & Managing Director	147	-	10	47.53	204.54
2.	Smt. Mona Agarwal Whole - time Director	71.40	-	5	47.53	123.93
3.	Shri Sorab Agarwal Whole-time Director	20.58	-	1.40	47.53	69.51
4.	Shri Vijay Kumar Singh, Whole-time Director	8.85	.09	.67	-	9.62

** During the year under review 2007-08, remuneration of Managing Director and the Whole-Time Directors were increased. Details of increase in remuneration is given herebelow:-

- Basic Salary of Mr. Vijay Agarwal, Chairman and Managing Director was increased to Rs. 10 Lac per month. Other terms and Conditions of the appointment remained the same.
 - Basic Salary of Mrs. Mona Agarwal, Whole-Time Director of the Company was increased to Rs. 5 Lac. Other terms and Conditions of the appointment remained the same.
 - Basic Salary of Mr. Sorab Agarwal, Whole-Time Director of the Company was increased to Rs. 1.40 Lac. Other terms and conditions of appointment remained the same.
 - Basic Salary of Mr. Vijay Kumar Singh was increased to Rs. 30000/- per month and in addition Performance allowance of Rs. 44,500/- per month was decided to be given to him. Other terms and Conditions of his appointment remained unaltered.
- The payment made to Whole-time Directors of the Company includes commission, as applicable, as per terms of contract with them. The service contract is for five years and is renewable for further similar periods. The Company has not introduced any stock-option scheme.

5. Sitting fees paid to Non-Executive Directors is as under:

S.No.	Name of the Directors	Amount (in Rs.)
1.	Shri Girish Narain Mehra (IAS Retd.)	50000
2.	Shri Subhash Chander Verma	70000
3.	Maj. Gen. (Retd.) Dr. K.C. Agarwal	40000
4.	Dr. Amar Singhal	40000

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE AND SHARE TRANSFER COMMITTEE

- (i) **Brief description of terms of reference**

The Committee used to review records and expedite transfer of shares, rematerialization, etc. and helped to resolve/attend to any grievances of Shareholders/Investors relating to issue of duplicate share certificates to minimise any delays in the transfer process and others. But with effect from March 29 2008, some of these powers have been passed to Share Transfer Sub-committee. Sub-Committee looks after the requests relating to Transfer/ Transmission and RE-MAT up to the tune of 5000/- shares contained in Single Transfer/ Transmission/Re-Mat Request. Composition of this Share Transfer Sub-Committee is Company Secretary, Chief Financial Officer and any Whole-Time Director of the company for the time being present in the Office. This Committee would be meeting on fortnightly basis. Rest, Investor/shareholders Grievance Committee would continue to function as same. The name of the Investors/Grievance Committee has been changed from Shareholders/Investors Grievance and Share Transfer Committee to Shareholders/Investors Grievance Committee. During the year 2007-08, total of 25 complaints/ requests were received from the shareholders / investors, through SEBI / Stock Exchanges and directly from shareholders/ investors, which pertained to matters like non-allotment of shares, non-receipt of refund orders in connection with the Initial Public Offer of the Company and issues relating to dividend etc. All complaints were resolved to the satisfaction of shareholders/investors. As on 31.03.2008, there were no pending complaints

- (ii) **Meeting, Composition, Designation, Category and Attendance thereof**

During the year under review, the Committee met five times on May 29, 2007, August 31, 2007, October 25, 2007, November 26, 2007 and February 27, 2008. The Composition and other details of the Shareholders / Investors Grievance Committee and share transfer Committee of Directors of the Company was as follows:

S. No.	Name of the Directors	Designation	Category	Number of meeting attended
1.	Maj. Gen. (Retd.) Dr. K.C. Agarwal	Chairman	Independent	3
2.	Shri Subhash Chander Verma	Member	Independent	5
3.	Shri Vijay Kumar Singh	Member	Executive	5

Company Secretary acts as the Compliance Officer of the Company.

The shares of the Company are being compulsorily traded in dematerialized form. Shares in physical form, received for transfer/rematerialisation, are transferred/share certificate is issued within a period of 21 days from the date of lodgment



of valid share transfer deed along with share certificate. These requests are processed through the Company's Registrar & Share Transfer Agent, i.e., Karvy Computershare Private Limited.

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.

6. GENERAL BODY MEETINGS

Location and time, where last three AGMs were held

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

For the Year	2004-05	2005-06	2006-07
AGM	11 th	12 th	13 th
Date & Time	30.09.2005 11.00 a.m.	29.07.2006 11:00 a.m.	08.08.2007 12:30 p.m.
Venue	II Floor, Plot No. 7, H-Block, Sarita Vihar, New Delhi	II Floor, Plot No. 7 H-Block, Sarita Vihar New Delhi	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 October, 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 March, 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 August, 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 3rd 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.
3. To authorise 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.

7. 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

8. DISCLOSURES

- (i) The details of "Related Party Disclosures" are being disclosed in Notes no. 12 of Other Notes of Schedule-15 to the Accounts in the Annual Report. (check the same with Balance Sheet)
- (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 31st, March, 2008.
- (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.



9. 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.

10. MEANS OF COMMUNICATION

In order to attain maximum shareholder-reach, the quarterly and half-yearly Financial Results of the Company during the year 2007-08 were published in leading newspapers (English & Hindi), viz., The Economics Times and Navbharat Times. The Financial Results are simultaneously posted on the website of the Company i.e. www.ace-cranes.com.

The "Limited Review" Reports of the Financial Results for the quarters ended June 30, 2007, September 30, 2007 and December 31, 2007 were obtained from the Statutory Auditors of the Company and filed with the stock exchange(s) very much in time.

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. The Shareholders can also e-mail their queries at cs@ace-cranes.com.

11. GENERAL SHAREHOLDER INFORMATION

(i) Forthcoming AGM : Date, time and venue

The 14th Annual General Meeting of the Company is scheduled for, the 1st August, 2008, at 11.30 AM at MPCU SHAH AUDITORIUM, Shree Delhi Gujarati Samaj Marg, Delhi-110054.

(ii) Financial year

The Company's financial year was from April 1, 2007 to March 31, 2008.

(vi) Market Price Data: High, Low during each month in last financial year

MONTH(S) 2007-08	NSE		BSE		MONTH END	
	HIGH (in Rs.)	LOW (in Rs.)	HIGH (in Rs.)	LOW (in Rs.)	BSE SENSEX	NIFTY
APRIL	248.70	173.30	249.00	173.40	13872.37	4087.90
MAY	284.00	210.10	281.80	212.00	14544.46	4295.80
JUNE	277.25	241.00	277.00	241.00	14650.51	4318.00
JULY	313.80	250.00	311.80	249.00	15550.99	4528.85
AUGUST	334.80	275.20	335.00	278.35	15318.60	4464.00
SEPTEMBER	362.00	313.05	364.95	313.00	17291.10	5021.35
OCTOBER	494.95	310.50	495.10	320.00	19837.99	5900.65
NOVEMBER	623.90	405.15	580.00	354.00	19363.19	5762.75
DECEMBER	610.20	481.15	600.00	485.00	20286.99	6138.60
JANUARY	663.20	391.95	670.00	391.60	17648.71	5137.45
FEBRUARY	484.00	372.00	485.00	369.00	17578.72	5223.50
MARCH	440.00	65.50	475.00	67.55	15644.44	4734.00

(iii) Dividend payment date and Book Closure Date

The Board has recommended the payment of Final Dividend @ 20% for the financial year 2007-08 for consideration of the shareholders at the ensuing Annual General Meeting. The Board had earlier this year had recommended Interim Dividend @ 20%. If approved by the shareholders, The total Dividend outgo for the financial year 2007-08 would be 40%. 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 dMays from the date of approval i.e. 1st August, 2008.

Further, the Register of Members shall remain closed from, the 25th July, 2008 to 1st August, 2008 (both days inclusive) for the purpose of determining the eligibility of the members/beneficial owners of the Company for the payment of Final Dividend @ 20 % on equity shares, for the year ended 31st March, 2008, if approved by the shareholders.

(iv) 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 2008-09, has been paid to the concerned Stock Exchanges on demand.

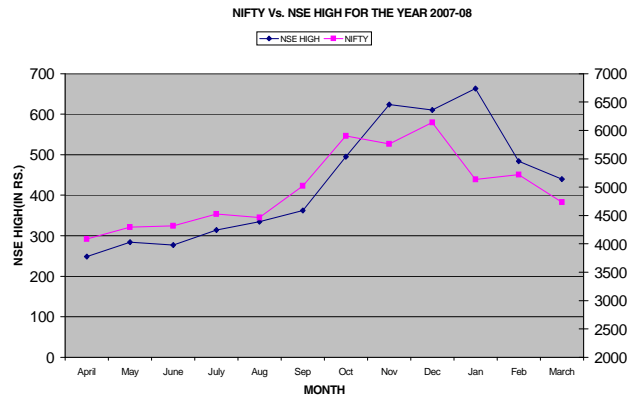
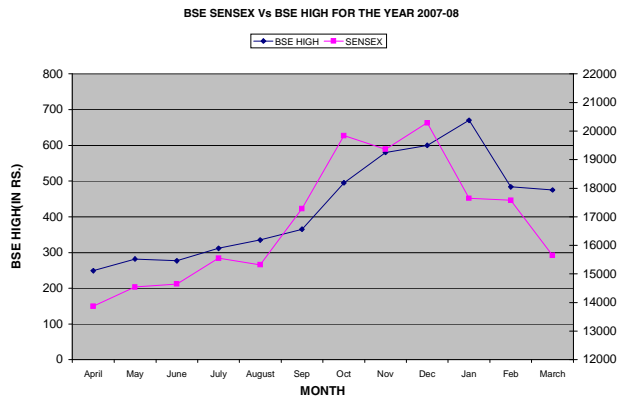
(v) Stock Codes

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



(vii) **Performance in Comparison to Broad-Based Indices such as BSE Sensex, CRISIL Index etc.**



(viii) **Registrar and Share Transfer Agents**

The Registrar & Share Transfer Agent of the Company is Karvy Computershare Private Limited, Hyderabad, who can be contacted at the following address:

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 : ace@karvy.com

(ix) **Shareholding Pattern as on 31.03.2008**

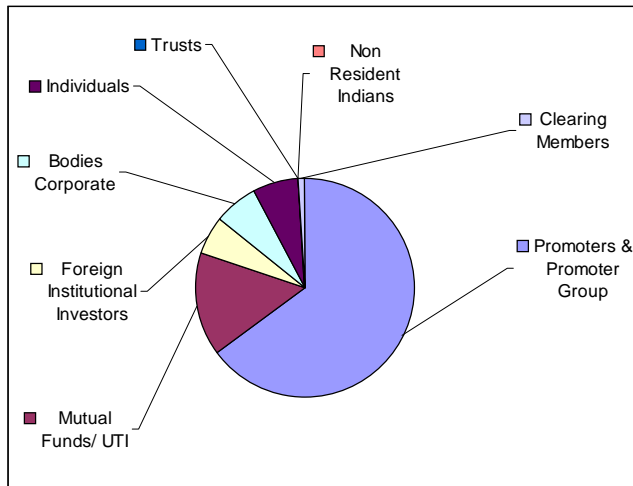
Category of Shareholding	Number of Shareholders	Shareholding in % by amount
Resident individuals & Others	12214	77.83
Banks, Fls, Insurance Company	0	0.00
Mutual Funds / UTI	11	15.46
Non-residents	132	0.20
Bodies Corporate	406	6.51
TOTAL	12763	100.00

(x) **Distribution of Shareholding by size as on 31.03.2008**

No. of Share-holders	% to Total	Shareholding of nominal value of Rs. 10	No. of Shares	Amount (in Rs.)	% to Total
12444	97.50	Upto 5000	3633478	7266956	4.04%
151	1.18	5001 to 10000	601427	1202854	0.67%
64	0.50	10001 to 20000	482023	964046	0.54%
20	0.16	20001 to 30000	250251	500502	0.28%
12	0.09	30001 to 40000	210515	421030	0.23%
11	0.09	40001 to 50000	267345	534690	0.30%
16	0.13	50001 to 100000	634201	1268402	0.71%
45	0.35	100001 and above	83805760	167611520	93.24%
12763	100.00	TOTAL	89885000	179770000	100.00

(xi) Distribution of Shareholding by Ownership as on 31.03.2008

Category code	Category of Shareholder	Number of Shareholders	Share held (no.)	% of holding
(A)	Shareholding of Promoter and Promoter Group			
	1. Indian			
	(a) Individuals/Hindu Undivided Family	6	58564250	65.15
(B)	Public shareholding			
	1. Institutions			
	(a) Mutual Funds/ UTI	11	13894885	15.46
	(b) Foreign Institutional Investors	13	5124683	5.70
	2. Non-institutions			
	(a) Bodies Corporate	406	5851271	6.51
	(b) Individuals	12110	6202244	6.90
	(d) Non Resident Indians	132	181301	0.20
	(e) Trusts	1	250	0.00
	(f) Clearing Members	84	66116	0.07
	TOTAL	12763	89885000	100



(xii) Dematerialization of shares and liquidity

As on 31st March, 2008, 99.71 % of the shareholding were held in dematerialized form as per details mentioned below:-

Particular	Number of Shares	% of Total Issued Capital
Physical System	263050	0.29
NSDL	86286576	96.00
CDSL	3335374	3.71
Total	89885000	100.00

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

(xiii) 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 or 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:-

Jajru Road, Plant - 1
25th Mile Stone,
Delhi Mathura Road
Ballabgarh-121 004
Distt. Faridabad (Haryana)

Dhudhola Link Road, Plant - 2
Village Dhudhola
Tehsil Palwal- 121 102
Distt. Faridabad (Haryana)

Plot no C-5/6/7/8 Plant - 3
Industrial Area UPSIDC
Bazpur-262 123
Dist. Uddham Singh Nagar, Uttranchal.

Dhudhola Link Road, Plant - 4
Village Dhudhola
Tehsil Palwal- 121 102
Distt. Faridabad (Haryana)

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

ADDRESS FOR CORRESPONDENCE

Action Construction Equipment Limited
Jajru Road,
25th Mile Stone,
Delhi Mathura Road
BALLABGARH – 121 004
Dist. Faridabad (Haryana)
Phone: + 91-129-2307922/33
Fax No.: + 91-129-230756
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: 19th May, 2008

CEO/CFO CERTIFICATION



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, 2008 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 : 19th May, 2008

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, 2008, 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
Membership No. 088276

Place : Faridabad
Date : 19th May, 2008



A U D I T O R S ' R E P O R T

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of Action Construction Equipment Limited as at 31st March, 2008, 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, 2008, and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2008, 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, 2008,
 - (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

Place: Faridabad
Dated: 19th May, 2008

(Rajan Chhabra)
Proprietor
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, 2008.

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.
- In our opinion, there was no substantial disposal of fixed assets during the year.
- (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 are 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, 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 Income tax, Sales tax, Custom duty, Excise duty and 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. The Company has not issued any Debentures.
- (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 provision 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) During the year, the Company has sub-divided its shares from the face value of Rs. 10 each to Rs. 2 each.
- (XVIII) The company has not issued any debentures during the year, hence this point of order is not applicable.
- (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 15 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

Membership No.088276

Place: Faridabad
Dated: 19th May, 2008



BALANCE SHEET AS AT 31ST MARCH, 2008

(Rs. in lac)

Particulars	Schedules Annexed	As at 31 st March, 2008	As at 31 st March, 2007
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	1,797.70	1,797.70
Reserves & Surplus	2	12,044.25	9,257.33
LOAN FUNDS			
Secured Loans	3	1,044.94	806.36
DEFERRED TAX LIABILITIES			
		99.79	30.51
TOTAL		14,986.68	11,891.90
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	6,983.54	3,203.54
Less: Depreciation		666.07	389.92
Net Block		6,317.47	2,813.62
Building Work in Progress		406.95	53.26
INVESTMENTS			
	5	41.90	1.08
CURRENT ASSETS, LOAN AND ADVANCES			
Inventories	6	3,350.30	2,501.12
Sundry Debtors		5,268.01	3,925.80
Cash & Bank Balances		2,075.81	3,984.26
Loans & Advances		6,954.20	5,118.03
		17,648.32	15,529.21
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	7	6,669.88	4,397.31
Provisions		2,767.20	2,107.96
		9,437.08	6,505.27
NET CURRENT ASSETS			
		8,211.24	9,023.94
Miscellaneous Expenditure (To the extent not written off or adjusted)		9.12	-
TOTAL		14,986.68	11,891.90

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 Chander Verma
Non-Executive Director

Place : Faridabad
Date : 19th May, 2008

P.K. Bansal
Chief Finance Officer

Ashish Bhatt
Company Secretary

Sorab Agarwal
Whole-time Director

PROFIT & LOSS ACCOUNT



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rs. in lac)

Particulars	Schedules Annexed	Current Year 2007-08	Previous Year 2006-07
INCOME			
Gross Sales		42,855.73	26,583.10
Less: Excise Duty		2,739.53	2,055.75
Net Sales		40,116.20	24,527.35
Other Income	8	1,063.86	378.62
TOTAL INCOME		41,180.06	24,905.97
EXPENDITURE			
Materials & Trading Expenses	9	30,592.40	18,608.41
Manufacturing Expenses	10	2,078.46	1,261.96
Employees Expenses	11	1,368.31	629.14
Selling & Distribution Expenses	12	1,287.29	894.42
Administrative & Other Expenses	13	842.66	529.45
Interest	14	124.95	43.68
Depreciation	4	318.93	128.72
TOTAL EXPENDITURE		36,613.00	22,095.78
PROFIT BEFORE TAX		4,567.06	2,810.19
Provision for Income Tax		829.59	765.02
Provision for Wealth Tax		1.74	1.21
Provision for Deferred Taxation		69.28	32.39
Provision for Fringe Benefit Tax		38.25	18.43
PROFIT AFTER TAX		3,628.20	1,993.14
Balance brought forward		568.01	205.85
Profit Available for Appropriation		4,196.21	2,199.00
Transferred to General Reserve		2,000.00	1,000.00
Dividend		719.08	539.31
Tax on Dividend		122.20	91.66
Balance Carried to Balance Sheet		1,354.93	568.03
Earnings per Share (Rs.) Basic & Diluted		4.04	2.52

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 Chander Verma
Non-Executive Director

Place : Faridabad
Date : 19th May, 2008

P.K. Bansal
Chief Finance Officer

Ashish Bhatt
Company Secretary

Sorab Agarwal
Whole-time Director

ANNUAL REPORT 2007-08



CASH FLOW STATEMENT

(Rs. in lac)

Particulars	As at 31 st March, 2008		As at 31 st March, 2007	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit after Tax as per Profit and Loss Account		3,628.20		1,993.14
Adjustments For :				
Interest Expenses	124.95		43.68	
Depreciation	318.93		128.72	
Interest Received	(373.39)		(262.00)	
Dividend Received	(0.38)		(5.12)	
Income Tax Provision	829.58		765.02	
Wealth Tax Provision	1.74		1.21	
Deferred Tax Provision	69.28		32.39	
Fringe Benefit Tax Provision	38.25	1,008.96	18.43	722.33
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		4,637.16		2,715.47
Adjustments For :				
Trade & other Receivable	(1,342.21)		(1,820.17)	
Inventories	(849.18)		(1,271.94)	
Trade Payable	2,272.56		2,523.36	
Provision of Income Tax & Wealth Tax for earlier year adjusted	-		(268.73)	
Misc. Exp not written off	(9.12)	72.05	33.29	(804.19)
Cash generated from operation		4,709.21		1,911.28
Net Cash From Operating Activities		4,709.21		1,911.28
B. CASH FLOW FROM INVESTMENT ACTIVITIES:				
Purchase of Fixed Assets (incl. Building WIP)	(4,204.61)		(1,749.69)	
Sale of Fixed Assets	28.14		23.56	
Investments	(40.82)		(1.08)	
Net Cash From Investing Activities		(4,217.29)		(1,727.21)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Secured Loans	238.58		655.49	
Loans & Advances	(1,836.16)		(3,345.68)	
Proceeds from issue of shares	-		5,980.00	
Public Issue Expenses	-		(379.29)	
Interest Paid	(124.95)		(43.68)	
Interest Received	373.39		262.00	
Dividend Received	0.38		5.12	
Dividend & Tax thereon	(1,051.61)		-	
Net Cash From Financing Activities		(2,400.37)		3,133.96
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		(1,908.45)		3,318.03
OPENING BALANCE OF CASH & CASH EQUIVALENTS		3,984.26		666.24
CLOSING BALANCE OF CASH & CASH EQUIVALENTS		2,075.81		3,984.26
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 Chander Verma Non-Executive Director	
Place : Faridabad Date : 19 th May, 2008	P.K. Bansal Chief Finance Officer	Ashish Bhatt Company Secretary	Sorab Agarwal Whole-time Director	

SCHEDULES


SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2008 AND PROFIT & LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2008

(Rs. in lac)

Particulars	As at 31 st March, 2008	As at 31 st March, 2007
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
10,00,00,000 Equity Shares of Rs. 2/- each (Previous year 200,00,000 Equity Shares of Rs. 10/- each)	2,000.00	2,000.00
	2,000.00	2,000.00
ISSUED AND SUBSCRIBED		
89,885,000 Equity Shares of Rs. 2/- each, fully paid and Subscribed (Previous year 17,977,000 Equity Shares of Rs. 10/- each)	1,797.70	1,797.70
AS PER BALANCE SHEET	1,797.70	1,797.70
SCHEDULE 2 - RESERVES & SURPLUS		
a) Revaluation Reserve	144.88	144.88
b) Share Premium	7,044.44	7,044.44
c) General Reserve	3,500.00	1,500.00
d) Profit & Loss Account	1,354.93	568.01
AS PER BALANCE SHEET	12,044.25	9,257.33
SCHEDULE 3 - LOAN FUNDS		
SECURED LOANS		
a) Cash Credit - Banks	991.44	771.55
b) For Vehicles - From Private Institutions against Hypothecation	53.50	34.81
AS PER BALANCE SHEET	1,044.94	806.36

SCHEDULE 4 - FIXED ASSETS

(Rs. in lac)

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2007	Addi- tions	Sales	As at 31.03.2008	Up to 01.04.2007	For the Year	Dedu- ctions/ Adjust- ments	Total 31.03.2008	As At 31.03.2008	As At 31.03.2007
Land	1,495.30	674.76	-	2,170.06	-	-	-	-	2,170.06	1,495.30
Building-Factory	674.71	798.89	-	1,473.60	88.89	78.73	-	167.62	1,305.98	585.82
Building-Office	282.06	1,299.33	-	1,581.39	28.69	70.74	-	99.43	1,481.96	253.37
Plant & Machinery	298.38	718.70	24.88	992.20	68.28	62.35	2.48	128.15	864.05	230.10
Furniture & Fixtures	63.19	128.55	-	191.74	20.28	15.13	-	35.41	156.33	42.91
Office Equipment	31.49	25.68	-	57.17	13.79	4.64	-	18.43	38.74	17.70
Motor Vehicles	288.62	161.34	46.04	403.92	140.91	63.57	40.30	164.18	239.74	147.73
Computer	69.79	43.67	-	113.46	29.08	23.77	-	52.85	60.61	40.69
Total	3203.54	3850.92	70.92	6983.54	389.92	318.93	42.78	666.07	6317.47	2813.62



(Rs. in lac)

Particulars	As at 31 st March, 2008	As at 31 st March, 2007
SCHEDULE 5 - INVESTMENTS (LONG TERM, UNQUOTED, UNLESS OTHERWISE STATED)		
(i) INVESTMENT IN GOVERNMENT SECURITIES		
6 - Year National Saving Certificates	0.50	0.50
(ii) INVESTMENTS IN SUBSIDIARY COMPANY		
1000 Equity Shares for Euro 1 each in FRESTED LTD., Cyprus	0.58	0.58
(iii) INVESTMENTS IN PARTNERSHIP FIRM	40.82	-
AS PER BALANCE SHEET	41.90	1.08
SCHEDULE 6 - CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
INVENTORIES (AS VERIFIED, VALUED AND CERTIFIED BY THE MANAGEMENT)		
Raw Materials	2,363.93	1,880.59
Work-in-Progress	348.86	130.65
Finished Goods	637.51	489.88
AS PER BALANCE SHEET	3,350.30	2,501.12
SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)		
Exceeding six months	796.31	659.85
Others	4,493.84	3,291.27
Less : Provision for Doubtful Debts	22.14	25.32
AS PER BALANCE SHEET	5,268.01	3,925.80
CASH & BANK BALANCES		
(i) Cash & Imprest	13.41	4.60
(ii) With Scheduled Banks		
(a) In Current Accounts	35.34	12.16
(b) Margin Money with Banks (including accrued interest)	105.96	45.26
(c) Fixed Deposits (including accrued interest)	223.19	58.84
(iii) Bank Balance lying in IPO Account		
(a) In Current Account	22.13	30.80
(b) Fixed Deposits (including accrued interest)	1,675.78	3,832.60
AS PER BALANCE SHEET	2,075.81	3,984.26
LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)		
Advances Recoverable in cash or in kind	3,351.07	2,666.02
Loan to Subsidiary	1,247.10	977.76
Balance with Excise Authority	-	0.53
Advance Income Tax	2,145.95	1,395.95
Advance Fringe Benefit Tax	64.94	30.57
Advance Wealth Tax	1.82	0.73
Tax Deducted at Source	143.32	46.47
AS PER BALANCE SHEET	6,954.20	5,118.03
SCHEDULE 7 - CURRENT LIABILITIES & PROVISIONS		
A) CURRENT LIABILITIES		
Sundry Creditors		
- Trade	4,086.57	2,741.64
- Others	1,236.84	960.33
Other Liabilities	360.91	231.92
Advances from Customers	985.56	463.42
AS PER BALANCE SHEET	6,669.88	4,397.31
B) PROVISIONS		
Provision for Income Tax	2,272.57	1,442.98
Provision for Wealth Tax	3.56	1.82
Provision for Fringe Benefit Tax	70.43	32.19
Provision for Dividend on Equity Shares	359.54	539.31
Provision for Tax on Dividend	61.10	91.66
AS PER BALANCE SHEET	2,767.20	2,107.96

SCHEDULES

(Rs. in lac)

Particulars	As at 31 st March, 2008	As at 31 st March, 2007
<u>SCHEDULE 8 - OTHER INCOME</u>		
Service Charges Received	440.02	81.54
Interest Received	373.39	262.00
Rent Received	106.57	2.70
Misc. Income	0.66	6.83
Insurance Claim Received	13.46	19.81
Profit on Sale of Assets	2.93	5.19
Dividend Received	0.38	5.12
Duty Draw back Received	8.50	-
Hiring Charges Received (Net)	36.77	-
Profit / (Loss) on Foreign Currency Transactions	81.18	(4.57)
AS PER PROFIT & LOSS ACCOUNT	1,063.86	378.62
<u>SCHEDULE 9 - MATERIALS & TRADING EXPENSES</u>		
Opening Stock	2,501.12	1,229.18
Add : Purchases (including Expenses thereon Less Rejection & Returns)	31,441.58	19,880.35
Less : Closing Stock	3,350.30	2,501.12
AS PER PROFIT & LOSS ACCOUNT	30,592.40	18,608.41
<u>SCHEDULE 10 - MANUFACTURING EXPENSES</u>		
Manufacturing Expenses	740.13	504.54
Power & Fuel	98.53	61.55
Repair - Machinery	9.79	6.34
Repair - Building	16.44	13.06
Packing, Forwarding & Freight	1,213.57	676.47
AS PER PROFIT & LOSS ACCOUNT	2,078.46	1,261.96
<u>SCHEDULE 11 - EMPLOYEES EXPENSES</u>		
Salaries, Wages & Bonus	1,244.76	569.99
Contribution to Provident & Other Funds	40.60	21.22
Welfare Expenses	82.95	37.93
AS PER PROFIT & LOSS ACCOUNT	1,368.31	629.14
<u>SCHEDULE 12 - SELLING & DISTRIBUTION EXPENSES</u>		
Selling Expenses	811.65	557.99
Commission on Sales	475.64	336.43
AS PER PROFIT & LOSS ACCOUNT	1,287.29	894.42
<u>SCHEDULE 13 - ADMINISTRATIVE & OTHER EXPENSES</u>		
Rent	27.93	23.42
Rate Fees & Taxes	28.33	14.48
Insurance	21.42	14.54
Travelling & Conveyance	281.21	175.30
Communication Expenses	73.91	57.72
Bank Charges	54.27	35.61
Vehicle Expenses	21.11	16.80
Miscellaneous Expenses	334.48	191.58
AS PER PROFIT & LOSS ACCOUNT	842.66	529.45
<u>SCHEDULE 14 - INTEREST</u>		
To Banks	117.57	40.41
To Others	7.38	3.27
AS PER PROFIT & LOSS ACCOUNT	124.95	43.68

**SCHEDULE 15 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****(A) Significant Accounting Policies****1. System of Accounting:**

The Financial Statements 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, Components and Spare-Parts 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 and inclusive of Excise Duty & cess thereon.

6. Foreign Currency Transactions:

Foreign Currency Transactions are accounted for at 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 at that date. Variations on settlement/restatement are recognised as gain or loss in exchange in Profit & Loss Account.

7. Revenue Recognition:

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

8. Benefits to Employees:

- (a) Provident Fund is accrued on monthly basis in accordance with the terms of contract with the employees and is deposited with the "Statutory Provident Fund". The Company's contribution is charged to Profit & Loss Account.
- (b) Liability for leave encashment benefit is accounted for on the assumption that such benefits are payable to all employees at the end of accounting year.
- (c) The Company has taken a Group Gratuity Policy from LIC of India and the premium so paid is charged to the Profit & Loss Account. The Calculation of Premium under the policy is made on the basis of actuarial valuation done by LIC.

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.

(B) Other Notes

1. Out of the funds raised through IPO Rs. 5980 lac, Rs. 4323 lac (see Annexure) have been utilized till 31st March 2008 and balance are lying unutilized and will be utilised as per the "Proposed Deployment of Funds" mentioned in the Chapter "Object of the Issue" of the Prospectus. The unutilised funds have been temporarily invested in fixed deposit with Banks.
2. The Board of Director's has recommended a final dividend of 20% on its Equity Shares, subject to approval of Share Holders and thus, total Dividend for the year 2007-08 would be 40%.
3. During the year, the company has sub-divided its Share from face value of Rs. 10 each to Rs. 2 each.
4. During the year, the Company has further acquired 15.60% stake in SC FORMA SA, Romania, thru its wholly owned subsidiary (WOS), FRESTED LIMITED, Cyprus in the Public Offer made by WOS. Thus, the stake in this Romanian Company increased to 89.50%.
5. 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.
6. (a) Total outstanding dues of small scale industrial undertakings are Rs. 611.19 lacs and Creditors other than small scale industrial undertakings are Rs. 3,475.38 lacs as on 31st March 2008. This information has been determined to the extent such parties have been identified on the information available with the Company.
(b) The Company has not received any claim for interest from any supplier covered under the "Interest on delayed payments to Small Scale and Ancillary Industrial Undertakings Act, 1993" to the extent such parties have been identified from the available information.
(c) In absence of any information requested from the vendors with regards to their registration (filling 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.

7. Contingent Liabilities, not provided for-*(Rs. in lac)*

Particulars	2007-08	2006-07
Bank Guarantees including Corporate Guarantees	731.10	385.93
Letter of Credits	842.68	484.86
Claim against the Company, not acknowledged as Debts	53.42	34.74
Sales Tax & Excise Matters, pending before Assessing / Appellate Authorities	8.63	100.69
Total	1,635.83	1,006.22

SCHEDULES

8. Miscellaneous Expenses include Auditor's Remuneration as under- (Rs. in lac)

Particulars	2007-08	2006-07
Audit Fee	2.50	1.75
Taxation Matters	1.00	0.75
Total	3.50	2.50

9. Remuneration paid/to be paid to Whole-time Directors (Rs. in lac)

S. No.	Name of the Directors	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Other benefits and perquisites	Performance Linked Incentives/Commission	Total
1.	Shri Vijay Agarwal Chairman & Managing Director	147.00	-	10.00	47.54	204.54
2.	Smt. Mona Agarwal, Whole-time Director	71.40	-	5.00	47.54	123.94
3.	Shri Sorab Agarwal, Whole-time Director	20.58	-	1.40	47.54	69.52
4.	Shri Vijay Kumar Singh, Whole-time Director	8.86	0.09	0.67	-	9.62
	Total	247.84	0.09	17.07	142.62	407.62

10. Calculation of Net Profit u/s 349 of the Companies Act, 1956 (Rs. in lac)

Particulars	2007-2008	
Net profit as per Profit and Loss A/c		4,567.06
Add: Whole-time Director's Remuneration	265.00	
Add: Whole-time Director's Commission, as applicable	142.61	
Add: Loss on Sale of Assets	0.27	407.88
		4,974.94
Less: Profit on Sale of Assets	2.93	
Less: Interest on Fixed Deposits from Bank on IPO Proceeds	218.41	221.34
Net Profit on which Commission is payable		4,753.60
Commission @ 3%		142.61

11. Calculation of Deferred tax (Rs. in lac)

Particulars	2007-08	2006-07
The Breakup of net Deferred tax Liability/(Assets) as on March 31, 2008 is as under-		
Deferred Tax Liabilities-		
Difference between book and tax Depreciation		
- Depreciation as per Income Tax	508.43	169.31
- Depreciation as per Co's Act	318.93	128.72
	189.50	40.59
- 1/5th of IPO Expenses - u/s 35D 2 (c) iv (as per Income Tax)	75.86	75.86
Total Deferred Tax Liabilities	265.36	116.45
Deferred Tax Assets-		
Expenditure disallowable under Section 43B & others	61.54	20.22
Total Deferred Tax Assets	61.54	20.22
Net Deferred Tax Liability/(Assets)	203.82	96.23

12. 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	Accounting Year ended 31.3.2008	Accounting Year ended 31.3.2007
1.	Segment Revenue		
A)	Cranes	36,273.18	23,834.21
B)	Material Handling/Construction Equipment & Others	3,871.22	1,011.88
	Total	40,144.40	24,846.09
	Less: Inter Segment Revenue	28.20	318.74
	Net Sales / Income from Operation	40,116.20	24,527.35
2.	Segment Results		
A)	Cranes	4,564.14	3,005.59
B)	Material Handling/Construction Equipment & Others	464.95	4.20
	Total	5,029.09	3,009.79
	Less: Interest	124.95	43.68
	Less - Other Unallocable Expenditure	337.08	155.92
	Profit before Tax	4,567.06	2,810.19
3.	Capital Employed		
A)	Cranes	10,944.19	10,802.78
B)	Material Handling/Construction Equipment & Others	3,797.81	913.73
	Total	14,742.00	11,716.51

13. 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 Cranes
ACE TC Rentals Pvt. Ltd.

(b) Subsidiary Companies

FRESTED LIMITED, Cyprus - Subsidiary
SC FORMA SA, Romania - Fellow Subsidiary

(c) Key Management Personnel

Sh. Vijay Agarwal
Smt. Mona Agarwal
Sh. Sorab Agarwal
Sh. V K Singh

(d) Relatives of Key Management Personnel and Enterprises, over which Relatives of Key Management Personnel exercise significant influence-

Smt. 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 Cranes	ACE TC Rentals Pvt. Ltd.	FRESTED Ltd., Cyprus	SC FORMA SA, Romania		
Purchase of Goods	2007-08	5,796.34	-	-	-	-	-	5,796.34
	2006-07	3,446.97	-	-	-	-	-	3,446.97
Sales of Goods	2007-08	287.30	-	181.80	-	-	-	469.10
	2006-07	181.83	652.56	197.13	-	-	-	1,031.52
Remuneration Paid	2007-08	-	-	-	-	-	415.03	415.03
	2006-07	-	-	-	-	-	146.70	146.70
Licence Deposit Paid	2007-08	-	-	-	-	-	-	-
	2006-07	-	-	-	-	-	6.00	6.00
Licence Fee Paid	2007-08	-	-	-	-	-	20.79	20.79
	2006-07	-	-	-	-	-	19.40	19.40
Rent Received	2007-08	2.40	-	0.60	-	-	-	3.00
	2006-07	2.40	-	0.15	-	-	-	2.55
Interest Received	2007-08	26.16	-	9.01	103.93	-	-	139.10
	2006-07	25.18	-	1.81	12.79	-	-	39.78
Investments in Equity	2007-08	-	-	-	-	-	-	-
	2006-07	-	-	-	0.58	-	-	0.58
Loan to Subsidiary	2007-08	-	-	-	165.41	-	-	165.41
	2006-07	-	-	-	964.97	-	-	964.97

14. Disclosure as required by Clause 32 of the Listing Agreement

(Rs. in lac)

Particulars	2007-08	2006-07	2007-08	2006-07
	Amount at the end of Financial Year		Maximum amount outstanding during the Financial Year	
1. Loans and advances in the nature of loans:				
a. To Subsidiary Company- FRESTED LIMITED, CYPRUS SC FORMA SA, ROMANIA	1,247.10	977.76	1,247.10	977.76
b. To Companies in which Directors are interested		FRESTED LIMITED, CYPRUS SC FORMA SA, ROMANIA		
c. Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372A of the Companies Act, 1956.		Repayment of Loan would be in nine installments from 31 st March, 2011, @11% p.a. interest		
2. Investment by the Subsidiary Company in the shares of Action Construction Equipment Ltd.		NIL		NIL

15. CIF Value of Imports

(Rs. in lac)

Particulars	2007-08	2006-07
Raw Materials, Spare Parts & Finished Products	6,450.79	2,584.36

16. 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	3415	2310
b) Material Handling/ Construction Equipment & Others	Nos.	NA	NA	NA	NA	474	132
				Total		3889	2442



II) Turnover

Turnover	This Year		Previous Year	
	Qty. in Unit	Rs. in Lac	Qty. in Unit	Rs. in Lac
a) Cranes	3519	35,198.22	2322	21,337.68
b) Material Handling/Construction Equipment	418	3,606.86	115	1,198.19
c) Others	60	1,311.13		1,991.48
d) Excise Duty	-	2,739.53		2,055.75
Total Value	3997	42,855.74	2437	26,583.10

17. Details of Raw Material consumed-

(Rs. in lac)

S. No.	Items	Quantity in units		Value (Rs. in Lac)	
		CY	PY	CY	PY
1.	Engine	3418	2449	2,670.70	1,773.65
2.	Winch	3140	2271	1,365.13	876.73
3.	Boom	3333	2418	2,122.70	1,285.12
4.	Others	-	-	24,433.87	14,672.91
	Total			30,592.40	18,608.41

18. Earning in Foreign Exchange-

(Rs. in lac)

Particulars	2007-08	2006-07
Export of Goods (F.O.B. Value)	970.00	462.18

19. Expenditure in Foreign Currency-

(Rs. in lac)

Particulars	2007-08	2006-07
Foreign Traveling Expenses	47.78	28.75
Advertisement cum Exhibition Expenses	-	11.86
Commission on Sale	1.57	-
Retainership Expenses	-	6.67
Total	49.35	47.28

20. Value of Imported Material Consumed-

(Rs. in lac)

Particulars	Imported value	%	Indigenous value	%	Total Value
Current Year	5,323.96	17.40%	25,268.44	82.60%	30,592.40
Previous Year	2,377.77	12.78%	16,230.64	87.22%	18,608.41

21. Earning Per Share (Basic & Diluted)-

Particulars	2007-08	2006-07
Opening no. of shares (after converting in Rs. 2 each)	89,885,000	66,885,000
Closing no. of shares (after converting in Rs. 2 each)	89,885,000	89,885,000
Weighted average no. of Equity Shares of Rs. 2 each (Basic)	89,885,000	78,983,630
Weighted average no. of Equity Shares of Rs. 2 each (Diluted)	89,885,000	78,983,630
Profit After Tax (Amount in lac)	3,628.20	1,993.13
EPS (In Rupees)-Basic	4.04	2.52
EPS (In Rupees)-Diluted	4.04	2.52



22. All Credit Facilities from ICICI Bank Ltd., CITI Bank NA and HSBC Bank 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 and future on pari passu basis and First charge by way of equitable mortgage of property situated at Jajru Road, 25th Mile Stone, Mathura Road, Ballabgarh, Haryana on pari passu basis.
23. Balance of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation and reconciliation by the parties and if any, adjustment is required on reconciliation, will be done in the year in which the same is reconciled.
24. Previous years figures have been regrouped to make them comparable with current year figures wherever necessary.
25. Schedules 1 to 15 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 Chander Verma Non-Executive Director	
Place : Faridabad Date : 19 th May, 2008	P.K. Bansal Chief Finance Officer	Ashish 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-15, (B) Other Notes, 1-

(Rs. in lac)

S.No.	Particulars	Amount
1.	New Manufacturing Plant	1,412.37
2.	Modernise and Expansion	84.92
3.	Acquisition	700.00
4.	Working Capital Requirement	1,007.23
5.	Corporate Office	485.52
6.	Contingencies	229.00
7.	Issue Expenses	403.67
	Total	4,322.71

BALANCE SHEET ABSTRACT

BALANCE SHEET ABSTRACT

I. Registration Details

Registration No.

5	5	-	0	6	4	3	4	7
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 State Code

5	5
---	---

 Balance Sheet Date

3	1	0	3	2	0	0	8
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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)

	Total Liabilities	Total Assets
Sources of Funds	1 4 8 8 6 8 9	1 4 8 8 6 8 9
	Paid up Capital	Reserves & Surplus
	1 7 9 7 7 0	1 2 0 4 4 2 5
	Secured Loans	Unsecured Loans
Application of Funds	1 0 4 4 9 4	- - - - - -
	Net fixed Assets	Investments
	6 7 2 4 4 2	4 1 9 0
	Deferred Tax Assets/(Liability)	Misc. Expenditure
	- 9 9 7 9	9 1 2
	Net Current Assets	
	8 2 1 1 2 4	

IV. Performance of Company (Amount in '000)

Turnover & Other Income	Total Expenditure (Net)
4 1 1 8 0 0 6	3 6 6 1 3 0 0
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
+ 4 5 6 7 0 6	+ 3 6 2 8 2
Earning Per Share in Rs.	Dividend %
4 . 0 4	4 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 Chander Verma
Non-Executive Director

Place : Faridabad
Date : 19th May, 2008

P.K. Bansal
Chief Finance Officer

Ashish Bhatt
Company Secretary

Sorab Agarwal
Whole-time Director



A U D I T O R S ' R E P O R T

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 2008, 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. -547.98 lac as at 31st March, 2008 and total revenue of Rs. 549.54 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 2008;
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: 19th May, 2008

BALANCE SHEET (CONSOLIDATED)

BALANCE SHEET AS AT 31ST MARCH, 2008 (CONSOLIDATED)

(Rs. in lac)

Particulars	Schedules Annexed	As at 31 st March, 2008	As at 31 st March, 2007
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	1,797.70	1,797.70
Reserves & Surplus	2	11,229.02	8,608.47
MINORITY INTEREST			
		39.17	102.27
LOAN FUNDS			
Secured Loans	3	1,107.95	911.45
DEFERRED TAX LIABILITIES			
		99.79	30.51
TOTAL			
		14,273.63	11,450.40
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	8,913.67	5,302.81
Less: Depreciation		2,380.34	2,363.58
Net Block		6,533.33	2,939.23
Capital Work in Progress		501.30	139.51
INVESTMENTS			
	5	41.32	0.50
CURRENT ASSETS, LOAN AND ADVANCES			
Inventories	6	3,690.37	2,978.11
Sundry Debtors		5,400.34	4,075.23
Cash & Bank Balances		2,147.01	3,988.87
Loans & Advances		5,821.63	4,175.01
		17,059.35	15,217.22
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	7	7,115.48	4,750.18
Provisions		2,767.20	2,107.96
		9,882.68	6,858.14
NET CURRENT ASSETS			
		7,176.67	8,359.08
Miscellaneous Expenditure (To the extent not written off or adjusted)		21.01	12.08
TOTAL			
		14,273.63	11,450.40

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 Chander Verma
Non-Executive Director

Place : Faridabad
Date : 19th May, 2008

P.K. Bansal
Chief Finance Officer

Ashish Bhatt
Company Secretary

Sorab Agarwal
Whole-time Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008 (CONSOLIDATED)

(Rs. in lac)

Particulars	Schedules Annexed	Current Year 2007-08	Previous Year 2006-07
INCOME			
Gross Sales		43,382.41	27,417.02
Less: Excise Duty		2,739.53	2,055.75
Net Sales		40,642.88	25,361.27
Other Income	8	982.79	371.67
TOTAL INCOME		41,625.67	25,732.94
EXPENDITURE			
Materials & Trading Expenses	9	30,841.19	18,888.94
Manufacturing Expenses	10	2,141.41	1,509.23
Employees Expenses	11	1,537.87	862.67
Selling & Distribution Expenses	12	1,299.48	895.11
Administrative & Other Expenses	13	1,001.14	1,359.70
Interest	14	141.46	70.13
Depreciation	4	325.00	134.38
TOTAL EXPENDITURE		37,287.55	23,720.16
PROFIT BEFORE TAX		4,338.12	2,012.78
Provision for Income Tax		829.59	765.02
Provision for Wealth Tax		1.74	1.21
Provision for Deferred Taxation		69.28	32.39
Provision for Fringe Benefit Tax		38.25	18.43
PROFIT AFTER TAX BEFORE MINORITY INTEREST		3,399.26	1,195.73
Minority Interest		11.09	85.66
BALANCE BROUGHT FORWARD		(176.84)	172.74
Translation on Opening Balance in Respect of Foreign Subsidiaries		53.01	-
PROFIT AVAILABLE FOR APPROPRIATION		3,286.52	1,454.13
Transferred to General Reserve		2,000.00	1,000.00
Dividend		719.08	539.31
Tax on Dividend		122.20	91.66
Balance Carried to Balance Sheet		445.24	(176.84)
Earnings per Share (Rs.) Basic & Diluted		3.78	1.51

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 Chander Verma
Non-Executive Director

Place : Faridabad
Date : 19th May, 2008

P.K. Bansal
Chief Finance Officer

Ashish Bhatt
Company Secretary

Sorab Agarwal
Whole-time Director

CASH FLOW STATEMENT (CONSOLIDATED)

(Rs. in lac)

Particulars	As at 31 st March, 2008		As at 31 st March, 2007	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit after Tax as per Profit and Loss Account		3,399.26		1,195.73
Adjustments For :				
Interest Expenses	141.46		70.13	
Depreciation	325.00		134.38	
Interest Received	(269.64)		(249.22)	
Dividend Received	(0.38)		(5.12)	
Income Tax Provision	829.59		765.02	
Wealth Tax Provision	1.74		1.21	
Deferred Tax Provision	69.28		32.39	
Fringe Benefit Tax Provision	38.25		18.43	
Exchange Difference on Translation	51.46		-	
Minority Share in Profit & Loss a/c	11.09		-	
		1,197.85		767.22
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		4,597.11		1,962.95
Adjustments For :				
Trade & other Receivable	(1,325.11)		(1,660.49)	
Inventories	(712.26)		(1,215.98)	
Trade Payable	2,365.30		2,462.20	
Provision of Income Tax & Wealth Tax for earlier year adjusted	-		(268.73)	
Misc. Exp not written off	(8.93)		33.29	
		319.00		(649.71)
Net Cash From Operating Activities		4,916.11		1,313.24
B. CASH FLOW FROM INVESTMENT ACTIVITIES:				
Purchase of Fixed Assets (incl. Capital WIP)	(4,309.02)		(1,810.47)	
Sale of Fixed Assets	28.14		23.56	
Investments(Including by subsidiaries)	(40.82)		(218.89)	
Change in minority interest	(63.10)			
Net Cash From Investing Activities		(4,384.80)		(2,005.80)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Secured Loans	196.50		624.66	
Loans & Advances	(1,646.62)		(2,401.52)	
Proceeds from issue of shares	-		5980.00	
Public Issue Expenses	-		(379.29)	
Interest Paid	(141.46)		(70.13)	
Interest Received	269.64		249.22	
Dividend Received	0.38		5.12	
Dividend & Tax thereon	(1,051.61)		-	
Net Cash From Financing Activities		(2,373.17)		4008.06
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)		(1841.86)		3315.50
OPENING BALANCE OF CASH & CASH EQUIVALENTS		3,988.87		673.37
CLOSING BALANCE OF CASH & CASH EQUIVALENTS		2,147.01		3,988.87

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

Rajan Chhabra
Proprietor
Membership No. 088276

Place : Faridabad
Date : 19th May, 2008

P.K. Bansal
Chief Finance Officer

Ashish Bhatt
Company Secretary

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

Subhash Chander Verma
Non-Executive Director

Sorab Agarwal
Whole-time Director


SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2008 AND PROFIT & LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2008

(Rs. in lac)

Particulars	As at 31 st March, 2008	As at 31 st March, 2007
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
10,00,00,000 Equity Shares of Rs. 2/- each (Previous year 200,00,000 Equity Shares of Rs. 10/- each)	2,000.00	2,000.00
	2,000.00	2,000.00
ISSUED AND SUBSCRIBED		
89,885,000 Equity Shares of Rs. 2/- each, fully paid and Subscribed (Previous year 17,977,000 Equity Shares of Rs. 10/- each)	1,797.70	1,797.70
AS PER BALANCE SHEET	1,797.70	1,797.70
SCHEDULE 2 - RESERVES & SURPLUS		
a) Revaluation Reserve	239.34	240.87
b) Share Premium	7,044.44	7,044.44
c) General Reserve	3,500.00	1,500.00
d) Profit & Loss Account	445.24	(176.84)
AS PER BALANCE SHEET	11,229.02	8,608.47
SCHEDULE 3 - LOAN FUNDS		
SECURED LOANS		
a) Cash Credit - Banks	1,054.45	876.64
b) For Vehicles - From Private Institutions against Hypothecation	53.50	34.81
AS PER BALANCE SHEET	1,107.95	911.45

SCHEDULE 4 - FIXED ASSETS

(Rs. in lac)

Particulars	Gross Block				Depreciation				Net Block	
	As at 1.4.2007	Addi- tions	Sales	As at 31.3.2008	Up to 1.4.2007	For the Year	Deduc- tions/ Adjust- ments	Total 31.3.2008	As At 31.3.2008	As At 31.3.2007
Land	1,510.99	689.46	-	2,200.45	-	-	-	-	2,200.45	1,510.99
Building-Factory	1,721.52	875.20	-	2,596.72	1,135.04	78.73	-	1,213.77	1,382.95	586.48
Building-Office	333.71	1,299.33	43.80	1,589.24	80.34	70.74	43.80	107.28	1,481.96	253.36
Plant & Machinery	1,211.44	718.70	246.53	1,683.61	932.79	68.01	224.13	776.67	906.94	278.65
Furniture & Fixitures	63.30	128.61	-	191.91	20.39	15.13	-	35.52	156.39	42.91
Office Equipment	31.49	25.68	-	57.17	13.79	4.64	-	18.43	38.74	17.70
Motor Vehicles	297.43	161.75	46.04	413.14	149.72	63.97	40.30	173.39	239.75	147.74
Computer	72.22	43.67	-	115.89	31.51	23.77	-	55.28	60.61	40.69
Goodwill	60.71	4.83	-	65.54	-	-	-	-	65.54	60.71
Total	5302.81	3947.23	336.37	8913.67	2363.58	325.00	308.24	2380.34	6533.33	2939.23

(Rs. in lac)

Particulars	As at 31 st March, 2008	As at 31 st March, 2007
SCHEDULE 5 - INVESTMENTS (LONG TERM, UNQUOTED, UNLESS OTHERWISE STATED)		
(i) INVESTMENT IN GOVERNMENT SECURITIES 6 - Year National Saving Certificates	0.50	0.50
(iii) INVESTMENTS IN PARTNERSHIP FIRM	40.82	-
AS PER BALANCE SHEET	41.32	0.50
SCHEDULE 6 - CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS		
INVENTORIES (AS VERIFIED, VALUED AND CERTIFIED BY THE MANAGEMENT)		
Raw Materials	2,704.00	2,357.58
Work-in-Progress	348.86	130.65
Finished Goods	637.51	489.88
AS PER BALANCE SHEET	3,690.37	2,978.11
SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)		
Exceeding six months	852.08	723.72
Others	4,570.40	3,376.83
Less : Provision for Doubtful Debts	22.14	25.32
AS PER BALANCE SHEET	5,400.34	4,075.23
CASH & BANK BALANCES		
(i) Cash & Imprest	78.79	7.22
(ii) With Scheduled Banks		
(a) In Current Accounts	41.08	14.07
(b) Margin Money with Banks (including accrued interest)	106.04	45.34
(c) Fixed Deposits (including accrued interest)	223.19	58.84
(iii) Bank Balance lying in IPO Account		
(a) In Current Account	22.13	30.80
(b) Fixed Deposits (including accrued interest)	1,675.78	3,832.60
AS PER BALANCE SHEET	2,147.01	3,988.87
LOANS & ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)		
Advances Recoverable in cash or in kind	3,465.60	2,700.76
Balance with Excise Authority	-	0.53
Advance Income Tax	2,145.95	1,395.95
Advance Fringe Benefit Tax	64.94	30.57
Advance Wealth Tax	1.82	0.73
Tax Deducted at Source	143.32	46.47
AS PER BALANCE SHEET	5,821.63	4,175.01
SCHEDULE 7 - CURRENT LIABILITIES & PROVISIONS		
A) CURRENT LIABILITIES		
Sundry Creditors		
- Trade	4,299.98	2,824.91
- Others	1,390.79	1,132.84
Other Liabilities	439.15	329.01
Advances from Customers	985.56	463.42
AS PER BALANCE SHEET	7,115.48	4,750.18
B) PROVISIONS		
Provision for Income Tax	2,272.57	1,442.98
Provision for Wealth Tax	3.56	1.82
Provision for Fringe Benefit Tax	70.43	32.19
Provision for Dividend on Equity Shares	359.54	539.31
Provision for Tax on Dividend	61.10	91.66
AS PER BALANCE SHEET	2,767.20	2,107.96



(Rs. in lac)

Particulars	As at 31 st March, 2008	As at 31 st March, 2007
SCHEDULE 8 - OTHER INCOME		
Service Charges Received	440.02	81.54
Interest Received	269.64	249.22
Rent Received	106.57	2.70
Misc. Income	23.26	11.50
Insurance Claim Received	13.46	19.81
Profit on Sale of Assets	2.93	6.35
Dividend Received	0.38	5.12
Duty Draw back Received	8.50	-
Hiring Charges Received (Net)	36.77	-
Profit / (Loss) on Foreign Currency Transactions	81.26	(4.57)
AS PER PROFIT & LOSS ACCOUNT	982.79	371.67
SCHEDULE 9 - MATERIALS & TRADING EXPENSES		
Opening Stock	2,978.11	1,762.13
Add : Purchases (including Expenses thereon Less Rejection & Returns)	31,553.45	20,104.92
Less : Closing Stock	3,690.37	2,978.11
AS PER PROFIT & LOSS ACCOUNT	30,841.19	18,888.94
SCHEDULE 10 - MANUFACTURING EXPENSES		
Manufacturing Expenses	774.76	614.23
Power & Fuel	126.85	181.17
Repair - Machinery	9.79	7.63
Repair - Building	16.44	13.06
Packing, Forwarding & Freight	1,213.57	693.14
AS PER PROFIT & LOSS ACCOUNT	2,141.41	1,509.23
SCHEDULE 11 - EMPLOYEES EXPENSES		
Salaries, Wages & Bonus	1,356.48	726.48
Contribution to Provident & Other Funds	40.60	21.22
Welfare Expenses	140.79	114.97
AS PER PROFIT & LOSS ACCOUNT	1,537.87	862.67
SCHEDULE 12 - SELLING & DISTRIBUTION EXPENSES		
Selling Expenses	823.84	558.68
Commission on Sales	475.64	336.43
AS PER PROFIT & LOSS ACCOUNT	1,299.48	895.11
SCHEDULE 13 - ADMINISTRATIVE & OTHER EXPENSES		
Rent	33.42	26.26
Rate Fees & Taxes	52.09	39.74
Insurance	23.74	16.70
Travelling & Conveyance	289.06	182.79
Communication Expenses	79.02	65.60
Bank Charges	58.86	39.18
Vehicle Expenses	21.11	16.80
Advisory Services Fees	-	491.86
Loss on Sale of Shares	-	71.18
Penalties to State Budget & Others	12.16	63.97
Miscellaneous Expenses	431.68	345.62
AS PER PROFIT & LOSS ACCOUNT	1001.14	1359.70
SCHEDULE 14 - INTEREST		
To Banks	134.08	66.86
To Others	7.38	3.27
AS PER PROFIT & LOSS ACCOUNT	141.46	70.13



SCHEDULE 15 - 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 during the year, increasing the total stake to 89.50%.

(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 Subsidiary and Fellow Subsidiary Company. 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.
- 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.
- The excess of the cost to the Company of its investment in Subsidiaries over its proportionate share in the equity of the investee company as at the date of acquisition

of stake is recognized in the financial statements as Goodwill.

- 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. 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.

4. Depreciation :

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

5. Investments :

Investments are valued at the cost.

6. Inventory Valuation -

- Raw Materials, Components and Spare-Parts are valued at cost.
- Work in Progress is valued at prime cost and includes direct labour & overhead charges.
- Finished goods are valued at works cost and inclusive of Excise Duty & cess thereon.

7. Foreign Currency Transactions:

Foreign Currency Transactions are accounted for at 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 at that date. Variations on settlement/restatement are recognised as gain or loss in exchange in Profit & Loss Account.

8. Revenue Recognition:

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

9. Benefits to Employees:

- Provident Fund is accrued on monthly basis in accordance with the terms of contract with the employees and is deposited with the "Statutory Provident Fund". The company's contribution is charged to Profit & Loss Account.
- Liability for leave encashment benefit is accounted for on the assumption that such benefits are payable to all employees at the end of accounting year.
- The Company has taken a Group Gratuity Policy from LIC of India and the premium so paid is charged to the Profit & Loss Account. The Calculation of Premium under the policy is made on the basis of actuarial valuation done by LIC.

**10. 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.

(C) Other Notes

1. The Consolidated Financial Statements represent consolidation of accounts of the Company (Action Construction Equipment Limited), its subsidiary and fellow subsidiary as detailed below:

Name of Company	Country of Incorporation	Relation	Percentage of ownership interest at the end of Accounting Year	
			As at 31 st March, 2008	As at 31 st March, 2007
FRESTED LIMITED	Cyprus	Subsidiary	100.00%	100.00%
SC FORMA SA	Romania	Fellow Subsidiary	89.50%	73.90%

2. Out of the funds raised through IPO Rs. 5980 lac, Rs. 4323 lac have been utilized till 31st March 2008 and balance are lying unutilised and will be utilised as per the "Proposed Deployment of Funds" mentioned in the Chapter " Object of the Issue" of the Prospectus. The unutilised funds have been temporarily invested in fixed deposit with Bank.

3. Contingent Liabilities, not provided for-*(Rs. In Lac)*

Particulars	2007-08	2006-07
Bank Guarantees including Corporate Guarantees	731.10	385.93
Letter of Credits	842.68	484.86
Claim against the Company, not acknowledge as Debts	53.42	34.74
Sales Tax & Excise Matters, pending before Assessing / Appellate Authorities	8.63	100.69
Total	1,635.83	1,006.22

4. Calculation of Deferred tax-*(Rs. In Lac)*

Particulars	2007-08	2006-07
The breakup of net Deferred Tax Liabilities/(Assets) as on March 31, 2008 is as under-		
Deferred tax Liabilities on account of :-		
Difference between Book and Tax Depreciation	189.50	40.59
1/5th of IPO Expenses - u/s 35D 2 (c) iv	75.86	75.86
Total Deferred tax Liabilities-	265.36	116.45
Deferred tax Assets on account of :-		
Expenditure disallowable under Section 43B & others	61.54	20.22
Total Deferred tax Assets-	61.54	20.22
Net Deferred Tax Liabilities	203.82	96.23

5. 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.

S. No.	Particulars	Accounting Year ended 31.3.2008	Accounting Year ended 31.3.2007
1.	Segment Revenue		
A)	Cranes	36,273.18	23,834.21
B)	Material Handling/Construction Equipment & Others	3,871.22	1,011.88
C)	Subsidiaries Business	526.68	833.92
	Total	40,671.08	25,680.01
	Less: Inter Segment Revenue	28.20	318.74
	Net Sales / Income from Operation	40,642.88	25,361.27
2.	Segment Results		
A)	Cranes	4,564.14	3,005.59
B)	Material Handling/Construction Equipment & Others	464.95	4.20
C)	Subsidiaries Business	(212.43)	(770.96)
	Total	4,816.66	2,238.83
	Less: Interest	141.46	70.13
	Less - Other Unallocable Expenditure	337.08	155.92
	Profit before Tax	4,338.12	2,012.78
3.	Capital Employed		
A)	Cranes	10,944.19	10,802.78
B)	Material Handling/Construction Equipment & Others	3,797.81	913.73
C)	Subsidiaries Business	(867.68)	(651.84)
	Total	13,874.32	11,064.67

(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.

6. 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 Cranes
ACE TC Rentals Pvt. Ltd.

(b) Subsidiary Companies.

FRESTED Limited, Cyprus Subsidiary
SC FORMA SA, Romania Fellow Subsidiary

(c) Key Management Personnel-

Shri Vijay Agarwal
Smt. Mona Agarwal
Shri Sorab Agarwal
Shri V K Singh

(d) Relatives of Key Management Personnel and Enterprises, over which Relatives of Key Management Personnel exercise significant influence-

Smt. Surbhi Garg

SCHEDULES



(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 Cranes	ACE TC Rentals Pvt. Ltd.	FRESTED Ltd., Cyprus	SC FORMA SA, Romania		
Purchase of Goods	2007-08	5,796.34	-	-	-	-	-	5,796.34
	2006-07	3,446.97	-	-	-	-	-	3,446.97
Sales of Goods	2007-08	287.30	-	181.80	-	-	-	469.10
	2006-07	181.83	652.56	197.13	-	-	-	1,031.52
Remuneration Paid	2007-08	-	-	-	-	-	415.03	415.03
	2006-07	-	-	-	-	-	146.70	146.70
Licence Deposit Paid	2007-08	-	-	-	-	-	-	-
	2006-07	-	-	-	-	-	6.00	6.00
Licence Fee Paid	2007-08	-	-	-	-	-	20.79	20.79
	2006-07	-	-	-	-	-	19.40	19.40
Rent Received	2007-08	2.40	-	0.60	-	-	-	3.00
	2006-07	2.40	-	0.15	-	-	-	2.55
Interest Received	2007-08	26.16	-	9.01	103.93	-	-	139.10
	2006-07	25.18	-	1.81	12.79	-	-	39.78
Investments in Equity	2007-08	-	-	-	-	-	-	-
	2006-07	-	-	-	0.58	-	-	0.58
Investment in Equity by Subsidiary in Fellow Subsidiary	2007-08	-	-	-	-	49.19	-	49.19
	2006-07	-	-	-	-	350.27	-	350.27
Loan to Subsidiary	2007-08	-	-	-	165.41	-	-	165.41
	2006-07	-	-	-	964.97	-	-	964.97

7. Earning Per Share (Basic & Diluted)-

Annualised earning per equity shares have been calculated based on net profit after taxation of Rs. 3399.26 lac. Basic and Diluted Earning per Share for the year is Rs.3.78 (Previous Year - Rs. 1.51)

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

(a) R & D expenditure - Rs. 11.89 lac.

(b) Life Time Club Membership - Rs. 9.12 lac (to be amortized over a period of ten years, commencing from 2007-08)

9. Balance of Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation and reconciliation by the parties and adjustment, if any, required on reconciliation, will be done in the year in which the same is reconciled.

10. Previous year figures have been regrouped to make them comparable with current year figures whichever necessary.

11. Schedules 1 to 15 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 Chander Verma
Non-Executive Director

Place : Faridabad
Date : 19th May, 2008

P.K. Bansal
Chief Finance Officer

Ashish Bhatt
Company Secretary

Sorab Agarwal
Whole-time Director



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, AS AT 31ST MARCH, 2008

(Rs. in lac)

	PARTICULARS	FRESTED LIMITED CYPRUS	SC FORMA SA ROMANIA
a	Capital	0.51	179.68
b	Reserves & Surplus	(671.06)	(57.11)
c	Total Assets (Fixed Assets + Current Assets)	64.35	723.92
d	Total Liabilities (Debts+Current Liabilities)	1.72	506.89
e	Details of Investment (except in case of investment in subsidiaries)	-	-
f	Turnover (Including other Income)	2.64	546.90
g	Profit/(Loss) Before Taxation	(123.22)	(105.72)
h	Provision for Taxation	-	-
i	Profit/(Loss) After Taxation	(123.22)	(105.72)
j	Proposed Dividend	-	-
k	Exchange rate used (in Rs.)	39.31	16.71
l	Local Currency	USD	RON
m	Relation	Subsidiary	Fellow Subsidiary

The Financial statements of Foreign Subsidiaries have been converted into Rupees on the basis of appropriate exchange rates as on 31st March, 2008.

Note:

1. The Ministry of Company Affairs, Government of India vide letter No. 47/309/2008-CL-III dated 22nd May, 2008 has granted approval under section 212 (8) of the Companies Act, 1956 for the financial year ended 31.03.2008, whereby the Balance Sheet, Profit and Loss Account of the Subsidiaries and other documents required to be attached thereto u/s 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 Chander Verma
Non-Executive Director

Place : Faridabad
Date : 22nd May, 2008

P.K. Bansal
Chief Finance Officer

Ashish Bhatt
Company Secretary

Sorab Agarwal
Whole-time Director



PROXY FORM

Action Construction Equipment Ltd.

Registered Office: II Floor, Plot No. 7, H-Block, Sarita Vihar, New Delhi – 110 076

I/We.....of 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 Fourteenth Annual General Meeting of the Company to be held on Friday, the 1st day of August, 2008 at 11.30 p.m. at MPCU SHAH AUDITORIUM, Shree Delhi Gujarati Samaj Marg, Delhi-110 054.

Signature:
Signed thisday of 2008

Affix Revenue
Stamp of
Rs.1/-

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: II Floor, Plot No. 7, H-Block, Sarita Vihar, New Delhi – 110 076

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 Fourteenth Annual General Meeting of the Company to be held on Friday, the 1st Day of August, 2008 at 11:30 p.m. at MPCU SHAH AUDITORIUM, Shree Delhi Gujarati Samaj Marg, Delhi-110 054.

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

