



Action Construction Equipment Ltd.

Lifting India's infrastructure growth



Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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NOTICE

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

Day, Date : Wednesday, 21st September 2011

Time : 12:00 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, 2011, audited Profit & Loss Account for the year ended 31st March, 2011, Board's Report and addendum thereto, Auditors' Report.
2. To confirm interim dividend and declare final dividend for the financial year 2010-11
3. To appoint a Director in place of Mr. Subhash Chandra Verma, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Amar Singhal, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. Rajan Chhabra & Co., Chartered Accountants, retiring Auditors as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

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. The Equity Shares of the Company are listed on the National Stock Exchange of India Limited (NSE) & Bombay Stock Exchange Limited (BSE).
4. The Register of Members and Share Transfer Book("Books") would remain closed from 16th September, 2011 to 20th September, 2011 (both days inclusive) for the purpose of Clause 16 of the Listing Agreement, wherein the Books should be closed at least once a year.
5. 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.

6. Members are further informed that as a part of Green initiative taken by Ministry of Corporate Affairs, the Company is sending this Annual Report and would send all the future Notices and Communications to the e-mail addresses of the shareholders, whose e-mail are registered with the Company or either with the Depository. However, the Shareholders of whose e-mail ids are not registered with the Company or either with the depository would continue to receive the same in physical form. Any shareholder desirous of receiving physical copy of any document can apply for the same to the Company. The Share holders whose e-mail Id's are not registered with the Company, are requested to register the same by sending a letter as per the attached format, as they would be able to receive the information in quick time and also it would be useful to the environment.
7. Members holding shares in physical form may avail Nomination facility by giving the particulars of their nomination in the prescribed form to the Registrar and Share Transfer Agent.
8. Members holding shares **in electronic form** may kindly note that their Bank Account details and 9-digit MICR Code of their Bankers, as noted in the records of their Depository, shall be used for the purpose of overprinting on Dividend Warrants, or remittance of dividend through Electronic Clearing Service (ECS), wherever applicable. It is, therefore, necessary that the Members should ensure that their correct bank details and/or 9-digit MICR Code number are noted in the records of the DP. Kindly ensure that the ECS mandate is correctly recorded with your DP so that no ECS rejection takes place.

Reserve Bank of India (RBI) is providing Electronic Clearing Service (ECS) facility for payment of dividend in selected cities. Members holding shares in physical mode and who are desirous of availing this facility may give the details of their bank account i.e. 9-digit MICR Code in the format prescribed for this purpose (which can be obtained from the Registrar and Share Transfer Agent) along with photocopy of a cheque or a blank cancelled cheque relating to the bank account.

9. Members seeking any information on the accounts are requested to write to the Company at least ten days in advance so as to enable the Management to keep the information ready, in reply to the same at the Annual General Meeting.
10. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking reappointment at the forthcoming Annual General Meeting is given in the annexure forming part of the Notice.
11. Members are requested to:-
 - a. Bring their copy of Annual Report and attendance Slip at the venue of the meeting.
 - b. Quote their Folio/DP & Client Id No. in all correspondence with the Company/ R&T Agent.
 - c. 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.
 - d. Note that **no gifts** will be distributed at the Annual General Meeting.
 - e. Note that **shareholders present in person or through registered proxy** shall only be entertained.
 - f. 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/

**(Rajan Luthra)
CFO & Company Secretary**

Place: Ballabgarh

Date: 30th May, 2011



Action Construction Equipment Limited



Action Construction Equipment Ltd.

Registered Office: 5th Floor, TDI Centre, Jasola, New Delhi-110076

I/We _____ being a member of Action Construction Equipment Limited hereby appoint _____ of _____ or failing him _____ of _____ or failing him _____ of _____ as my/our proxy, in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 21st day of September, 2011 at 12:00 a.m. at MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Delhi-110054

Signature:
Signed this _____ day of _____ 11

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 of holding the meeting.



Action Construction Equipment Ltd.

Registered Office: 5th Floor, TDI Centre, Jasola, New Delhi-110076

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

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

I hereby record my presence at the Annual General Meeting of the Company to be held on Wednesday, 21st day of September, 2011 at 12:00 a.m. at MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Delhi-110054

Signature of Shareholder/Proxy:



To,

The Manager
Karvy ComputerShare Pvt. Ltd.
(Unit: ACE)
'Karvy House', 46 Avenue 4,
Street No.1, Banjara Hills,
Hyderabad-500034

FORMAT FOR INTIMATING E-MAIL ADDRESS TO COMPANY

I/We, _____, holding shares of ACTION CONSTRUCTION EQUIPMENT LIMITED vide folio no. / DP ID Client ID _____ wish/wishes to receive all documents / notices from Company through e-mail. Company is hereby advised to record below mentioned e-mail for this purpose:

E-MAIL ADDRESS: _____

Thanking you,

(_____)
Signature of the First and Jt. Holder(s)
(as per specimen Registered)

(You can also send a scanned copy of the letter duly signed at the email address: cs@ace-cranes.com)



A great grand debate is on... across every part of India about what role infrastructure can play to catalyse growth and usher in a new socio-economic Renaissance.

To say the sectoral opportunity is humongous is an understatement: US\$ 514.04 billion is the projected infrastructure investment for the Eleventh Five-Year Plan. To be allocated across ports (US\$ 22 billion), airports (US\$ 7.74 billion), railways (US\$ 65.45 billion), roads and highways (US\$ 78.54 billion) and energy (US\$ 166.63 billion).

The result is that India's infrastructure is at a historic threshold of an explosive opportunity.

But India needs a catalyst to transform its investment potential into an everyday reality. It will not be a dry investment statistic, but a better quality of life in the form of enhanced rail-road connectivity, advanced port facilities, sophisticated airports and more electricity to light up homes and urbanisation.

At ACE, our business revolves around this national priority on infrastructure growth through critical multi-sectoral intervention in material handling and construction equipment.

India's infrastructure saga has just begun to unfold. We believe that this is going to be one of the biggest socio-economic revolutions since Independence to catapult the nation to the esteemed league of a developed economy.





CMD's Review

Dear Stakeholders,

In FY 2008-09, the Indian and Global economy was slumping, the financial markets were uncertain and prospects of doing business in those situations was frightening as well as challenging but still we as a Company were quite sure of doing business in those difficult situations also. We were sure of the basics which we have put in while making the Company i.e. to satisfy our customers whatever be the situations and conditions are. Then came the FY 2009-10, which through its passing by not only put the growth back on track but also promised a wonderful financial year ahead and as they say, "things that can't destroy you, make you stronger", so did happen with us. FY 2010-11 proved to be a landmark year in the history of the Company, not simply because of good figures and numbers but also the way the company responded in the adverse situation and reached to such a level.

ACCELERATED GROWTH

To sum up growth of the Company this year, only one word comes to my mind phenomenal.... The Net sales of the Company for the FY 2010-11 grew from the last year figures of Rs. 42712 lacs in FY 2009-10 to Rs. 68647 lacs in FY 2010-2011. The PBT of the Company grew from Rs. 3277 lacs in FY 2009-10 to Rs. 5432 lacs in FY 2010-11. The Net Profit of the Company grew from Rs. 2444.01 lacs in FY 2009-10 to Rs. 4060 lacs in FY 2010-11.

A final dividend of 50% has been recommended by Board, in addition to the interim dividend of 50% for the year, making a total 100% for the year.

The figures are quite heartening and reflect the efforts which we as a Company have put in, in the growth of the Company with the help of all other stakeholders of the Company. The previous two years were the consolidating years, however FY 2010-11 just proved to be takeoff phase wherein not only figures almost doubled but some major investments have been done in the Company by other big corporates like Reliance Capital, who were allotted 3.23% stake in the Company.

Now, I would like to focus on how we plan to strengthen ACE and execute our strategy to extend our market leadership.

"FY 2010-11 proved to be a landmark year in the history of the Company, not simply because of mind-blowing figures and numbers but also the way the company reacted in the adverse situation, responded and reached to such level."

FUTURE PLANS

As said, this is a take-off phase not only from the Company's point of view but from economy's point of view as well, with the government emphasizing to achieve a growth rate in double figures, we are sure to capitalize on it. As discussed in the last Annual report that the Government plans a US \$ 514.04 billion projected investment in infrastructure, with major emphasis on ports, airports, railways, road & highways, energy, pipelines etc., I am quite pleased to inform you that the Company is all set to take the advantage of the same and act as catalyst to the same.

It cheers me to say that the Company has started making almost every equipment which is needed for Infrastructure development and is also increasing capacities for the same. As told in previous annual report regarding doubling of our capacity and installing a new plant each in Faridabad and Uttaranchal for Mobile Cranes, I am pleased to inform you that Company has started a new plant in Palwal nearby Faridabad, wherein the Company has already started making upto 500 Nos. Mobile Cranes and which can be utilized for production upto 800 Nos. equipment.

The Company would soon be opening another plant at Kashipur, as a part of its expansion plans. The Company is planning to double its capacity every year for tractors for next - 3 years, this is to inform that the Company is well-poised for the same and hopefully in FY 2011-12, construction equipment and tractor business would see unprecedented growth. The company also introduced indigenously manufactured Tower Cranes and Crawler Cranes in FY11 which received a very hearty response from the customers.

Company also plans to add bigger models of Tower Cranes & Crawler Cranes in the near future.

RESEARCH AND DEVELOPMENT

As you are aware that the Company's sole motive is to provide quality products at reasonable prices, for which the Company has one of the largest in-house team of Research and Development professionals, working with best available software and technologies to drive product innovation. The sole motive of this team is to continuously modify and alter the products of the Company, as per the needs of the market and to provide best products to its customers. I am also extremely pleased to inform you that the Company has also got recognition for its in-house research and development centre from DSIR (Department of Scientific & Industrial Research),

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which would also enable the company to avail benefits under Income Tax, 1961. The benefits of the recognition would be available to us in FY 2010-11 itself and in future also.

Finally, a word on our people. Our people are our strength. We believe in selecting and retaining the best and continuously hone their skills with training and other skill building programs. We continue to invest significantly in the knowledge, skill and competence of Human Resources. Because, at the end of day we believe that the organization is as good as it's people are.

We made technology investments that allow us to better integrate our talent management and performance and gain transparency across the Company. By investing in people's development, helping employees to realize their potential and develop the skills and competencies we will need as markets change, we are investing in the future of the Company.

NOTE OF GRATITUDE

I would like to thank our investors, clients, employees, vendors and other stakeholders for their continuous and never ending support to the Company, in tough times, as well as in fairer times. I seek similar kind of support in the years to come, so that we can fulfill the dream of taking the Company to greater heights. We continue leverage our strong cash flow and zero-debt status to drive growth and efficiencies generating long-term value for our shareholders.

Vijay Agarwal
Chairman and Managing Director

ACE is India's leading material handling and construction equipment manufacturing company, enjoying over 50% market share in Mobile Cranes and Tower Cranes segment.

Vision to excel

To be the leading company in cranes and construction equipment sector, with a global focus.

Mission to stay ahead

To consolidate existing business further in terms of customer relations and manufacturing and to continuously add new products to our portfolio, with the mission of producing and distributing good quality machines which are cost effective, have value added features and to provide the best in the line product support and spares availability.

Quality policy

We are in business only because of our valued customers, whose point of view is the only way for us to see things. We dedicate all our resources to delight our customers by providing them quality products and services.

Legacy that entails responsibility

- At ACE, we are headed by Mr. Vijay Agarwal, Chairman and Managing Director and managed by professionals having rich industry experience. We are focused on providing integrated solutions through equipment for construction and material handling for over 16 years.
- Headquartered in New Delhi, ACE enjoys a pan-India presence through a network of 96 sales and service

locations, supported by 13 area offices and 5 zonal offices at Delhi, Mumbai, Chennai, Kolkata and Visakhapatnam. These regional offices are supported by the marketing headquarters in New Delhi and a dedicated product support division, based at Faridabad.

- We have set up dealerships in UAE, Qatar, Iran, Bangladesh, Nepal and South Africa to provide support to our equipment working in the Middle East Asia, South East Asia and African countries.
- We serve around 10000 customers and cater to some of the most prominent companies in India like Reliance, Larsen & Toubro, BHEL, Punj Lloyd, Essar, Gammon, Nagarjuna Construction, Gujarat Ambuja, Simplex Infrastructure, Coal India, BSNL, Gannon Dunkerley, Bhushan, Oswal, ISPAT, IVRCL, Indian Railways, Adani, NTPC, IOCL, Shapoorji Pallonji, ABG, Alstom, NHPC, ACC, Tata, Kalpataru, KEC, Krupp, Airport Authority of India, Ministry of Defence, HPCL, IPCL, Unitech, Welspun, Jindal, Aditya Birla Group, Bharti Shipyard, IFFCO and Havell's amongst others.
- We enjoy possess an export presence in large number of countries, namely U.A.E., Saudi Arabia, Qatar, Bahrain, Kuwait, Iran, South Africa, Kenya, Nigeria, Mozambique, Ethiopia, Algeria, Libya, Mauritius, Madagascar, Sri Lanka, Nepal, Bangladesh, Bhutan, Malaysia, Singapore, New Zealand, Kazakhstan, Romania, Portugal and Australia, among others.
- We were awarded with the CNBC-TV18, Emerging India Award (2006), Building India leadership Award (2006) and CW-NICMAR award for three years consecutively (2006-08).



The products that we provide to our customers enhance their profitability and help catalyse India's infrastructure strength.

Hydraulic Mobile Cranes



Crawler Cranes



Mobile / Fixed Tower Cranes



Back Hoe and Wheeled Loaders



ACE manufactures all types of Mobile Cranes such as Pick-n-Carry, Truck Mounted, Rough Terrain and Lorry Loader Cranes. Hydraulic Mobile Cranes are widely used throughout engineering, construction and infrastructure industry. These machines are used for loading, unloading, moving, shifting and erecting material. The Company currently manufactures these cranes from 3 tons to 40 tons capacity, depending upon different categories. ACE is further strengthening its position in this segment. The demand for these products will continue to increase in the coming years, as India is on the verge of witnessing major developments in infrastructure and industrial segments.

Crawler Cranes are used on soft ground for erection and maintenance work. Crawler cranes are similar to Hydraulic Excavators in traction and swing the load through 360 degrees. The machine stability is achieved by the tracks and there is no need of outrigger stabilisation.

The basic advantage of the crawler crane is that it is quick in operation on soft ground, compared to other class of cranes. ACE offers Crawler Cranes from 40 tons capacity onwards up to 150 tons.

Tower Cranes are used for civil construction and erection jobs. Mobile Tower Cranes are self-erecting /self-folding machines. These have provisions for built-in generators to provide electricity needed to operate the machines. The Company currently manufactures Mobile Tower Cranes, which can work on 6 to 12 storeyed buildings. Fixed Tower Crane is also used in civil construction, but for bigger construction projects. These cranes have maximum lifting heights of 300 metres and a working radius of up to 70 meters. With the rise in construction of multi-storeyed buildings, demand for such equipment will rise in the years to come.

Back Hoe and Wheeled Loaders are used in the construction and infrastructure sector for digging, moving, grading and loading earth and other loose aggregates. These machinery also find application in heavy industry and mining activity.



Forklift Trucks



Motor Grader



Vibratory Rollers



Tractors



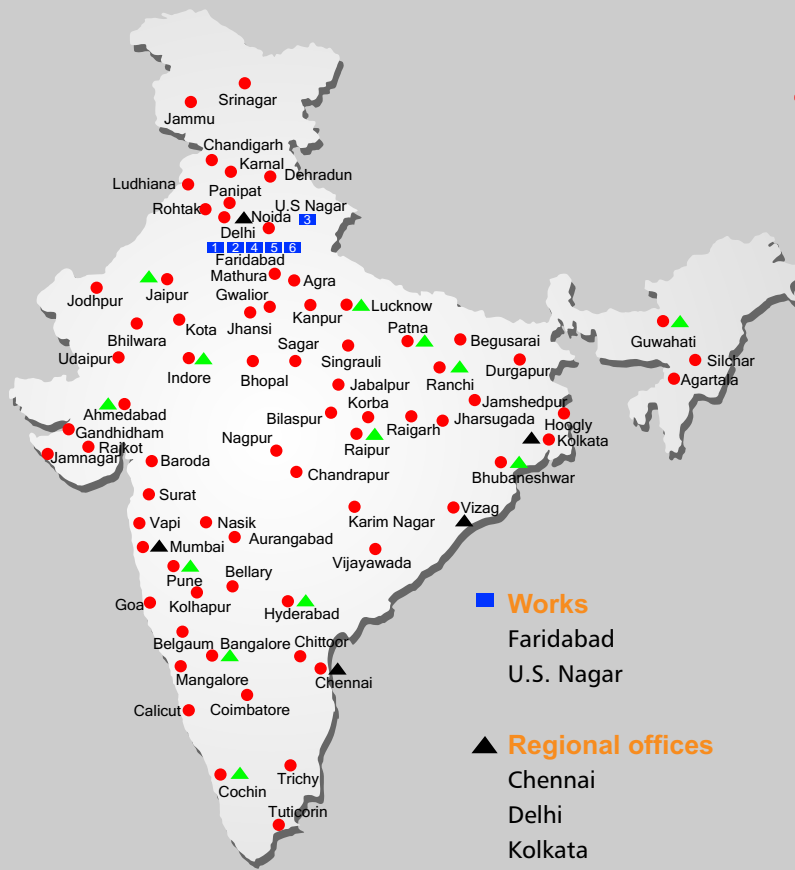
Forklift is a powered industrial truck used to lift, shift and stack material. The Company is supplying Battery operated, Diesel operated trucks and LPG operated Forklift Trucks with a lifting capacity of 1.5 tons to 10 tons. The sale of these equipment would rise in the coming years with the increase in logistics and warehousing activities.

Motor grader is a hydraulically operated machine, Primarily used for grading and leveling of soil layers and loose aggregate in road making activity. With increased focus on road and highways development the requirement for motor graders will be north bound in years to come.

Vibratory Rollers are machines used to compact loose soil or asphalt and are primarily used for roads and highway construction in line with international standards. These machines also find application for ground compaction/stabilisation at construction sites. Infrastructure development is on growth track and government plans to extend India's road network to remote locations, the demand for such equipment is bound to grow. Currently, the Company is manufacturing 10 tons to 15.6 tons soil compactors and 3.5 tons, 9 tons and 10 tons tandem compactors with advanced features.

ACE has started the production of tractors. The response to this product has been very good. Tractors are widely used for agriculture activities, and also for construction and industrial haulage. At present, this product is sold primarily in five states that is Uttar Pradesh, Rajasthan, Haryana, Punjab and Madhya Pradesh, but with plans of extending it to all over the country with increasing production. The demand for this product would definitely rise in the coming years. Also, the Company has tied up with many banks to extend finance to its customers, which would catalyse product sales.

Pan-India presence



● **Sales and services dealers**

Lucknow
Patna
Pune
Raipur
Ranchi
Agartala
Agra
Ahmedabad
Aurangabad
Bangalore
Baroda
Begusarai
Belgaum
Bellary
Bhilwara
Bhopal
Bhubaneswar
Bilaspur
Calicut
Chandigarh
Chandrapur
Chennai
Chittoor
Cochin
Coimbatore
Dehradun
Delhi
Durgapur
Gandhidham
Goa
Guwahati
Gwalior
Hoogly
Hyderabad
Indore
Jaipur
Jammu

Jamnagar
Jamshedpur
Jhansi
Jharsugada
Jodhpur
Kanpur
Karim Nagar
Karnal
Kolhapur
Kolkata
Korba
Kota
Lucknow
Ludhiana
Mangalore
Mathura
Mumbai
Nagpur
Nasik
Noida
Panipat
Patna
Pune
Raipur
Raigarh
Rajkot
Ranchi
Rohtak
Sagar
Silchar
Singrauli
Srinagar
Surat
Trichy
Tuticorin
Udaipur
Vapi
Vijayawada
Vizag

■ **Works**
Faridabad
U.S. Nagar

▲ **Regional offices**
Chennai
Delhi
Kolkata
Mumbai
Vizag

▲ **Area offices**
Ahmedabad
Bangalore
Bhubaneswar
Cochin
Guwahati
Hyderabad
Jaipur

Our sectoral **predominance**

➤ Infrastructure and Construction

➤ Power Projects

➤ Ports and Shipyards

➤ Dams

➤ Metro Rail

➤ Roads

➤ Mining

➤ Steel Industry

➤ Engineering Industry

➤ Railways

➤ Cement industry

➤ Petroleum

➤ Defence

➤ Pipe Lines

➤ Timber Industry

➤ Transporters

➤ Transmission Towers

➤ Container Handling

➤ Warehousing

➤ Paper Pulp Industry

➤ Electricity Boards

➤ Ceramic Industry

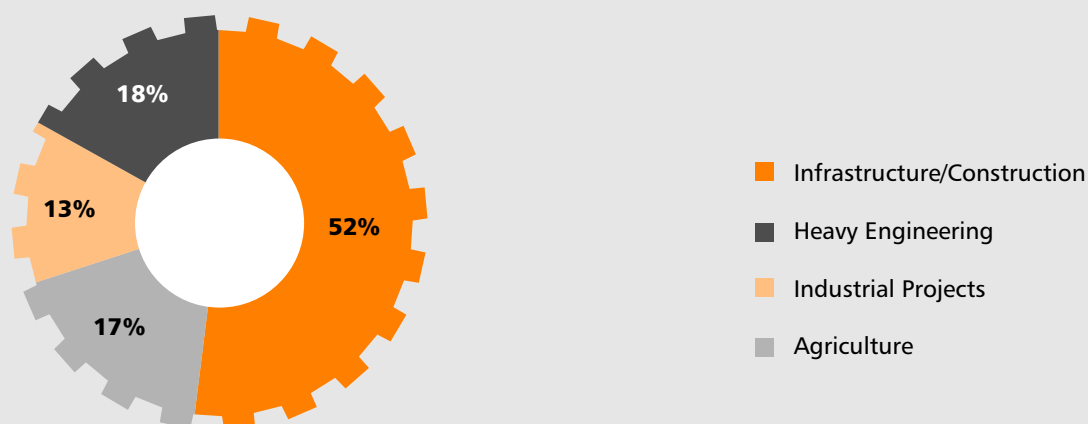
➤ Municipal Corporations

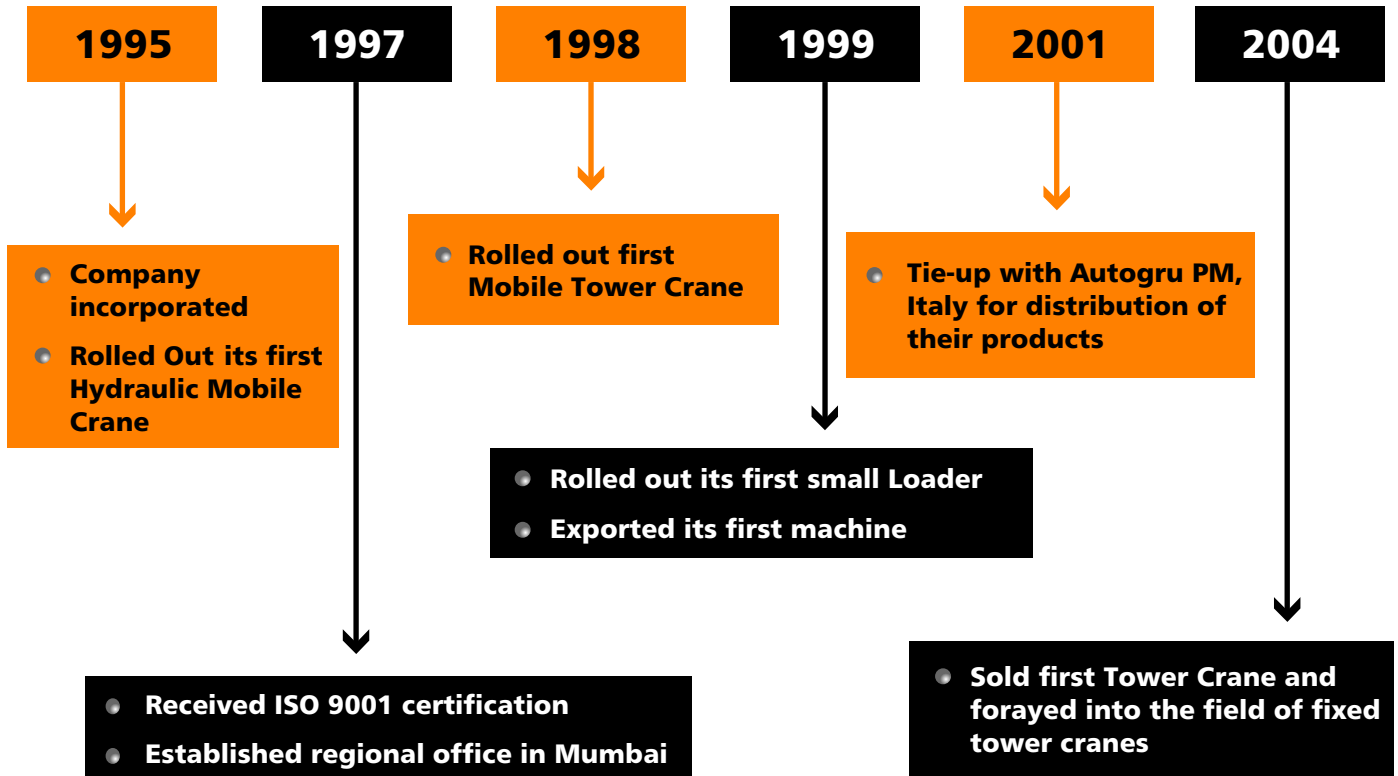
➤ Sugar Industry

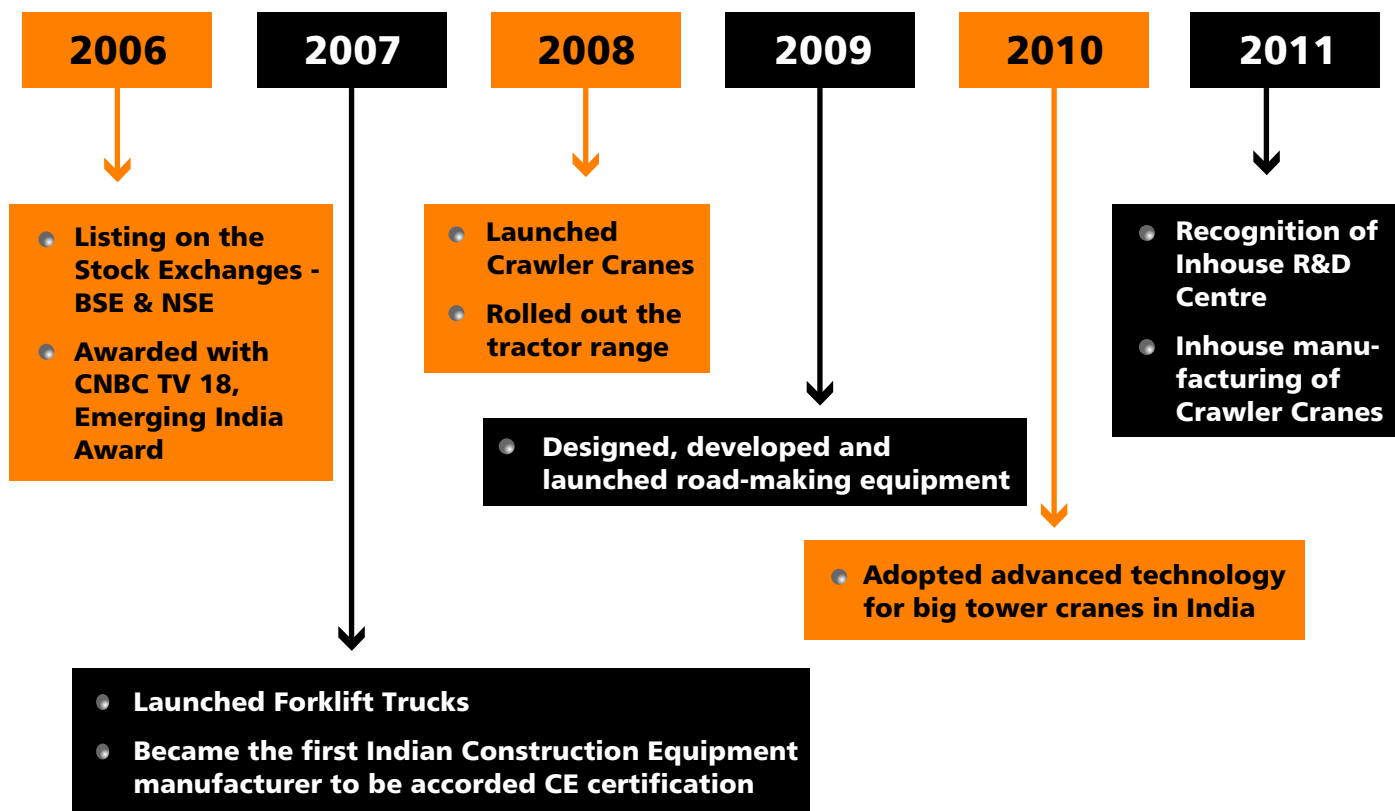
➤ Chemicals and Fertiliser

➤ Building Construction

Sector-wise revenue







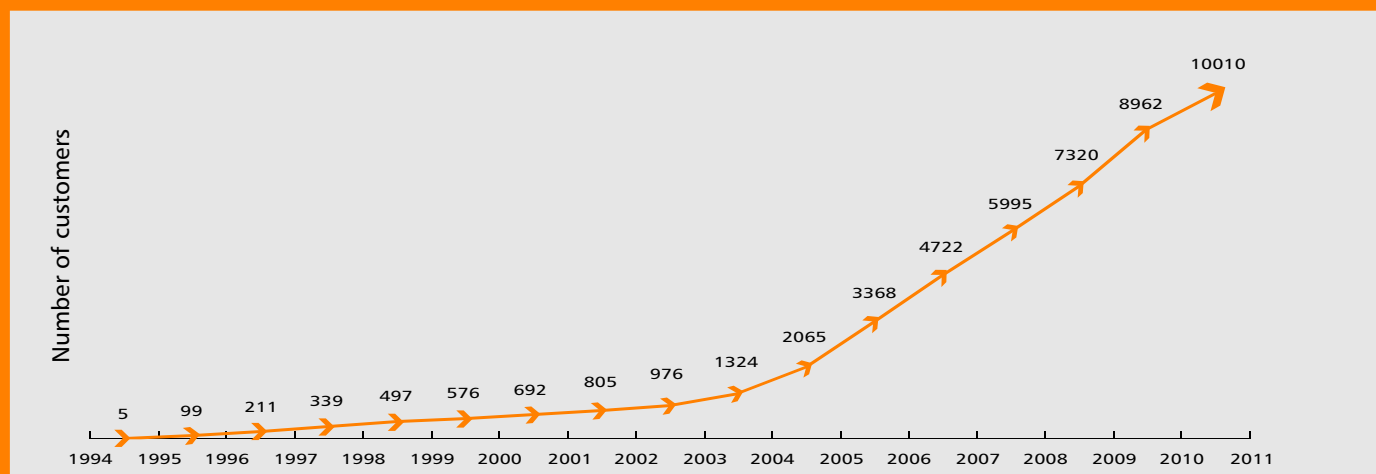
Clientele that enhance brand visibility

Major clientele >

Government sector

> Airport Authority of India	> Indian Railways	> IFFCO
> PWD	> SAIL	> BSNL
> State Electricity Boards	> Heavy Engineering Corporation	> Numaligarh Refinery
> BHEL	> DRDO	> IPCL
> Bridge & Roof	> HVPNL	> BCCL
> Coal India Ltd.	> HPCL	> Municipal Corporation
> Neyveli Lignite Corporation	> IOCL	> DGQA
> Chennai Port Trust	> MRPL	> NHPC
> COFMOW	> MPEB	> Nuclear Power Corporation
> Ministry of Defence	> IISCO	> Paradip Port Trust
> NALCO	> Bongaigon Refinery	> NTPC
> BARC	> IRCON Cochin	> Shipyard

Customer base growth

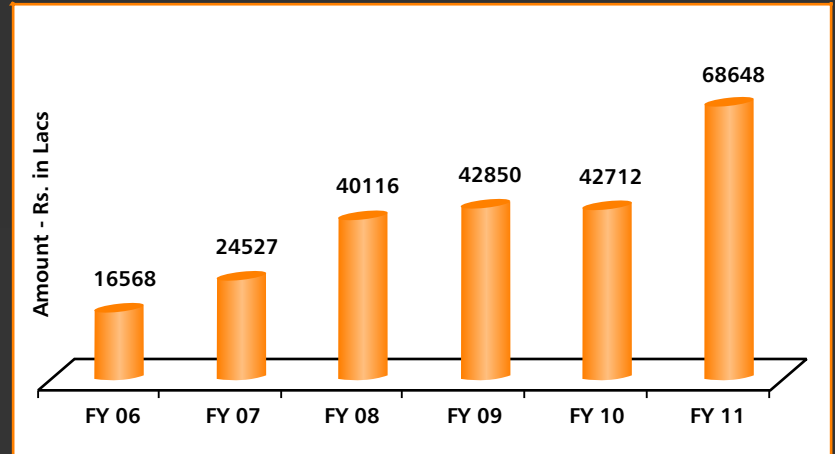


Private sector

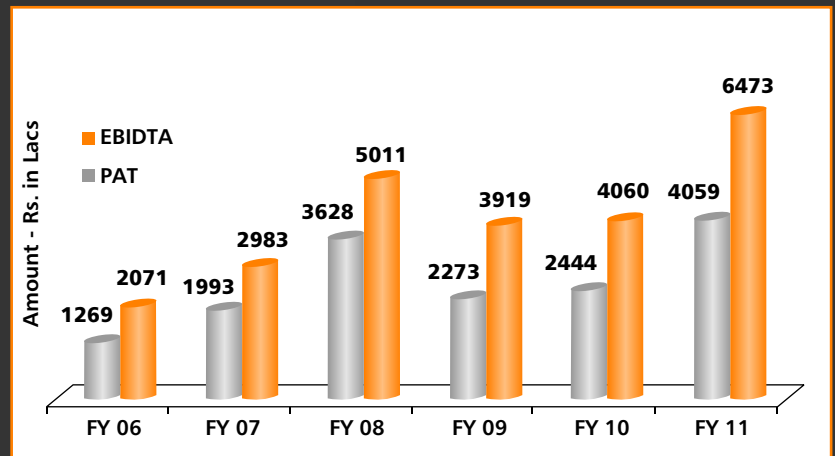
> Reliance	> Grasim	> Patel Engineering
> ABB	> Greenply	> Petron
> ABG	> Gujarat Ambuja	> Pratibha Industries
> ACC	> Havell's	> PSL
> Adani	> HDIL	> Punj Llyod
> AFCONS	> Hindalco	> RAMKY
> Ahluwalia Contracts India	> Hyundai	> RK Marbles
> Alok Industries	> IDEB	> SESA GOA
> Alstom Power	> IJM Infrastructure	> SEW
> B L Kashyap	> Indu Projects	> Shapoorji Pallonji
> Bharati Shipyard	> ISGEC	> Shree Cement
> Bhushan	> IVR Construction	> Simplex Infrastructure
> Birla Cement	> J KUMAR	> Sobha Developers
> BOSCH	> JAYPEE	> Sunil Hitech
> CCCL	> Jindal	> Suzuki
> Dabur	> JMC	> TATA
> Dalmia Cement	> K Raheja Corp	> TCI
> DLF	> Kalpatru	> Techno Fab
> DS Construction	> KEC	> TEXMACO
> EDAC	> Krupp Industries	> Torrent Power
> ELECON	> L & T	> UB Engineering
> ERA	> LANCO	> Ultratech Cement
> Essar	> Nagarjuna Construction	> Unitech
> Gammon	> Navyuga	> Unity Infra Projects
> Gannon Dunkerley	> Omaxe	> Vascon
> Garden Silk Mills	> OSWAL	> Wartsila
> GMR	> Paharpur Cooling Towers	> Welspun
> Parsavnath		

Our financials
represent the
foundation for
growth.

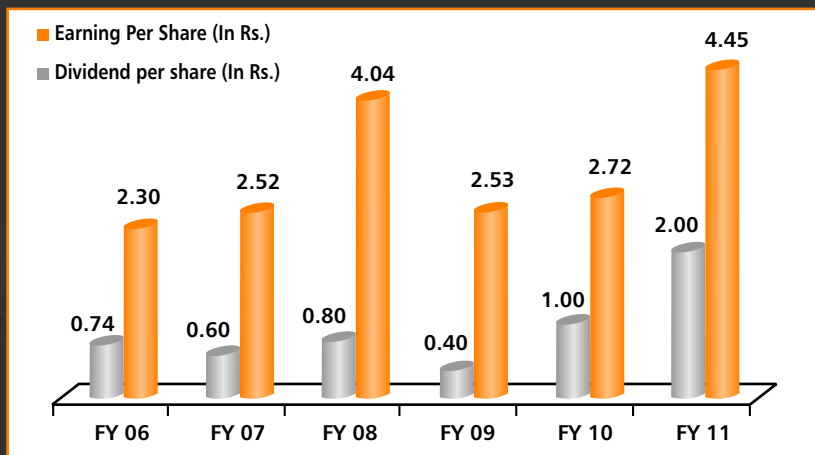
Revenues



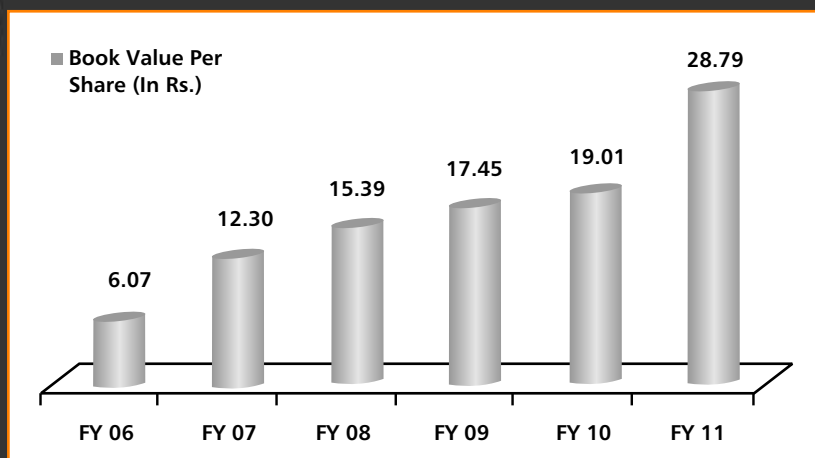
Profitability



Share Holder's Return



Performance Indicators



Board of Directors



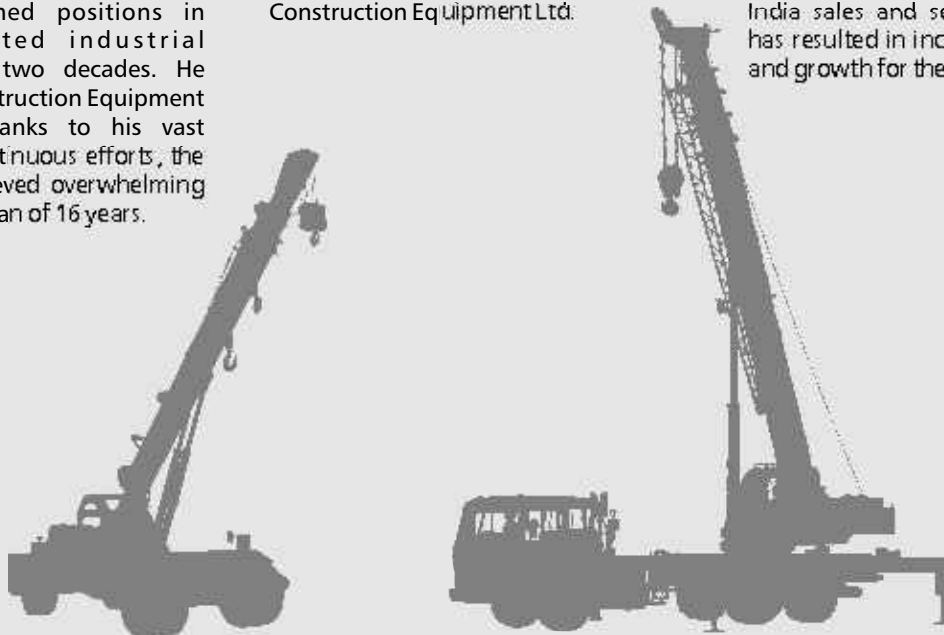
Mr. Vijay Agarwal, Chairman and Managing Director, possesses over 39 years of experience in material handling and heavy engineering industry. He has completed B.E. (Mechanical) and MBA from FMS, Delhi and is responsible for the Company's overall management and planning. He had held esteemed positions in different reputed industrial organisations for two decades. He started Action Construction Equipment Ltd. in 1995. Thanks to his vast experience and continuous efforts, the Company has achieved overwhelming success in a short span of 16 years.



Mrs. Mona Agarwal, Wholetime Director, looks after the administration & HR functions of the Company, since its inception. Under her guidance, the administrative affairs of the Company are being handled in a professional manner. She has formulated effective and motivating HR policies for Action Construction Equipment Ltd.



Mr. Sorab Agarwal, Executive Director, has completed B.E. (Mechanical) and is responsible for the Company's marketing activities. Associated with the Company for the last thirteen years, Mr. Sorab Agarwal has ventured into new products & new territories, setting up a competent pan-India sales and service network. This has resulted in increased market share and growth for the Company.





Mr. Girish Narain Mehra (IAS Retd.), Independent Director, possesses over 37 years of experience. He held important assignments such as Chief Secretary (U.P.), Director General, Tourism and Secretary to Govt. of India in various departments. He retired as India's High Commissioner to Canada. At present, he is working as a Director on the Boards of various prominent listed companies.



Mr. Subhash Chander Verma, Independent Director, is a Graduate and qualified CAIIB (Associate of Indian Institute of Bankers). He retired as Dy. General Manager from Punjab National Bank with over 40 years of banking experience, of which more than 20 years were served in senior management cadre. He has wide experience of handling industrial and infrastructural projects for appraisal and financial viability.



Major General (Retd.) Dr. K.C. Agarwal, Independent Director, is Ph. D in Mechanical Engineering from IIT Delhi. He is a retired Major General from the Indian Army. During his tenure with the Indian Army, he was a Director in a DRDO Laboratory and has experience of 28 years. He was also Vice Chancellor of Rai University. Mr. Agarwal is currently Director General in IAMR group of institutions. He has in-depth knowledge of IT-related products and services.



Dr. Amar Singhal, Independent Director, is MD General Medicine, DM Cardiology & FACC with a total 25 years experience. He held limited licence of New York State Medical Board, while working as Interventional Cardiology fellow in New York-USA. He worked as Consultant Cardiologist in various reputed heart institutes in India, including Escorts Heart Institute and Maharaja Agrasen Heart Institute and Research Centre. At present, he is the head of the Cardiology Department at Sri Balaji Action Medical Institute, New Delhi.



> Directors' Report

To

The Members

The Directors are pleased to present the 17th Annual report and Audited Statement of Accounts for the financial year ended 31st March, 2011

FINANCIAL RESULTS

	2010-11	(Rs. in lacs) 2009-10
Gross Turnover	70,759	43,783
Excise Duty	2,111	1,071
Net Turnover	68,648	42,712
Other Income	1,390	687
Total Income	70,038	43,399
Profit before Depreciation Interest and Tax	6,473	4,060
Less:		
Depreciation	689	525
Interest	352	258
Provision for Taxation	1,373	833
Net Profit after Tax	4,059	2,444
Profit brought forward	1,604	1,208
Profit available for Appropriations	5,663	3,652
Appropriations:		
Dividend (Interim & Final)	1,858	899
Tax on Dividend	308	149
Transferred to General Reserve	1,000	1,000
Profit carried to Balance Sheet	2,497	1,604



FINANCIAL PERFORMANCE

During the year the gross turnover of the Company has increased to Rs. 70759 lacs from Rs. 43783 lacs for the year ending 31.3.2010, indicating a growth of 62% on year over year basis. The profit before tax has increased from Rs. 3277 Lacs for financial year ending 31.3.2010 to Rs. 5432 Lacs for current financial year ending 31.3.2011, a growth of 66%.

The growth momentum created in the company in financial year 2011 led to increase in the numbers for all product categories and the same shall be carried forward going ahead. The company is focused on reducing its costs and increasing its market share in all the products.

DIVIDEND

During the current financial year, Directors had declared and distributed interim Dividend of 50 % i.e. Rs. 1 on equity shares of Rs. 2 each, absorbing an aggregate amount of Rs. 929 lacs (excluding Dividend Tax of Rs.154 lacs). The Board has recommended a final Dividend of 50 % i.e. Rs. 1 on equity share of Rs. 2 each which will be paid after your approval at the ensuing Annual General Meeting. The final Dividend will absorb an aggregate amount of Rs. 929 lacs (excluding Dividend Tax of Rs. 154 lacs).

Thus, the total dividend distributed for the year is 100%.

CHANGE IN SHARE CAPITAL

During the year the Authorised Share Capital of the Company was increased from Rs. 2000 lacs to Rs. 2400 lacs.

PREFERENTIAL ALLOTMENT

During the year the Company has issued 30 lacs equity shares on Preferential Allotment to Reliance Capital Limited.

SHARE WARRANTS

The Company has also issued 50 lacs convertible warrants to the promoters of the Company. The Company has received an aggregate sum of Rs. 518 lacs equivalent to 25% of the total subscription amount on the aforesaid warrants.

MANAGEMENT DISCUSSION AND ANALYSIS

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

SUBSIDIARY COMPANIES AND 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 acquired 89.50% equity stake in a Romanian Company viz. SC FORMA SA, Romania. Your Company also has a Wholly-owned Subsidiary Company viz. Action Developers Ltd. Therefore, in compliance of the Listing Agreement with the Stock Exchanges and Accounting Standard issued by The Institute of Chartered Accountants of India, your Company has consolidated the Accounts incorporating the Accounts of all these three Subsidiary Companies. The audited Consolidated Financial Statements together with Auditors' Report thereon, form part of the Annual Report.

Ministry of Company Affairs, Government of India, vide its Circular No. 2/2011 dated 08th February, 2011 has exempted the Companies 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, if certain conditions mentioned are fulfilled. Therefore, the said Reports of the above Subsidiary Companies are not attached

herewith. However, a statement giving certain information as required under the circular 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 Companies seeking such information at any point of time. The Annual Accounts of the Subsidiary Companies is also kept for inspection by any member at its Registered Office

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that :

- I) That Directors have followed in the preparation of Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures if any;
- 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 of the Company for the year under review;
- III) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

DIRECTORS

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

INTER-SE RELATIONSHIP BETWEEN DIRECTORS

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

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

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

ADEQUACY OF INTERNAL CONTROL SYSTEMS

The Company has well defined internal control system which aims at the protection of the Company's resources, efficiency of operations, compliances with the legal obligations and company's policies and procedures. In a phased manner, the internal audit function covers and reviews the internal controls and the procedures in all the plants and warehouses of the Company.

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.

AUDITORS' OBSERVATION

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

DEPOSITS

Your Company has not accepted any public deposit during the year under review.

QUALITY CERTIFICATION

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

HUMAN RESOURCES

In spite of a challenging year when demands of the products is increasing by more than 60 %, cordial industrial relations environment prevailed at all the manufacturing units of the Company during the year.

PARTICULARS OF EMPLOYEES

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

HEALTH, SAFETY AND ENVIRONMENT PROTECTION

The Company sustained its initiatives to maintain a pollution free environment, by elimination of waste, optimum utilization of power and preventive maintenance of equipments and machineries to keep them in good condition. Safety and health of the people working in and around manufacturing facilities is top priority of the Company and we are committed to improving this performance year after year.

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”. The focus areas of your Company's CSR activities are: Environment Protection, Infrastructure, Planting trees 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 upcoming generation. Your Company believes in growing trees in the premises of the Company as well as in nearby localities, thus maintaining a balance between environment and corporate growth.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Certificate from practicing

company secretary regarding compliance of conditions of Corporate Governance forms part of the Annual Report.

RESEARCH AND DEVELOPMENT

The Company is in continuous process of improving quality of its product. For that purpose, the Company has established an In-house Research and Development Centre, which continuously carries out Research and developments which can ultimately improve the quality of products, making them more economical, cost effective and user friendly.

Your Company has received recognition for its In-house Research and Development Centre from Govt. of India. With this recognition, the Company will be entitled to avail various incentives and benefits (including income tax benefits) being provided by the Govt.

PARTICULARS ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed and forms a part of this report.

ACKNOWLEDGEMENT

The Directors wish to place on record their sincere appreciation for the committed and dedicated services of the employees of the Company, who have ensured that the company continues to grow at a faster pace. The Board also wishes to thank Government of India, various State Governments and the Company's Bankers for all the help and encouragement they extend to the Company. Your Directors deeply acknowledge the continued trust and confidence that the Shareholders, Customers, the Dealers and the Suppliers have placed in your Company.

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

Vijay Agarwal
Chairman & Managing Director

Place: Ballabgarh
Date: 30th May, 2011

Annexure A

I) CONSERVATION OF ENERGY

The Company has always been taking steps towards conservation of energy and the company production processes does not require much power.

Additional Investment and proposal for reduction in energy consumption

Introduction and monitoring of energy management system for energy savings and for optimum utilization of energy.

Impact of above measures

The above proposals will result in conservation of energy

II) TECHNOLOGY ABSORPTION

1. Research and development

a) Specific- areas in which R & D is carried out by the company:

1. Developed new generation 12 tons and 14 tons Pick-n-Carry Cranes (FX120 and FX150)
2. Developed 10–15 tons self-propelled recovery crane (FX170)
3. Developed small recovery crane for hilly areas (HRC26)
4. Developed 15 tons new concept crane (15XW-E)
5. Developed Pad Foot Drive (PD) for 10 tons & 12 tons Soil Compactors
6. Developed new model of 9 Tons Tandem Compactor (ADD90)
7. Rock breaker attachment for Backhoe Loader
8. Developed Load Stabilizer for Forklifts
9. Developed Ram Attachment (Coil Carrier) for Forklifts
10. Tower crane model - 5040/5015/5510
11. Crawler crane 75 tons
12. Crawler crane 75 tons Alternate engine

13. Introduction of BS-III emission norms compatible engine for Cranes, Backhoe loader & Compactors

14. Developed 51' 3 Part fully powered boom for FX150 crane

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

- > Upgraded technology to meet international standards in safety & homologation requirements of the country
- > Upgraded process to reduce manufacturing costs
- > Innovate new concepts in material handling and construction equipment
- > Simulation evaluation to shorten introduction time of new products
- > Value engineering to remain competitive in quality & price
- > Remove waste from design and manufacturing process
- > To be a market leader

c) Future plan of action:

1. Developing 16 tons 4 Wheel Drive Pick-n-Carry crane (FX172 & FX174)
2. Developing new generation 16 tons Pick-n-Carry crane (FX172)
3. Developing 20 tons 4 Wheel Drive Pick-n-Carry crane (FX200)
4. Developing 25 tons 4 Wheel Drive Pick-n-Carry crane (FX250)
5. Developing 16 tons new concept crane (Sx160)
6. Developing 18 tons new concept crane (SX180)
7. Developing 2.5 tons Hydrodynamic Tele handler (TH620)

8. Developing 3 tons Hydrostatic Tele handler (TH730)
9. Developing FX120 / FX150 cranes with 2 speed gearbox for High Travel speed and Low creep speed
10. Developing Truck Mounted 360 Deg Slew crane capacities of 50 tons & 70 tons
11. Developing new model of Backhoe Loader
12. Developing variable frequency drive motors and controls on 5040/ 5015/ 5510 tower cranes
13. Developing tower crane model 5512
14. Inner climbing tower crane design
15. Crawler cranes of capacity 40 tons, 75 tons free fall and 85 tons capacity
16. Wheel Loader – under development
17. Developing new 3.5 tons Tandem Compactor (ADD35)
18. Developing new technology for Rope Compensation slotted Booms
19. Development of improved and more reliable safe load indicator for pick and carry cranes

d) Expenditure on Research and Development:

The expenditure on R&D activities incurred during the year is given hereafter:

	(Rs. in lacs)
(a) Capital Expenditure	61.95
(b) Revenue Expenditure	355.35
(including Salary to R&D staff and other related expenses)	
Total	417.30

2) Technology Absorption, Adaptation and Innovation

a) Technology absorption measures taken by the company and benefits there from:

The Company has successfully absorbed the technology for the development of various new models of cranes developed by the R&D team.

b) The company has not imported any technology during the year

III) FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange outgo : Rs. 16,206 lacs

Foreign exchange earned : Rs. 1,020 lacs



➤ Management Discussion and Analysis

MANAGEMENT DISCUSSION & ANALYSIS

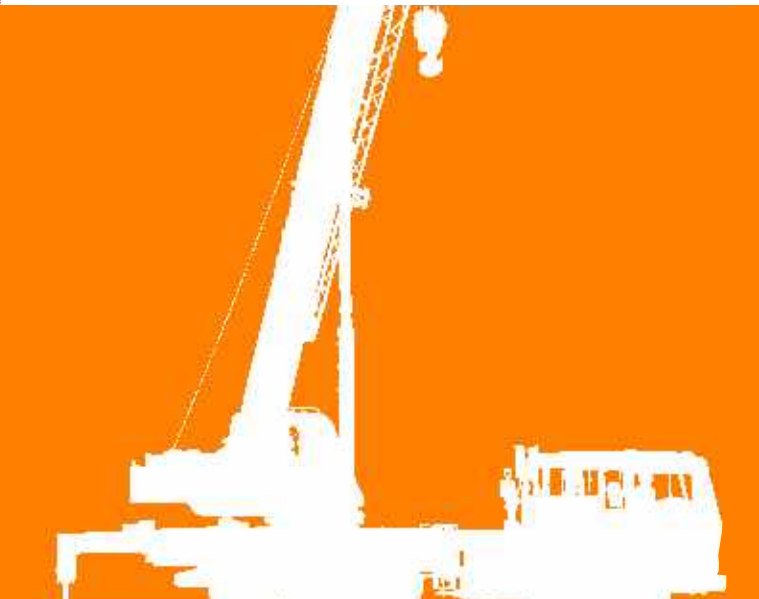
Action Construction Equipment Limited (ACE), a synonym for INFRASTRUCTURE GROWTH, is constantly providing value for money propositions over the years through its landmark developments. Its state-of-the-art technology and Research & Development is all set to bring a paradigm shift in the material handling and Construction Equipment industry.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Infrastructure and industrial development have a key role to play in both economic growth and poverty reduction. As India grows, the importance of infrastructure for sustained economic development cannot be overemphasized. With Government and private sector focusing on the infrastructure development, the Indian construction has benefitted in the past and it is set to clock even greater gains in the coming years. Industry will continue to grow at CAGR of more than 15 %

OPPORTUNITIES

We manufacture diverse range of cranes, material handling and construction equipment under widely recognized ACE brand with a strong pan-India distribution and service network. We are well positioned to take advantage of the current market dynamics. We are adopting technology up gradation to successfully compete and maintain and further consolidate our leadership in crane segment and increase market share in other products, which we manufacture. We believe our proactive steps and consistent implementation of our plans will allow us to prepare the company for continued growth.



Threats, Risks and Concerns

- The biggest and perhaps the most important risk which confronts the company is that certain events within and outside India may alter the business scenario.

In the years to come, India is set to play an important role in the world and considering the fact that the country will be investing in excess of 514.04 billion dollars in the years to come for the country's infrastructure; ACE can only benefit from its as it holds it advantage of the complete range of mobile cranes, construction and material handling equipment.

- Increase in Competition between the new players entering the Industry.

ACE is a leading player with established brand and known for its value added products, product support and service level. It has more than 10,000 loyal customers which are increasing every day. Our products are technically and functionally superior and we keep on doing research and improving all our products to provide value for money solutions.

- The Company may not have access to funds to meet its expansion plan.

ACE has no long term debts and has sound financial leverage to source funds, though the philosophy of the management is to manage from the internal accruals.

- The business of the Company primarily depends on proper supply of the raw material especially steel and other components.

ACE has dedicated vendors and had long relationships with them. We believe that the country has sufficient capability and capacity to produce steel and other components besides importing them.

ACE has firm belief that the proven track record and the reputation associated with transparency will enable it to capitalize on upcoming opportunities and mitigate any risk associated with the business.

OUTLOOK

The long-term demand drivers for material handling and construction equipment industry comprise low levels of mechanization and penetration of equipment in the industry. The proposed investments in the highway, ports, airports, railways, bridges, metros, power pipelines etc will further fuel the development of this industry.

Leveraging the many opportunities available in the industrial, infrastructure, construction and agriculture sector, ACE strategy for the future comprises of increasing presence and becoming market leader in every product category, it manufactures. ACE intends to strengthen its foothold in the market and give tremendous benefits to its stakeholders.

CAUTIONARY STATEMENT

Management Discussion and Analysis detailing the Company's objectives and expectations have "forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon global and Indian demand-supply conditions, changes in Government regulations, tax regimes and economic developments within India and overseas.

**For and on behalf of Board
for Action Construction Equipment Ltd.**

**Vijay Agarwal
Chairman & Managing Director**

Place: Ballabgarh
Date: 30th May, 2011



➤ Report on Corporate Governance

CORPORATE GOVERNANCE AT ACE

Going through the literal meaning of words "Corporate Governance", the Corporate Governance can be said the way a Corporate is governed. However, the word corporate governance is far more widely than the literal meaning and have a wider and stronger degree of impact not only, on the owners of the Company but also on all the related stakeholders of the Company and also on the economy as a whole. Corporate Governance is done by a set of beliefs, principles, customs which if done with a right intent and right spirit does ultimately lead to Good Corporate Governance, as it essentially creates the much needed confidence for the stakeholders, in the Company. Good Corporate Governance is not only essential from the Company's point of view but also essential for the uninterrupted growth of an economy as it creates much needed confidence among the stakeholders who forms backbone of the economy.

At "ACE" we recognize the Corporate Governance as fair, transparent and ethical Governance. We believe that the Corporate is just like a family and as in the family; all the important decisions which can affect the members of the family should be immediately known to them and should be taken in their best interests. It is managing the corporation in such a way, that it ultimately leads to value creation for all the Stakeholders of the Company. Although the government through various ways has tried to implement Good Corporate Governance, but we believe that it takes more than laws, rules, and regulations to follow Good Corporate Governance and to be responsible Corporate.



We perceive Corporate Governance as:-

1. Following the policies and practices which ultimately lead to value creation for all the Stakeholders of the Company, without jeopardizing their rights in any way.
2. Formulation of various Committees of Directors, if is warranted by the situation, irrespective of the whether the same is mandated by the law or not.
3. To segregate the ownership and management in such a way, that the management decisions are taken in an unbiased manner.
4. Timely disclosures of the all the important decisions related to the Company, so as to help the stakeholders in making timely and well-informed decisions.

Corporate Governance are done at different levels in the Company i.e.:-

1. **At Shareholders Level**, wherein the decisions are taken by the Shareholders at Annual General Meeting, Extra-Ordinary General Meeting and by resolutions passed through postal ballot. All the crucial decisions needs to be approved or either ratified by the Shareholders.

2. **At Board Level**, wherein the decisions are taken by the Directors at Board Meeting or either through resolutions passed by circulations. The Board has general authority to take decisions on behalf of the Company, unless mandated by the law, to be taken by Shareholders of the Company.
3. **At Committee Level**, wherein the decisions are taken at the Committee Meetings or by resolution passed through circulation. The Committee is formed for some specific purposes by the Board and decisions for the purpose are taken by the Committee and later on confirmed or noted by the Board
4. **At Executive Directors Level**, wherein general day to day operations are entrusted with executive directors of the Company.

BOARD OF DIRECTORS

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

The Composition of Board of Directors is as per Listing Agreement. The Independent Directors appointed are as per the definition of Independent Directors provided in the Listing Agreement. The Board of Directors of the Company met Six times during the Financial year 2010-11 i.e. on 06th April, 2010, 27th May, 2010, 31st July, 2010, 04th September, 2010, 30th October, 2010 and 05th February, 2011.

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

Name of Directors	Position in the Company	Attendance at Board Meeting out of Six and at/last AGM	Director ship in other Indian public Companies	Position on Audit & Investor Grievance Committees in Indian Companies including ACE.	
				As Chairman	As Member*
Mr. Vijay Agarwal	Chairman & Managing Director	6 / Yes	1	-	1
Mrs. Mona Agarwal	Whole-Time Director	6/Yes	1	-	-
Mr. Sorab Agarwal	Executive Director	5/Yes	1	-	1
Mr. Girish Narain Mehra	Independent Director	6/Yes	5	4	4
Mr. Subhash Chander Verma	Independent Director	6/Yes	-	1	1
Dr. Amar Singhal	Independent Director	6/No	-	1	1
Maj. Gen. (Retd.) Dr. K C Agarwal	Independent Director	6/Yes	-	-	-

* Excludes the Companies where Director is a Chairman in the Committee.

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

DETAILS OF COMMITTEES OF BOARD OF DIRECTORS

(I) Audit Committee

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

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing, with the management, the annual financial and quarterly statements before submission to the board for approval, with particular reference to the matters as provided in the Listing Agreement.
- Reviewing, with the management, the statement of uses / application of funds raised through various issues.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems and recommending fees for Statutory Auditors.
- Reviewing the adequacy of internal audit function, if any, including the structure and other things.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

AUDIT COMMITTEE DETAILS

Meeting of the Audit Committee was held on 4 occasions on 27th May, 2010, 31st July, 2010, 30th October, 2010 and 05th February, 2011. The detail of composition and attendance is produced below. The qualification & composition of Audit Committee is as per Listing Agreement. Mr. Subhash Chander Verma, a Graduate and qualified CAIIB (Associate of Indian Institute of Bankers.) is the Chairman of the Committee. He has an experience of over 41 years in financial matters and is an expert in accounting and financial management.

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Mr. Subhash Chander Verma	Chairman	Independent	4
2.	Mr. Girish Narain Mehra	Member	Independent	4
3.	Dr. Amar Singhal	Member	Independent	4
4.	Mr. Vijay Agarwal	Member	Executive	4

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

(II) Shareholders/Investors Grievance Committee

The role of Shareholders Grievance Committee includes the following:-

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

SHAREHOLDERS/INVESTORS COMMITTEE DETAILS

Meeting of the Shareholders Grievance Committee was held once in FY 2010-11 i.e. on 05th February, 2011. The detail of Composition and Attendance is produced below. Dr. Amar Singhal, act as the chairman of the Shareholders Investors Grievance Committee.

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Dr. Amar Singhal	Chairman	Independent	1
2.	Mr. Subhash Chander Verma	Member	Independent	1
3.	Mr. Sorab Agarwal	Member	Executive	-

The Company Secretary acts as Compliance Officer of the Committee.

There were no Complaints pending as on 31st March, 2011.

(III) Remuneration Committee

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

REMUNERATION COMMITTEE DETAILS

During the year 2010-11, Remuneration Committee of the Company met on 27th May, 2010. The Composition and other details of Remuneration Committee of Directors of the Company were as follows:-

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Dr. Amar Singhal	Chairman	Independent	1
2.	Shri Girish Narain Mehra	Member	Independent	1
3.	Shri Subhash Chandra Verma	Member	Independent	1

(IV) Compensation (ESOS) Committee

Compensation (ESOS) Committee of the Company met twice on 27th May, 2010 and 31st July, 2010. The Compensation Committee of the Company is empowered to formulate Employ Stock Option Scheme for the Company and is also authorised to allot Options to the employees of the Company. The Composition and other details of Compensation Committee of Directors of the Company were as follows:-

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Shri Subhash Chandra Verma	Chairman	Independent	2
2.	Shri Girish Narain Mehra	Member	Independent	2
3.	Shri Vijay Agarwal	Member	Independent	2

However no options have been allotted by the Company in the financial year 2010-11. The Company is yet to implement the ESOS Scheme-2010.

(V) Share Allotment Committee

Share Allotment Committee met twice on 27th May, 2010 and 31st July, 2010. Share Allotment Committee is authorised, to allot warrants and equity shares to prospective shareholders. The Share Allotment Committee was earlier Warrants Committee however it was rechristened on 30th October, 2010 as Share Allotment Committee:-

S.No.	Name of the Directors	Designation	Category	Number of Meeting Attended
1.	Maj. Gen. (Retd.) Dr. K.C. Agarwal	Chairman	Independent	2
2.	Shri Subhash Chandra Verma	Member	Independent	2
3.	Shri Girish Narain Mehra	Member	Independent	2

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 2010-11, is as below:

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

(Rs. in Lacs)

S. No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Other benefits and perquisites	Total
1.	Shri Vijay Agarwal, Chairman & Managing Director	252.00	-	15.40	267.40
2.	Smt. Mona Agarwal, Whole- time Director	126.00	-	9.96	135.96
3.	Shri Sorab Agarwal, Executive Director	33.60	-	2.40	36.00

The Service Contract of Managing and Whole-Time Directors of the Company is for five years and is renewable. The Company has not introduced any stock-option scheme. Sh. Vijay Agarwal, Chairman and Managing Director and Mrs. Mona Agarwal and Mr. Sorab Agarwal, were re-appointed by the shareholders in the Annual General Meeting of the Company held on 30th September, 2010.

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

S. No.	Name of the Directors	Amount Paid for 2010-11 (in Rs.)
1.	Shri Girish Narain Mehra	1,50,000
2.	Shri Subhash Chander Verma	1,50,000
3.	Maj. Gen. (Retd.) Dr. K C Agarwal	80,000
4.	Dr. Amar Singhal	1,10,000

GENERAL BODY MEETINGS

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

For the Year	2007-08	2008-09	2009-10
AGM	14th	15th	16th
Date & Time	01.08.2008, 11:30 a.m.	06.08.2009, 12:00 noon	30.09.2010, 1:00 p.m.
Venue	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.

Special Resolutions passed in the past three years:-

At Annual General Meeting held on 6th August, 2009

1. To Authorise Board of Director to borrow money upto Rs. 250 Crores, whether secured or un-secured
2. To re-consider remuneration of Mr. Vijay Agarwal, Chairman and Managing Director of the Company

At the Extra-Ordinary General Meeting, on 30th April, 2010

1. To allot 50,00,000 convertible warrants to promoters of the Company.

At Annual General Meeting held on 30th September, 2010

1. To re-appoint Mr. Vijay Agarwal, as Chairman and Managing Director of the Company
2. To re-appoint Mrs. Mona Agarwal, as Whole-time Director of the Company.
3. To re-appoint Mr. Sorab Agarwal as Executive Director of the Company.
4. To confirm Employee Stock Option Scheme-2010 of the Company
5. To allot 30,00,000 preferential equity shares to Reliance Capital Limited

CODE OF CONDUCT

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

DISCLOSURES

- i. The details of "Related Party Disclosures" are being disclosed in Notes no. 12(e) of Other Notes of Schedule 16 to the Accounts in the Annual Report.
- ii. The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that the Executive management controls risk.
- iii. None of the Independent Directors had any pecuniary relationship or transactions with the Company during the financial year ending 31st, March, 2011.
- 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.

RISK MANAGEMENT

The Company manages risks as an integral part of its decision making process. The Audit Committee and the Board of Directors are regularly apprised regarding key risk assessment and risk mitigation mechanisms.

CEO/ CFO CERTIFICATION

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

MEANS OF COMMUNICATION

The quarterly and half-yearly Financial Results of the Company during the year 2010-11 were published in leading newspapers (English & Hindi), viz., The Economics Times, Navbharat Times, The Statesman and Veer Arjun. The Financial Results are simultaneously posted on the website of the Company i.e. www.ace-cranes.com

The "Limited Review" Reports of the Financial Results for the quarters ended June 30, 2010, September 30, 2010 and December 31, 2010 were obtained from the Statutory Auditors of the Company and filed with the stock exchange(s).

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

GENERAL SHAREHOLDER INFORMATION

Registrar and Share Transfer agent

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

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

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

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

Karvy Computershare Private Limited

"Karvy House"

46 Avenue 4, Street -1, Banjara Hills, Hyderabad - 500 034

Phone: + 91-40-23312454, 23320751/52/53, Fax: + 91-40-23311968

Email: einward.ris@karvy.com

Forthcoming AGM: Date, time and venue

The 17th Annual General Meeting of the Company is scheduled for, the Wednesday, 21st September 2011, at 12:00 a.m at MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.

Financial Calender (Tentative)

For 1st quarter ending 30th June 2011	Last Week of July 2011
For half year ending 30th September 2011	Last Week of October 2011
For 3rd quarter ending 31st December 2011	Last Week of January 2012
For year ending 31st March 2012	Last Week of May 2012
Annual General Meeting for the year ending 31st March 2011	Last Week of September 2012

Book Closure Date 16th September, 2011 to 20th September, 2011 (Both days inclusive)

Dividend Payment Date On or after September 21, 2011 but within the statutory time limit of 30 days

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 2010-11, has been paid to the concerned Stock Exchanges on demand.

Stock Codes

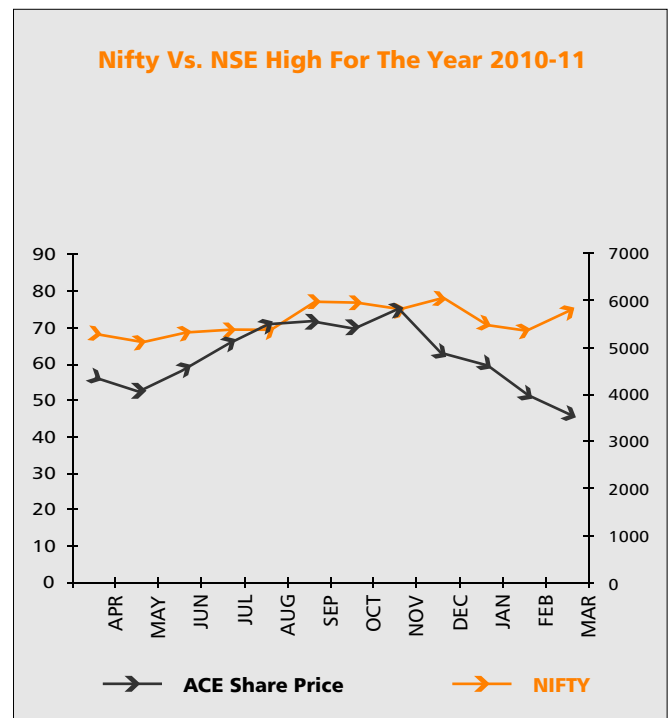
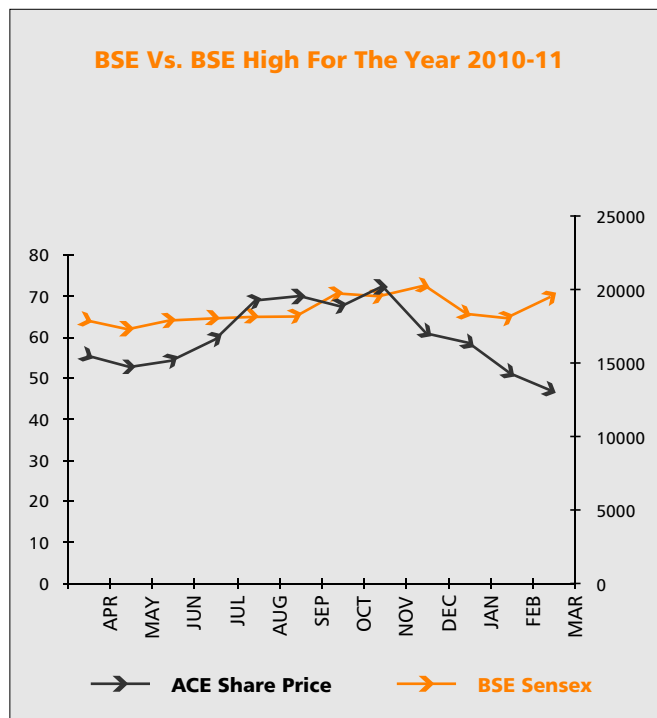
The stock codes of the Company's securities are as follows:

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

MARKET PRICE DATA: HIGH, LOW DURING EACH MONTH IN LAST FINANCIAL YEAR

MONTH(S) 2010-11	NSE		BSE		MONTH END	
	HIGH (in Rs.)	LOW (in Rs.)	HIGH (in Rs.)	LOW (in Rs.)	BSE SENSEX	NIFTY
APRIL	55.60	43.50	55.55	43.50	17558.71	5278.00
MAY	52.10	42.10	52.40	43.00	16944.63	5086.30
JUNE	57.60	44.00	53.60	44.80	17700.90	5312.50
JULY	64.90	48.05	59.90	48.40	17868.29	5367.60
AUGUST	70.70	52.50	70.80	54.00	18032.11	5402.40
SEPTEMBER	71.90	62.75	72.00	62.90	17971.12	6029.95
OCTOBER	69.45	59.50	69.70	59.20	20031.34	6017.70
NOVEMBER	75.20	48.20	75.20	48.05	19521.25	5862.70
DECEMBER	62.50	50.00	62.45	51.00	20509.09	6134.50
JANUARY	59.20	44.05	59.40	42.40	18327.76	5505.90
FEBRUARY	50.80	41.15	50.20	41.10	17823.40	5333.25
MARCH	45.00	38.00	45.20	37.35	19445.22	5833.75

PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS SENSEX AND NIFTY



SHAREHOLDING PATTERN AS ON 31.03.2011

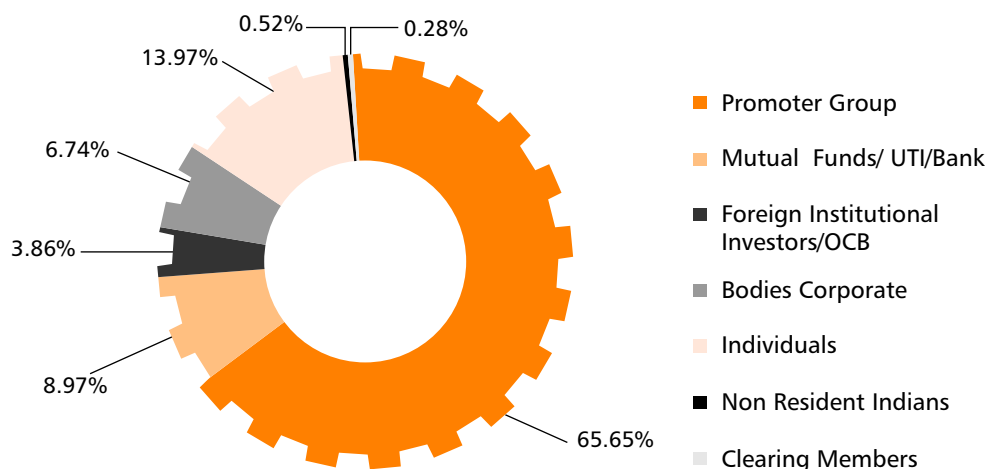
Category of Shareholding	Number of Shareholders	No. of shares	% of Shareholding
Resident individuals & Others	25150	74221112	79.91
Banks, FIs, Insurance Company	1	10175	0.01
Mutual Funds/ UTI	16	8323152	8.96
Non-residents/FII/OCB	282	4070213	4.38
Bodies Corporate	617	6260348	6.74
TOTAL	26066	92885000	100.00

DISTRIBUTION OF SHAREHOLDING BY SIZE AS ON 31.03.2011

No. of Shareholders	% to Total	Shareholding of nominal value of Rs. 2	No. of Shares	Amount (in Rs.)	% to Total
25196	96.66	Upto 5000	6782479	13564958.00	7.30
471	1.81	5001 to 10000	1755826	3511652.00	1.89
193	0.74	10001 to 20000	1409670	2819340.00	1.52
65	0.25	20001 to 30000	820224	1640448.00	0.88
38	0.15	30001 to 40000	693838	1387676.00	0.75
23	0.09	40001 to 50000	531566	1063132.00	0.57
29	0.11	50001 to 100000	1073076	2146152.00	1.16
51	0.20	100001 and above	79818321	159636642.00	85.93
26066	100.00	TOTAL	92885000	185770000.00	100.00

DISTRIBUTION OF SHAREHOLDING BY OWNERSHIP AS ON 31.03.2011

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	% of holding
(A) Shareholding of Promoter and Promoter Group				
1	Indian			
	(a) Individuals/ Hindu Undivided Family	7	60979307	65.65
(B) Public shareholding				
1	Institutions			
	(a) Mutual Funds/ UTI/Bank	17	8333327	8.97
	(b) Foreign Institutional Investors/OCB	5	3589500	3.86
2	Non-institutions			
	(a) Bodies Corporate	617	6260348	6.74
	(b) Individuals	25026	12978769	13.97
	(d) Non Resident Indians	277	480713	0.52
	(e) Trusts	2	1850	0.00
	(f) Clearing Members	115	261186	0.28
TOTAL		26066	92885000	100.00



DEMATERIALIZATION OF SHARES AND LIQUIDITY

As on 31st March, 2011, 96.64 % of the shareholding were held in dematerialized form as per details mentioned below:-

Particular	No. of Shares	% of Total Issued Capital
Physical System	3126011	3.36
NSDL	79747537	85.86
CDSL	10011452	10.78
TOTAL	92885000	100.00

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

Outstanding GDRs/ADRs/Warrants or any Convertible instrument

SHARE WARRANTS

The Company has issued 50,00,000 (in Nos.) preferential warrants to a promoter of the Company, at a price as calculated in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") i.e. Rs. 41.45. An amount equivalent to 25% payable against these warrants has already been paid against these warrants. Remaining amount needs to be deposited, before conversion, along with an application for conversion. These warrants are convertible in to equity shares within 18 months from the date of issuance (i.e. on or before 26th November, 2011).

There are no outstanding GDRs/ADRs.

PLANT LOCATIONS

The following are the plant locations of the Company:-

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

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

Plot No. C-5/6/7/8
Industrial Area (UPSIDC)
Bazpur-262 123
Dist. Uddham Singh Nagar, Uttrakhand

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

Plot No.40 & 41,
Nand Nagar Industrial Estate
Phase-1, Mahuakhera ganj,
Kashipur, Uttrakhand

RESEARCH & DEVELOPMENT CENTRE

Dhudhola Link Road,
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 – 121004
Dist. Faridabad (Haryana)
Phone: +91-129-2307922/33
Fax: +91-129-2307562
Email Id: cs@ace-cranes.com

REGISTERED OFFICE

5th Floor,
TDI Centre, Jasola,
New Delhi-110025
Phone: +91-11-40549900
Fax: +91-11-40549922
E-mail: marketing@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: 30th May, 2011

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, 2011 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
Dated: 30th May, 2011

REPORT ON CORPORATE GOVERNANCE

TO THE MEMBERS OF ACTION CONSTRUCTION EQUIPMENT LIMITED

We have examined the compliance of conditions of corporate governance by Action Construction Equipment Limited, for the year ended on March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/ Investors Grievance Committee.

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

For Ms. Savita Trehan
Company Secretary in Whole Time Practice

Savita Trehan
Company Secretary
FCS No. 4374
C.P.No. 2569

Place: Ballabgarh
Dated: 30th May, 2011

Auditors' Report To The Members

We have audited the attached Balance Sheet of Action Construction Equipment Limited as at 31st March, 2011, 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 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 (Auditors 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, 2011, and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2011, from being appointed as a director in terms of clause (g) of sub-section(I) 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, 2011,
 - 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.
Firm Registration No. 009520N
Chartered Accountants

(Rajan Chhabra)
Partner
Membership No.088276

Place: Faridabad
Dated: 30th May, 2011

Annexure to the Auditors' Report

As required by the Companies (Auditor's report) Order, 2004 issued by the central Government of India in terms of section 227(4-A) of the Companies Act, 1956, we report that:

(I) In respect of fixed assets:

- (A) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (B) As explained to us, all the fixed assets have been physically verified by the management during the year at reasonable intervals, which in our opinion, is reasonable having regard to the size of the company and the nature of assets. No material discrepancies were noticed on such physical verification.
- (C) There was sale of Plant & Machineries worth Rs.46.13 lac, Building worth Rs.111.48 lac & Vehicles Worth Rs.59.61 lac during the year. Though, it is not substantial compare with total value of the fixed assets

(II) In respect of its inventories:

- (A) As explained to us, the inventory has been physically verified by the management at regular intervals during the year.
- (B) In our opinion and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory are reasonable and adequate in relation to size of the company and nature of its business,
- (C) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company has maintained proper records of inventory. And there were no material discrepancies noticed on physical verification of inventory as compared to the book 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 the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard for the sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control.

(V) On the basis of our examination of the books of accounts, the transaction 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 transaction 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 price at the relevant time

(VI) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and therefore, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules made there under are not applicable to the Company.

(VII) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

(VIII) In respect of statutory dues:

- (A) According to the information and explanations given to us, the company was generally regular in depositing dues in respect of Employees Provident Fund, Employees State Insurance

Annexure to the **Auditors' Report** (Contd.)

Fund, Income Tax, and other statutory dues with the appropriate authority during the year.

- (B) According to the records examined by us and the information and explanations given to us, there are no disputed amounts due in respect of income tax, wealth tax, sales tax, excise duty, Employees provident fund, Employee state insurance fund and other statutory dues at the end of the year.
- (IX) The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during current and the immediately preceding financial year.
- (X) Based on our audit procedures and on the basis of information and explanations given by the management, Company has not defaulted in the repayment of dues to banks, financial institutions and Debentures holders during the year.
- (XI) In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other security.
- (XII) In our opinion the company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(XIII) of the CARO,2004 are not applicable to the company.

- (XIII) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
- (XIV) The company has not given guarantees for loans taken by other from banks and financial institutions which are prima facie prejudicial to the interest of the company.
- (XV) According to the information & explanation given to us the Term loan have been applied for the purpose for which obtained.
- (XVI) The company has issued fifty lacs share warrants to Mrs. Mona Agarwal (Promoter Director) against which amount to the extent of Rupees Five crores eighteen lacs twelve thousand and five hundred only has been received as share application money.
- (XVII) The Clause 13 of the order is not applicable, as the company has not issued any debentures during the year.
- (XVIII) The Cost Records, as applicable , are being maintained by the company.
- (XIX) 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.
Firm Registration No. 009520N
Chartered Accountants

(Rajan Chhabra)
Partner
Membership No.088276

Place: Faridabad
Dated: 30th May, 2011

Balance Sheet

as at 31st March, 2011

	Schedules Annexed	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	1,857.70	1,797.70
Share Application Money		518.13	–
Reserves & Surplus	2	24,370.44	15,292.91
LOAN FUNDS			
Secured Loans	3	7,150.43	3,017.98
DEFERRED TAX LIABILITIES			
		107.99	75.08
TOTAL		34,004.69	20,183.67
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	17,448.26	8,853.29
Less: Accumulated Depreciation		2,249.72	1,643.54
Net Block		15,198.54	7,209.75
Capital Work in Progress Including Capital Advances		4,275.43	3,842.01
INVESTMENTS			
	5	765.24	199.95
CURRENT ASSETS , LOAN AND ADVANCES			
	6		
Inventories		12,094.48	5,633.38
Sundry Debtors		8,314.22	5,116.63
Cash & Bank Balances		2,397.25	1,888.10
Loans & Advances		6,501.47	5,153.89
		29,307.42	17,792.00
LESS : CURRENT LIABILITIES & PROVISIONS			
	7		
Current Liabilities		14,227.87	7,685.78
Provisions		1,320.15	1,181.35
		15,548.02	8,867.13
Net Current Assets		13,759.40	8,924.87
Miscellaneous Expenditure (To The Extent Not Written Off or Adjusted)		6.08	7.09
TOTAL		34,004.69	20,183.67
Notes to Accounts	16		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our Report appended to the Balance Sheet
For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

For and on behalf of the Board of Directors

(Rajan Chhabra)
Partner
Membership No. 088276

Vijay Agarwal
Chairman & Managing Director

Subhash C. Verma
Independent Director

Place : Faridabad
Date : 30th May, 2011

P. K. Bansal
Chief Financial Officer

Ashish K. Bhatt
Company Secretary

Sorab Agarwal
Executive Director

Profit & Loss Account for the Year Ended 31st March, 2011

	Schedules Annexed	Year Ended 31st March, 2011	(Rs. in lacs) Year Ended 31st March, 2010
INCOME			
Turnover (Gross)		70,758.61	43,783.42
Less: Excise Duty		2,111.06	1,071.38
Turnover (Net)		68,647.55	42,712.04
Other Income	8	1,390.06	686.76
TOTAL INCOME		70,037.61	43,398.80
EXPENDITURE			
Raw Materials Consumed	9	51,794.38	32,265.82
(Increase)/Decrease In Inventories	10	439.41	297.41
Manufacturing Expenses	11	4,027.28	2,255.17
Employees Expenses	12	3,324.21	2,090.71
Selling & Distribution Expenses	13	2,217.05	1,228.57
Administrative & Other Expenses	14	1,762.66	1,201.05
Interest	15	352.11	257.81
Depreciation	4	688.50	525.21
TOTAL EXPENDITURE		64,605.60	40,121.75
Profit Before Tax		5,432.01	3,277.05
Provision for Taxes			
Current Tax		1,339.61	835.71
Deferred Tax		32.91	(2.67)
Profit After Tax		4,059.49	2,444.01
Balance Brought Forward		1,603.59	1,207.72
Profit Available For Appropriation		5,663.08	3,651.73
Appropriations:			
Transferred To General Reserve		1,000.00	1,000.00
Dividend		1,857.70	898.85
Tax on Dividend		308.54	149.29
Surplus Carried to Balance Sheet		2,496.84	1,603.59
Basic Earnings Per Share (In Rs.)		4.45	2.72
Diluted Earnings Per Share (In Rs.)		4.39	2.72
Notes to Accounts	16		

The schedules referred to above and the notes to accounts form an integral part of the Profit & Loss Account.

As per our Report appended to the Balance Sheet
For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

For and on behalf of the Board of Directors

(Rajan Chhabra)
Partner
Membership No. 088276

Vijay Agarwal
Chairman & Managing Director

Subhash C. Verma
Independent Director

Place : Faridabad
Date : 30th May, 2011

P. K. Bansal
Chief Financial Officer

Ashish K. Bhatt
Company Secretary

Sorab Agarwal
Executive Director

Cash Flow Statement for the year ended 31st March, 2011

	Year Ended 31st March, 2011	(Rs. in lacs) Year Ended 31st March, 2010
A. Cash Flow From Operating Activities		
NET PROFIT AFTER TAX AS PER PROFIT AND LOSS ACCOUNT	4,059.49	2,444.01
Adjustments For :		
Interest Expenses	352.11	257.81
Depreciation	688.50	525.21
Interest Received	(392.23)	(373.43)
Profit on Sale of Fixed Assets	(98.12)	(4.53)
Loss on Sale of Fixed Assets	2.86	0.22
Revaluation Reserve Income	(1.06)	-
Provision For Current Tax	1,339.61	835.71
Provision For Deferred Tax	32.91	(2.67)
Misc Exp. Written Off	1.01	1.01
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,985.08	3683.34
Adjustments For:		
Trade & Other Receivable	(3,197.58)	141.85
Inventories	(6,461.10)	(547.03)
Trade Payable	6,542.09	1871.75
Loans & Advances	(1,347.58)	(868.14)
Cash Generated From Operations	1,520.91	4281.77
Direct Taxes Paid	(1,235.79)	(1040.18)
Net Cash From Operating Activities	285.12	3241.59
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets (Including Building & Capital Work in Progress)	(3,548.58)	(1870.75)
Sale of Fixed Assets	230.15	32.82
Investments	(565.28)	(91.02)
Interest Received	392.23	373.43
Net Cash From Investing Activities	(3,491.48)	(1555.52)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Secured Loans	4,132.45	(896.01)
Interest Paid	(352.11)	(257.82)
Proceeds from Preferential Allotment of Shares	1,548.30	-
Proceeds from Issuance of Warrants	518.13	-
Dividend & Tax thereon	(2,131.26)	(420.64)
Net Cash From Financing Activities	3,715.51	(1574.47)
Net Increase In Cash & Cash Equivalents (A+B+C)	509.15	111.60
Opening Balance Of Cash & Cash Equivalents	1,888.10	1776.50
Closing Balance Of Cash & Cash Equivalents	2,397.25	1888.10

As per our Report appended to the Balance Sheet
For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

(Rajan Chhabra)
Partner
Membership No. 088276

Place : Faridabad
Date : 30th May, 2011

P. K. Bansal
Chief Financial Officer

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For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

Subhash C. Verma
Independent Director

Sorab Agarwal
Executive Director

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011

	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
12,00,00,000 (P.Y. 10,00,00,000) Equity Shares of Rs. 2/- Each	2,400.00	2,000.00
	2,400.00	2,000.00
ISSUED, SUBSCRIBED AND PAID UP		
9,28,85,000 (P.Y. 8,98,85,000) Equity Shares of Rs. 2/- Each	1,857.70	1,797.70
	1,857.70	1,797.70
SCHEDULE 2 - RESERVES & SURPLUS		
a) Revaluation Reserve	5,840.87	144.88
b) Securities Premium	8,532.73	7,044.44
c) General Reserve	7,500.00	6,500.00
d) Profit & Loss Account	2,496.84	1,603.59
	24,370.44	15,292.91
SCHEDULE 3 - LOAN FUNDS		
SECURED LOANS		
From Banks		
a) Cash Credit/Working Capital Demand Loans	3,054.97	363.21
b) Buyers Credit	4,095.46	2,640.02
From Others		
c) For Vehicles	-	14.75
	7,150.43	3,017.98

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011

(Rs. in lacs)

SCHEDULE 4 - FIXED ASSETS										
Gross Block				Depreciation				Net Block		
Particulars	As at 01.04.2010	Additions	Sales	As at 31.03.2011	up to 01.04.2010	For the Year	Deductions/ Adjustments	Total 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
Land	2,615.66	6,342.25	–	8,957.91	–	–	–	–	8,957.91	2,615.66
Building - Factory	2,182.94	864.85	–	3,047.79	487.22	172.40	–	659.62	2,388.17	1,695.72
Building - Office	1,621.87	404.66	111.48	1,915.05	246.77	82.29	23.15	305.91	1,609.14	1,375.10
Plant & Machinery	1,206.62	493.92	46.13	1,654.41	332.45	153.25	27.51	458.19	1,196.22	874.17
Furniture & Fixtures	281.11	86.13	–	367.24	104.21	38.80	–	143.01	224.23	176.90
Office Equipment	88.63	4.51	–	93.14	32.46	8.03	–	40.49	52.65	56.17
Motor Vehicles	573.00	232.67	59.61	746.06	290.85	108.73	31.66	367.92	378.14	282.15
Computer	190.90	70.84	–	261.74	117.79	44.19	–	161.98	99.76	73.11
INTANGIBLE ASSETS										
Computer Software	48.52	312.36	–	360.88	22.98	73.76	–	96.74	264.14	25.54
Technical Know How	44.04	–	–	44.04	8.81	7.05	–	15.86	28.18	35.23
Total	8,853.29	8,812.19	217.22	17,448.26	1,643.54	688.50	82.32	2,249.72	15,198.54	7,209.75
Previous Year	8,053.30	851.76	51.77	8,853.29	1,141.60	525.21	23.27	1,643.54	7,209.75	6,911.71

Notes: Gross Block includes Rs.5,697.05 lacs on account of revaluation of Land & Building on the basis of valuation carried out by an approved valuer.

(Rs. in lacs)

As at
31st March, 2011

As at
31st March, 2010

SCHEDULE 5 - INVESTMENTS		
<i>(Long Term, Unquoted, Investment at Cost)</i>		
A) INVESTMENT IN GOVERNMENT SECURITIES		
6 - Years National Saving Certificates	0.60	0.55
B) INVESTMENTS IN SUBSIDIARY COMPANY		
1,000 (P.Y. 1,000) Equity Shares For Euro 1 Each In Frested Ltd. Cyprus	0.58	0.58
9,99,999 (P.Y. 9,99,999) Equity Shares For Rs.10 Each In Action Developers Ltd. Rs.1 each paid.	10.00	10.00
C) INVESTMENT IN PARTNERSHIP FIRM	254.06	188.82
D) FIXED MATURITY PLAN		
50,00,000 (P.Y.Nil) Units of Kotak FMP Series 40 - Growth of Rs.10 each	500.00	–
	765.24	199.95

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011

	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
SCHEDULE 6 - CURRENT ASSETS , LOANS & ADVANCES		
CURRENT ASSETS		
Inventories (At Lower of Cost and Net Realisable Value)		
<i>(As Verified, Valued And Certified By The Management)</i>		
Raw Materials Inc. Goods In Transit	10,098.56	3,198.05
Work -In-Progress	195.94	942.36
Finished Goods	1,799.98	1,492.97
	12,094.48	5,633.38
Sundry Debtors		
<i>(Unsecured, Considered Good Unless Otherwise Stated)</i>		
Exceeding Six Months	1,484.10	1,494.33
Others	6,851.25	3,643.43
Less: Provision For Doubtful Debts	21.13	21.13
	8,314.22	5,116.63
Cash & Bank Balances		
(i) Cash In Hand	43.11	30.12
(ii) With Scheduled Banks		
(a) In Current Accounts	30.82	25.38
(b) Margin Money With Banks (Including Accrued Interest)	374.16	398.09
(c) Fixed Deposits (Including Accrued Interest)	1,945.33	1,430.68
(iii) Bank Balance Lying In IPO Account		
(a) In Current Account	3.83	3.83
	2,397.25	1,888.10
LOANS & ADVANCES		
<i>(Unsecured, Considered Good Unless Otherwise Stated)</i>		
Advances Recoverable In Cash or In Kind	4,834.92	3,627.54
Loan to Subsidiary	1,666.55	1,526.35
	6,501.47	5,153.89

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011

	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
SCHEDULE 7 - CURRENT LIABILITIES & PROVISIONS		
A) CURRENT LIABILITIES		
Sundry Creditors		
- Trade	10,232.74	4,946.18
- Others	1,181.06	957.92
Other Liabilities	706.27	452.90
Advances From Customers	2,107.80	1,328.78
	14,227.87	7,685.78
B) PROVISIONS		
Provision For Income Tax	4,467.73	3,132.16
Provision For Wealth Tax	12.16	8.13
Provision For Fringe Benefit Tax	94.92	94.92
Provision For Dividend on Equity Shares	928.85	898.85
Provision For Tax on Dividend	154.27	149.29
Less: Advance Taxes	4,337.78	3,102.00
	1,320.15	1,181.35

Schedules **Annexed** to and forming part of profit & loss account for year ended 31st March, 2011

	Year Ended 31st March, 2011	(Rs. in lacs) Year Ended 31st March, 2010
SCHEDULE 8 - OTHER INCOME		
Commission Received	416.53	31.92
Service Charges Received	254.09	212.72
Interest Received	392.23	373.43
Rent Received	20.26	56.13
Insurance Claim Received	26.04	—
Profit on Sale of Assets	98.12	4.54
Revaluation Reserve Income	1.06	—
Duty Draw Back Received	9.63	7.42
Hiring Charges Received	28.27	—
Foreign Currency Fluctuation (Net)	143.81	—
Miscellaneous Income	0.02	0.60
	1,390.06	686.76
SCHEDULE 9 - RAW MATERIALS CONSUMED		
Opening Stock of Raw Material	3,198.05	2,353.62
Add : Purchases (Net of Return)	58,694.89	33,110.25
Less : Closing Stock of Raw Material	10,098.56	3,198.05
	51,794.38	32,265.82
SCHEDULE 10 - (INCREASE)/DECREASE IN WIP & FINISHED GOODS		
Opening Stock : Work In Progress	942.36	1,179.31
Finished Goods	1,492.97	1,553.43
	2,435.33	2,732.74
Closing Stock : Work In Progress	195.94	942.36
Finished Goods	1,799.98	1,492.97
	1,995.92	2,435.33
Decrease in Stock	439.41	297.41

Schedules **Annexed** to and forming part of profit & loss account for year ended 31st March, 2011

	Year Ended 31st March, 2011	(Rs. in lacs) Year Ended 31st March, 2010
SCHEDULE 11 - MANUFACTURING EXPENSES		
Manufacturing Expenses	1,291.39	657.86
Power & Fuel	191.90	156.31
Repair - Machinery	49.54	33.03
Repair - Building	58.46	27.74
Freight & Forwarding Charges	2,435.99	1,380.23
	4,027.28	2,255.17
SCHEDULE 12 - EMPLOYEES EXPENSES		
Salaries, Wages & Bonus	2,965.98	1,902.46
Contribution to Provident & Other Funds	122.47	72.02
Welfare Expenses	235.76	116.23
	3,324.21	2,090.71
SCHEDULE 13 - SELLING & DISTRIBUTION EXPENSES		
Selling Expenses	1,604.27	883.94
Commission on Sales	612.78	344.63
	2,217.05	1,228.57
SCHEDULE 14 - ADMINISTRATIVE & OTHER EXPENSES		
Rent	80.96	51.46
Rate Fees & Taxes	46.54	27.25
Insurance	64.24	46.75
Travelling & Conveyance	642.21	417.65
Communication Expenses	122.65	80.83
Bank Charges	144.32	107.39
Vehicle Expenses	53.68	37.49
Foreign Currency Fluctuation (Net)	—	39.44
Miscellaneous Expenses	608.06	392.79
	1,762.66	1,201.05
SCHEDULE 15 - INTEREST		
To Banks	350.56	254.72
To Others	1.55	3.09
	352.11	257.81

Schedules **Annexed** to and forming part of balance sheet

as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

SCHEDULE 16 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES

1. System of Accounting:

The Financial Statement have been prepared to comply with the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis except in case of assets for which revaluation is carried out. 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 except in case of assets for which revaluation is carried out.

3. Depreciation:

Depreciation has been provided using Written Down Value method as per rates prescribed by Schedule XIV of the Companies Act, 1956.

4. Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments.

5. Inventory Valuation:

Raw material- Lower of cost and net realisable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work in Process and Finished Goods- Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Net Realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

6. Revenue Recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

a) Sale of Goods: Revenue in respect of sale of products is recognised at the time of dispatch of the goods, when the significant risks and rewards of ownership of the goods is passed to the buyer.

b) Rendering of Services Revenue from the service is recognised when the service is performed, as per the terms of contract, and the performance of service is regarded as achieved when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service.

c) Interest Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) Insurance Claims Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

e) Export Benefits Export benefits under Duty Drawback Scheme are accounted for in the year of export of goods.

7. Foreign Currency Transactions:

a) Initial recognition Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing at the date of the transaction.

b) Conversion Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange differences Exchange differences arising on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Schedules **Annexed** to and forming part of balance sheet

as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

8 Employees Benefits:

a) Short term Employee Benefit:

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

b) Post Employment benefits:

(i) Defined Contribution Plans:

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

(ii) Defined Benefits Plans:

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

9 Accounting for Taxes on Income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years and has been accounted as per provisions of the Accounting Standard-22 issued by The Institute of Chartered Accountants of India.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

10 Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

11 Borrowing Costs:

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

12 Expenditure during Construction Period:

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

13 Provisions, Contingent Liabilities and Contingent Assets:

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

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

Contingent Liability is disclosed in case of

- a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation;
 - a possible obligation, of which the probability of outflow of resources is remote.
- Contingent Assets are neither recognised nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

(B) OTHER NOTES

1. Out of the Funds raised through IPO Rs. 5980 lac, Rs. 5976 lac (see annexure) have been utilized till 31st March, 2011 and balance amount is lying unutilised & will be utilised as per amendments made to "Proposed Deployment of Funds" by the shareholders of the Company in its Annual General Meeting held on 1st August, 2008. The Shareholders of the Company has authorised the Board of Directors to utilise remaining IPO proceeds in the best interest of the Company.
2. The Board of Director's has recommended a final dividend of Rs.1/- (50%) per Equity Share, subject to approval of the Share Holders. The Board has already declared an interim dividend of Rs.1/- (50%) per Equity Share thus, the total Dividend for the year 2010-11 would be Rs.2/- (100%) per Equity Share.
3. The Company has separate in-house R & D Centre at Dhudhola Factory Premises. Ministry of Science & Technology (Department of Scientific and Industrial Research) has accorded recognition to the In-House R&D unit at Dhudhola Plant up to 31.03.2013 vide its letter no. TU/IV-RD/3115/2010 dated 09.03.2011. Total expenditure incurred towards In-House Research & Development activity during the year 2010-11 are as under-

		(Rs. in lacs)
Particulars		2010-11
(a) Capital Expenditure		61.95
(b) Revenue Expenditure (incl. salary to R & D Staff & other related expenses)		355.35
	Total	417.30

4. Miscellaneous Expense to the extent not written off, includes Life Time Club Membership, to be amortized over a period of ten years, commencing from 2007-08, in accordance with Accounting Standard 26 issued by The Institute of Chartered Accountants of India.
5. In absence of any information requested from the vendors with regards to their registration (filing of Memorandum) under "The Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006)", liability can not be ascertained at the close of the year and hence no disclosures have been made in this regards.

6. Contingent Liabilities, not provided for:

Particulars	2010-11	(Rs. in lacs) 2009-10
Bank Guarantees including Corporate Guarantees	385.02	571.53
Letter of Credits	3,073.97	1,382.49
Claim against the Company, not acknowledge as Debts	327.90	185.38
Sales Tax, Excise & Income Tax Matters, pending before Assessing / Appellate Authorities	1,095.93	107.52
Total	4,882.82	2,246.92

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

Audit Fee	4.25	2.75
Taxation Matters	1.50	1.36
Total	5.75	4.11

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

8. Remuneration paid to Whole-time Directors:

(Rs. in lacs)

S.No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Other benefits and perquisites	TOTAL
1.	Sh. Vijay Agarwal, Chairman & Managing Director	252.00	–	15.40	267.40
2.	Smt. Mona Agarwal, Wholetime Director	126.00	–	9.96	135.96
3.	Sh. Sorab Agarwal, Executive Director	33.60	–	2.40	36.00
	TOTAL	411.60	–	27.76	439.36

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

(Rs. in lacs)

Particulars	2010-2011	
Net Profit as per Profit and Loss A/c		5,432.01
Add: Whole-time Director's Remuneration	439.36	
Add: Loss on Sale of Assets	2.86	442.22
		5,874.23
Less: Profit on Sale of Assets	98.12	98.12
Net Profit on which Director's remuneration is payable		5,776.11

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

10. Calculation for Deferred tax:

Particular	2010-11	(Rs. in lacs) 2009-10
The breakup of net Deferred Tax Liabilities/(Assets) as on March 31, 2011 are as under-		
Deferred tax Liabilities on account of:		
Difference between book and tax depreciation		
- Depreciation as per Income Tax	795.01	507.30
- Depreciation as per Co's Act	688.51	525.21
	106.50	(17.91)
- R&D Expenses for 2010-11 - Rebate u/s 35(2AB)	61.95	-
- 1/5th of IPO Expenses - u/s 35D 2 (c) iv (as per Income Tax)	75.86	75.86
Total Deferred tax Liabilities	244.31	57.95
Deferred tax Assets		
Expenditure disallowable under Section 43B & others	145.23	65.80
Total Deferred tax Assets	145.23	65.80
Net Deferred Tax (Assets)/Liabilities	99.08	(7.85)

11. Segment Reporting in terms of Accounting Standard -17 - issued by The Institute of Chartered Accountants of India. Information about the primary business segments of the Company:

Sr. No	Particulars	Accounting Year ended 31-3-2011	Previous Accounting Year ended 31-3-2010
1.	Segment Revenue		
	A) Cranes	48,663.28	29,486.39
	B) Material Handling/Construction Equipment	8,407.91	5,346.64
	C) Tractor	11,576.36	7,879.01
	TOTAL	68,647.55	42,712.04
	Less: Inter Segment Revenue	-	-
	Net Sales / Income from Operations	68,647.55	42,712.04
2.	Segment Results		
	A) Cranes	5,336.50	3,122.63
	B) Material Handling/Construction Equipment	359.50	187.62
	C) Tractor	620.78	680.16
	TOTAL	6,316.78	3,990.41
	Less: Interest	352.11	257.81
	Less Other Unallocable Expenditure	532.66	455.55
	Profit Before Tax	5,432.01	3,277.05
3.	Capital Employed		
	A) Cranes	22,392.25	14,919.34
	B) Material Handling/Construction Equipment	5,523.51	5,019.78
	C) Tractor	133.97	17.49
	TOTAL	28,049.73	19,956.61

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

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

a. Associate Companies / Entities

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

b. Subsidiary Companies

FRESTED Limited, Cyprus - Wholly Owned Subsidiary
SC FORMA SA, Romania - Fellow Subsidiary
Action Developers Ltd., India - Wholly Owned Subsidiary

c. Key Management Personnel

Sh. Vijay Agarwal
Smt. Mona Agarwal
Sh. Sorab Agarwal

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 lacs)

Nature of Transaction	Period	Associates Companies/Firm				Subsidiary Companies			Key Management Personnel	Total
		ACE Steelfab Pvt Ltd	ACE TC Rentals Pvt Ltd.	Namo Metals	VMS Holdings Pvt. Ltd.	FRESTED Ltd, CYPRUS	SC FORMA SA, Romania	Action Developers Ltd.		
Purchase of Goods	2010-11	8640.34	–	–	–	–	288.04	–	–	8928.38
	2009-10	5425.28	–	–	–	–	36.24	–	–	5461.52
Sales of Goods	2010-11	490.18	1061.79	–	–	–	(61.47)	–	–	1490.50
	2009-10	236.09	391.50	–	–	–	–	–	–	627.59
Remuneration Paid	2010-11	–	–	–	–	–	–	–	439.36	439.36
	2009-10	–	–	–	–	–	–	–	381.79	381.79
Licence Fee Paid	2010-11	–	–	–	–	–	–	–	41.28	41.28
	2009-10	–	–	–	–	–	–	–	35.77	35.77
Rent Received	2010-11	2.40	0.71	–	–	–	–	–	–	3.11
	2009-10	2.40	0.60	–	–	–	–	–	–	3.00
Interest Received	2010-11	92.35	–	23.61	–	126.90	–	–	–	242.86
	2009-10	77.50	–	18.52	–	125.81	–	–	–	221.83
Investment in Equity	2010-11	–	–	41.62	–	–	–	–	–	41.62
	2009-10	–	–	–	–	–	–	–	–	–
Loan to Subsidiary	2010-11	–	–	–	–	13.30	–	–	–	13.30
	2009-10	–	–	–	–	(206.24)	–	–	–	(206.24)

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

13. Disclosure as required by clause 32 of the listing agreement:

(Rs. in lacs)

Particulars	Amount Outstanding as at		Maximum amount outstanding during the Financial Year	
	31.03.2011	31.03.2010	2010-11	2009-10
1. Loan and advances in the nature of loans:				
a. To Subsidiary Companies/ Companies in which directors are interested:				
FRESTED LIMITED, CYPRUS	1666.55	1526.35	1666.55	1526.35
SC FORMA SA, ROMANIA	—	—	—	—
ACTION DEVELOPERS LTD., INDIA	—	—	—	—
b. Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372A of Companies Act, 1956	Repayment of Loan would be in nine installments from 31st March 2011, interest @11% p.a.			
2. Investment by the Subsidiary Companies in the shares of Action Construction Equipment Ltd.	NIL	NIL	NIL	NIL

14. Leases:

The Company has entered into agreements in the nature of Lease/ Leave and Licence agreement with different Lessors/ Licensors for the purpose of establishment of office premises/ residential accommodations. These are generally in nature of operating Lease/leave and Licence. The break up of minimum lease payment outstanding as at March 31, 2011 is as follows:

Period	(Rs. in lacs)	
	Minimum Lease Payments	
	2010-11	2009-10
Payable within one year	79.16	6.51
Payable after one year but within 5 years	94.95	4.65

- There are no transactions in the nature of Sub Lease.
- Payments recognised in the profit and Loss Account for the year ended 31st March, 2011 is Rs.80.96 Lacs (P.Y. Rs. 51.46 Lacs).

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

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

(Rs. in lacs)

Particulars	2010-11	2009-10
A) Expenses recognised in P & L Account		
a) Current Service Cost	28.10	18.55
b) Interest Cost	5.12	—
c) Employee Contribution	—	—
d) Actuarial (Gain)/Loss	6.23	43.97
e) Past Service Cost	—	—
g) Settlement Cost	(7.80)	(4.80)
Total Expenses, debited to P & L Account	31.65	57.72
B) Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2011		
a) Present Value of defined Benefit Obligation at the end of the year	98.05	60.23
b) Fair Market Value of Plan Assets with LIC at the end of the year	109.35	67.33
Net Asset/(Liability)	11.30	7.10
C) Change in the obligation during the year		
a) Present Value of Defined benefit obligation at the beginning of the year	60.23	41.58
b) Current Service Cost	28.10	18.55
c) Interest Cost	5.12	—
d) Settlement Cost	—	—
e) Actuarial (Gain)/Loss	4.60	1.39
f) Benefit Payment	—	(1.29)
g) Present Value of Defined benefit obligation at the end of the year	98.05	60.23

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

Particulars	2010-11	(Rs. in lacs) 2009-10
D) Change in the Assets during the year ended March 31, 2011		
a) Plan assets at the beginning of the year	67.33	41.58
b) Actuarial (Gain)/Loss	(1.63)	(1.00)
c) Contribution	35.85	23.23
d) Benefit Payment	–	(1.29)
e) Return on the Plan Assets	7.80	4.81
f) Plan assets at the end of the year	109.35	67.33

E) Actuarial Assumption

a) Discounted Rate	8.50% p.a.
b) Mortality Rate	LIC (1994-1996) Ultimate
c) Withdrawal rate	1% to 3% depending on Age.
d) Salary Escalation	10%
e) Retirement Age	58

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

16. CIF Value of Imports

Particulars	2010-11	(Rs. in lacs) 2009-10
Raw Materials, Spare Parts & Finished Products	15,729.91	7,278.45

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

17. I) Capacity & Production:

	Unit	Licensed Capacity		Installed Capacity		Production-No. of Equipment	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
a) Cranes	Nos.	N.A	N.A	7,500	5,340	4,297	2,811
b) Material Handling / Construction Equipment	Nos.	N.A	N.A	1,300	1,300	805	536
c) Tractor	Nos.	N.A	N.A	6,000	4,100	3,456	2,569
TOTAL				14,800	10,740	8,558	5,916

II) Turnover:

	2010-11		2009-10	
	Qty. in Nos.	Rs. in lacs	Qty. in Nos.	Rs. in lacs
a) Cranes	4,267	48,663.28	2,828	29,474.42
b) Material Handling / Construction Equipment	807	8,407.91	537	5,358.61
c) Tractor	3,444	11,576.36	2,562	7,879.01
d) Excise Duty		2,111.06		1,071.38
TOTAL VALUE	8,518	70,758.61	5,927	43,783.42

18. Detail of Raw Material Consumed:

S. No.	Items	Quantity in Nos.		(Rs. in lacs) Value	
		2010-11	2009-10	2010-11	2009-10
1	Engine	7,730	5,593	5,824.97	3,848.56
2	Others			45,969.41	28,417.26
	TOTAL			51,794.38	32,265.82

Schedules **Annexed** to and forming part of balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

19. Raw Material Consumed - Imported & Indeginous:

(Rs. in lacs)

Particulars	2010-11		2009-10	
	Value	%age	Value	%age
Imported	10,989.29	21%	7,175.61	22%
Indeginous	40,805.09	79%	25,090.21	78%
TOTAL	51,794.38	100%	32,265.82	100%

20. Earning in Foreign Exchange:

(Rs. in lacs)

Particulars	2010-11	2009-10
Export of Goods (F.O.B. Value)	1,019.80	420.99

21. Expenditure in Foreign Currency:

Foreign Traveling Expenses	52.67	45.39
Club Membership Fees	-	0.78
Subscription	0.63	-
Sales Promotion	0.29	0.38
Freight payment	392.42	55.56
Retainership	30.20	-
Commission on Sale	-	1.15
Technical Knowhow	-	39.62
TOTAL	476.21	142.88

22. Earning Per Share (Basic & Diluted):

EPS is calculated by dividing the profit attributable to the equity shareholders by average number of equity shares outstanding during the year. Numbers used for calculating basic & diluted earnings per equity share are as stated below:

Particulars	2010-11	2009-10
Profit attributable to Equity Shareholders of the Company - (Rs in Lacs)	4,059.49	2,444.01
Weighted average no. of Equity Shares of Rs. 2 each (Basic)	91,315,137	89,885,000
Weighted average no. of Equity Shares of Rs. 2 each (Diluted)	92,373,356	89,885,000
EPS (In Rupees)- Basic	4.45	2.72
EPS (In Rupees)- Diluted	4.39	2.72

Schedules **Annexed** to and forming part of balance sheet

as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

- 23.** All Credit Facilities from Banks are secured by way of hypothecation of the Company's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movable including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present & future and Plant & Machinery on pari passu basis and First charge by way of equitable mortgage of property situated at Jajru Road. 25th Mile Stone, Delhi Mathura Road, Ballabhgarh, Haryana on pari passu basis.
- 24.** Balance of some 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. Further, Management does not expect any material difference in the Financial Statements for the year.

- 25.** The Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) issued by The Institute of Chartered Accountants of India.
- 26.** Previous years figures have been regrouped to make them comparable with current year figures wherever necessary.
- 27.** Schedules 1 to 16 form integral part of the accounts and are duly authenticated.

As per our Report appended to the Balance Sheet
For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

For and on behalf of the Board of Directors

(Rajan Chhabra)
Partner
Membership No. 088276

Vijay Agarwal
Chairman & Managing Director

Subhash C. Verma
Independent Director

Place : Faridabad
Date : 30th May, 2011

P. K. Bansal
Chief Financial Officer

Ashish K. Bhatt
Company Secretary

Sorab Agarwal
Executive Director

ANNEXURE

Details of monies utilizes out of funds raised through IPO of the Company as per Schedule-16, (B) - Other Notes-1:-

S.No.	Particulars	(Rs. in lacs)
		2010-11
1	New Manufacturing Plants	1,716.47
2	Modernise and Expansion	135.16
3	Acquisition	929.00
4	Working Capital	2,259.32
5	Corporate Office	532.56
6	Issue Expenses	403.67
	TOTAL	5,976.18

Auditors' Report

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

We have examined the attached Consolidated Balance Sheet of Action Construction Equipment Limited and its subsidiaries as at 31st March 2011, the Consolidated Profit and loss Account and the Consolidated Cash flow Statement for the year ending 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. -1240.77 Lac as at 31st march, 2011 and total revenue of Rs. 391.15 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 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 standards- 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, 2011.
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 the date.

For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

(Rajan Chhabra)
Partner
Membership No.088276

Place: Faridabad
Date : 30th May, 2011

Balance Sheet

as at 31st March, 2011 (Consolidated)

Particulars	Schedules Annexed	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
SOURCES OF FUNDS			
SHAREHOLDERS FUNDS			
Share Capital	1	1,857.70	1,797.70
Share Application Money		518.13	–
Reserves & Surplus	2	23,166.58	14,115.31
Minority Interest		30.49	29.42
LOAN FUNDS			
Secured Loans	3	7,150.43	3,017.98
DEFERRED TAX LIABILITIES		107.99	75.08
TOTAL		32,831.32	19,035.49
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	20,091.71	11,367.30
Less: Accumulated Depreciation		4,145.84	3,431.59
Net Block		15,945.87	7,935.71
Capital Work in Progress Including Capital Advances		4,439.76	3,948.25
INVESTMENTS	5	500.60	0.55
CURRENT ASSETS , LOAN AND ADVANCES			
Inventories	6	12,297.74	5,966.43
Sundry Debtors		8,318.24	5,120.54
Cash & Bank Balances		2,464.85	1,958.47
Loans & Advances		4,839.34	3,633.90
		27,920.17	16,679.34
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	7	14,672.85	8,366.47
Provisions		1,320.15	1,181.35
		15,993.00	9,547.82
Net Current Assets		11,927.17	7,131.52
Miscellaneous Expenditure (To The Extent Not Written Off or Adjusted)		17.92	19.46
TOTAL		32,831.32	19,035.49
Notes to Accounts	16		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our Report appended to the Balance Sheet
For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

(Rajan Chhabra)
Partner
Membership No. 088276

Place : Faridabad
Date : 30th May, 2011

P. K. Bansal
Chief Financial Officer

Ashish K. Bhatt
Company Secretary

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

Subhash C. Verma
Independent Director

Sorab Agarwal
Executive Director

Profit & Loss Account for the year ended 31st March, 2011 (Consolidated)

	Schedules Annexed	Year Ended 31st March, 2011	(Rs. in lacs) Year Ended 31st March, 2010
INCOME			
Turnover (Gross)		70,895.25	43,817.03
Less: Excise Duty		2,111.06	1,071.38
Turnover (Net)		68,784.19	42,745.65
Other Income	8	1,494.09	565.90
TOTAL INCOME		70,278.28	43,311.55
EXPENDITURE			
Raw Materials Consumed	9	51,679.55	32,444.76
(Increase)/Decrease In Inventories	10	650.34	111.43
Manufacturing Expenses	11	4,033.46	2,261.28
Employees Expenses	12	3,339.17	2,117.91
Selling & Distribution Expenses	13	2,217.10	1,229.54
Administrative & Other Expenses	14	1,946.93	1,297.63
Interest	15	352.11	257.81
Depreciation	4	694.36	531.11
TOTAL EXPENDITURE		64,913.02	40,251.47
Profit Before Tax		5,365.26	3,060.08
Provision For Income Tax		1,335.58	833.67
Provision For Wealth Tax		4.03	2.87
Provision For Deferred Tax		32.91	(2.67)
Profit After Tax, Before Minority Interest		3,992.74	2,226.21
Minority Interest		120.46	129.77
Balance Brought Forward		44.80	(262.52)
Translation on opening balance in respect of foreign subsidiaries		(89.56)	(0.52)
Loss Transferred to amount Invested		49.81	—
Profit Available For Appropriation		4,118.25	2,092.94
Transferred To General Reserve		1,000.00	1,000.00
Dividend		1,857.70	898.85
Tax on Dividend		308.54	149.29
Balance Carried To Balance Sheet		952.01	44.80
Basic Earnings Per Share (In Rs.)		4.37	2.48
Diluted Earnings Per Share (In Rs.)		4.32	2.48
Notes to Accounts	16		

The schedules referred to above and the notes to accounts form an integral part of the Profit & Loss Account.

As per our Report appended to the Balance Sheet
For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

(Rajan Chhabra)
Partner
Membership No. 088276

Place : Faridabad
Date : 30th May, 2011

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Company Secretary

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

Subhash C. Verma
Independent Director

Sorab Agarwal
Executive Director

Cash Flow Statement for the year ended 31st March, 2011 (Consolidated)

	Year Ended 31st March, 2011	(Rs. in lacs) Year Ended 31st March, 2010
A. Cash Flow From Operating Activities		
NET PROFIT AFTER TAX AS PER PROFIT AND LOSS ACCOUNT	3,992.74	2,226.21
Adjustments For :		
Interest Expenses	352.11	257.81
Depreciation	694.37	531.11
Interest Received	(241.81)	(229.27)
Profit on Sale of Fixed Assets	(352.30)	(26.16)
Loss on Sale of Fixed Assets	2.86	0.22
Provision For Income Tax	1,335.58	833.67
Provision For Wealth Tax	4.03	2.87
Provision For Deferred Tax	32.91	(2.67)
Exchange Difference on Translation	12.14	431.33
Misc Exp. Written Off	1.54	1.99
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,834.17	4,027.11
Adjustments For:		
Trade & Other Receivable	(3,197.70)	83.82
Inventories	(6,331.31)	(506.12)
Trade Payable	6,306.38	1,830.04
Loans & Advances	(1,205.44)	(921.15)
Cash Generated from Operations	1,406.10	4,513.70
Direct Taxes Paid	(1,235.79)	(1,040.18)
Net Cash From Operating Activities	170.31	3,473.52
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets (Including Capital & Building Work in Progress)	(3,606.65)	(2,077.68)
Sale of Fixed Assets	484.38	54.44
Investments	(500.05)	(0.05)
Interest Received	241.81	229.27
Change in Minority Interest	1.07	(4.78)
Net Cash From Investing Activities	(3,379.44)	(1,798.80)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Secured Loans	4,132.45	(896.02)
Interest Paid	(352.11)	(257.81)
Proceeds from Preferential Allotment of Shares	1,548.30	-
Proceeds from Issuance of Warrants	518.13	-
Dividend & Tax thereon	(2,131.26)	(420.64)
Net Cash From Financing Activities	3,715.51	(1,574.47)
Net Increase In Cash & Cash Equivalents (A+B+C)	506.38	100.25
Opening Balance Of Cash & Cash Equivalents	1,958.47	1,858.22
Closing Balance Of Cash & Cash Equivalents	2,464.85	1,958.47

As per our Report appended to the Balance Sheet
For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

(Rajan Chhabra)
Partner
Membership No. 088276

Place : Faridabad
Date : 30th May, 2011

P. K. Bansal
Chief Financial Officer

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

Subhash C. Verma
Independent Director

Ashish K. Bhatt
Company Secretary

Sorab Agarwal
Executive Director

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011

	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
SCHEDULE 1 - SHARE CAPITAL		
AUTHORISED		
12,00,00,000 (P.Y. 10,00,00,000) Equity Shares of Rs. 2/- Each	2,400.00	2,000.00
	2,400.00	2,000.00
ISSUED, SUBSCRIBED AND PAID UP		
9,28,85,000 (P.Y. 8,98,85,000) Equity Shares of Rs. 2/- Each	1,857.70	1,797.70
	1,857.70	1,797.70
SCHEDULE 2 - RESERVES & SURPLUS		
a) Revaluation Reserve	6,155.90	442.80
b) Securities Premium	8,532.73	7,044.44
c) General Reserve	7,525.94	6,583.27
d) Profit & Loss Account	952.01	44.80
	23,166.58	14,115.31
SCHEDULE 3 - LOAN FUNDS		
SECURED LOANS		
From Banks		
a) Cash Credit/Working Capital Demand Loans	3,054.97	363.21
b) Buyers Credit	4,095.46	2,640.02
From Others		
c) Vehicles Loans	-	14.75
	7,150.43	3,017.98

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011

(Rs. in lacs)

SCHEDULE 4 - FIXED ASSETS

Gross Block					Depreciation			Net Block		
Particulars	As at 01.04.2010	Additions	Sales	As at 31.03.2011	up to 01.04.2010	for the Year	Deductions/ Adjustments	Total 31.03.2011	As at 31.03.2011	As at 31.03.2010
TANGIBLE ASSETS										
Land	2,813.09	6,342.25	–	9,155.34	–	–	–	–	9,155.34	2,803.48
Building - Factory	3,761.67	864.85	–	4,626.52	1,769.48	173.63	–	1,943.11	2,683.41	1,976.10
Building - Office	1,639.78	404.66	111.48	1,932.96	264.68	82.29	23.57	323.40	1,609.56	1,375.10
Plant & Machinery	1,804.43	493.92	46.55	2,251.80	905.33	157.38	27.51	1,035.20	1,216.60	897.74
Furniture & Fixtures	281.26	86.13	0.04	367.35	104.36	38.80	–	143.16	224.19	176.90
Office Equipments	88.63	4.51	–	93.14	32.46	8.03	–	40.49	52.65	56.17
Motor Vehicles	587.28	232.67	59.61	760.34	305.13	108.73	31.66	382.20	378.14	282.15
Computers	197.97	70.84	–	268.81	120.99	44.69	–	165.68	103.13	76.77
INTANGIBLE ASSETS										
Computer Software	48.52	312.36	–	360.88	22.98	73.76	–	96.74	264.14	25.54
Technical Know How	44.04	–	–	44.04	8.81	7.05	–	15.86	28.18	35.23
Goodwill	230.53	–	–	230.53	–	–	–	–	230.53	230.53
Total	11,497.20	8,812.19	217.68	20,091.71	3,534.22	694.36	82.74	4,145.84	15,945.87	7,935.71
Previous Year	10,377.58	1,067.47	77.75	11,367.30	2,949.73	531.11	49.25	3,431.59	7,935.71	7,439.50

Notes: Gross Block includes Rs.5,697.05 lacs on revaluation of Land & Building on the basis of valuation carried out by an approved valuer.

Particulars	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
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SCHEDULE 5 - INVESTMENTS

(Long Term, Unquoted Investments at Cost)

A) INVESTMENT IN GOVERNMENT SECURITIES

6 - Years National Saving Certificates

0.60

0.55

B) FIXED MATURITY PLAN

50,00,000 (P.Y.Nil) Units of Kotak FMP Series 40 - Growth of Rs.10/- each

500.00

–

500.60
0.55

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011

	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
SCHEDULE 6 - CURRENT ASSETS , LOANS & ADVANCES		
CURRENT ASSETS		
Inventories (At Lower of Cost And Net Realisable Value)		
<i>(As Verified, Valued And Certified By The Management)</i>		
Raw Materials Inc. Goods In Transit	10,233.78	3,438.11
Work -In-Progress	195.94	942.36
Finished Goods	1,868.02	1,585.96
	12,297.74	5,966.43
Sundry Debtors		
<i>(Unsecured, Considered Good Unless Otherwise Stated)</i>		
Exceeding Six Months	1,484.18	1,494.51
Others	6,855.19	3,647.16
Less: Provision For Doubtful Debts	21.13	21.13
	8,318.24	5,120.54
Cash & Bank Balances		
(i) Cash In Hand	46.30	32.24
(ii) With Scheduled Banks		
(a) In Current Accounts	95.23	93.63
(b) Margin Money With Banks (Including Accrued Interest)	374.16	398.09
(c) Fixed Deposits (Including Accrued Interest)	1,945.33	1,430.68
(iii) Bank Balance Lying In IPO Account		
(a) In Current Account	3.83	3.83
	2,464.85	1,958.47
LOANS & ADVANCES		
<i>(Unsecured, Considered Good Unless Otherwise Stated)</i>		
Advances Recoverable In Cash or In Kind	4,839.34	3,633.90
	4,839.34	3,633.90

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011

	As at 31st March, 2011	(Rs. in lacs) As at 31st March, 2010
SCHEDULE 7 - CURRENT LIABILITIES & PROVISIONS		
A) CURRENT LIABILITIES		
Sundry Creditors		
- Trade	10,476.35	5,451.42
- Others	1,323.22	1,115.98
Other Liabilities	765.48	470.29
Advances From Customers	2,107.80	1,328.78
	14,672.85	8,366.47
B) PROVISIONS		
Provision For Income Tax	4,467.73	3,132.16
Provision For Wealth Tax	12.16	8.13
Provision For Fringe Benefit Tax	94.92	94.92
Provision For Dividend on Equity Shares	928.85	898.85
Provision For Tax on Dividend	154.27	149.29
Less: Advance Taxes	4,337.78	3,102.00
	1,320.15	1,181.35

Schedules **Annexed** to and forming part of Consolidated profit & loss account for year ended 31st March, 2011

	Year Ended 31st March, 2011	(Rs. in lacs) Year Ended 31st March, 2010
SCHEDULE 8 - OTHER INCOME		
Commission Received	416.53	31.92
Service Charges Received	254.09	212.72
Interest Received	241.81	229.27
Rent Received	20.26	56.13
Insurance Claim Received	26.04	—
Profit On Sale Of Assets	352.30	26.16
Revaluation Reserve Income	1.06	—
Duty Draw Back Received	9.63	7.42
Hiring Charges Received	28.27	—
Foreign Currency Fluctuation (Net)	143.81	—
Miscellaneous Income	0.29	2.28
	1,494.09	565.90
SCHEDULE 9 - RAW MATERIALS CONSUMED		
Opening Stock Of Raw Material	3,438.11	2,634.58
Add : Purchases (Net of Return)	58,475.22	33,248.29
Less : Closing Stock Of Raw Material	10,233.78	3,438.11
	51,679.55	32,444.76
SCHEDULE 10 - (INCREASE)/DECREASE IN WIP & FINISHED GOODS		
Opening Stock : Work In Progress	942.36	1,179.31
Finished Goods	1,771.94	1,646.42
	2,714.30	2,825.73
Closing Stock : Work In Progress	195.94	942.36
Finished Goods	1,868.02	1,771.94
	2,063.96	2,714.30
Decrease in Stock	650.34	111.43

Schedules **Annexed** to and forming part of Consolidated profit & loss account for year ended 31st March, 2011

	Year Ended 31st March, 2011	(Rs. in lacs) Year Ended 31st March, 2010
SCHEDULE 11 - MANUFACTURING EXPENSES		
Manufacturing Expenses	1,291.39	657.86
Power & Fuel	198.08	162.42
Repair - Machinery	49.54	33.03
Repair - Building	58.46	27.74
Freight & Forwarding Charges	2,435.99	1,380.23
	4,033.46	2,261.28
SCHEDULE 12 - EMPLOYEES EXPENSES		
Salaries, Wages & Bonus	2,977.66	1,923.13
Contribution to Provident & Other Funds	125.75	78.55
Welfare Expenses	235.76	116.23
	3,339.17	2,117.91
SCHEDULE 13 - SELLING & DISTRIBUTION EXPENSES		
Selling Expenses	1,604.32	884.91
Commission on Sales	612.78	344.63
	2,217.10	1,229.54
SCHEDULE 14 - ADMINISTRATIVE & OTHER EXPENSES		
Rent	81.89	53.96
Rates, Fees & Taxes	46.54	27.25
Insurance	64.24	46.75
Travelling & Conveyance	642.56	417.99
Communication Expenses	124.78	83.69
Bank Charges	144.63	107.93
Vehicle Expenses	53.68	38.54
Foreign Currency Fluctuation (Net)	–	39.57
Penalties to State Budget & Others	9.07	17.36
Miscellaneous Expenses	779.54	464.59
	1,946.93	1,297.63
SCHEDULE 15 - INTEREST		
To Banks	350.56	254.72
To Others	1.55	3.09
	352.11	257.81

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

SCHEDULE 16 - CONSOLIDATED NOTES TO ACCOUNTS

(A) BACKGROUND

Action Construction Equipment Limited (Company) was incorporated at New Delhi (India) on 13th January, 1995, to manufacture and 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. During the year company has allotted 30,00,000 Equity Shares of Rs.2 each to Reliance Capital Limited by way of preferential allotment.

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

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

(B) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting:

The Consolidated Financial Statements (CFS) have been prepared to comply with the Accounting Standards Notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis except in case of assets for which revaluation is carried out. The accounting policies have been consistently applied by the company unless otherwise stated.

The CFS relates to Action Construction Equipment Ltd. (hereinafter referred as the "Company") and its

Subsidiaries (hereinafter referred as the "Group").

2. Principles of Consolidation:

In the preparation of these Consolidated Financial Statements, investment in Subsidiaries have been accounted for in accordance with Accounting Standards (AS) 21. The Consolidated Financial Statements have been prepared on the following basis;

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

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

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

Name of Company	Country of Incorporation	Relation	Percentage of ownership interest at the end of	
			As at 31st March, 2011	As at 31st March, 2010
Frested Ltd.	Cyprus	Subsidiary	100.00%	100.00%
SC Forma SA	Romania	Fellow Subsidiary	89.50%	89.50%
Action Developers Ltd.	India	Subsidiary	100.00%	100.00%
Namo Metals	India	Partnership Firm	90.00%	90.00%

4. Fixed Assets :

All Fixed Assets are valued at historical costs less accumulated depreciation. Cost of assets comprise of purchase price and any attributable cost of bringing the asset to its working condition except in case of assets for which revaluation is carried out.

5. Depreciation :

Depreciation has been provided using Written Down Value method as per rates prescribed by Schedule XIV of the Companies Act, 1956.

6. Investments :

"Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of the investments.

7. Inventory Valuation:

(a) Raw material- Lower of cost and net realisable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Net Realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(b) Work in Process and Finished Goods-

Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

Net Realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

8. Revenue Recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

a) Sale of Goods: Revenue in respect of sale of products is recognised at the time of dispatch of the goods, when the significant risks and rewards of ownership of the goods is passed to the buyer.

b) Rendering of Services Revenue from the service is recognised when the service is performed, as per the terms of contract, and the performance of service is regarded as achieved when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service.

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

- c) **Interest** Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- d) **Insurance Claims** Claims receivable on account of insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.
- e) **Export Benefits** Export benefits under Duty Drawback Scheme are accounted for in the year of export of goods.

9. Foreign Currency Transactions:

- a) **Initial recognition** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing at the date of the transaction.
- b) **Conversion Foreign currency** monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- c) **Exchange differences** Exchange differences arising on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

10. Benefits to Employees:

(a) Short term Employee Benefit:

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

(b) Post Employment benefits:

(i) Defined Contribution Plans:

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

(ii) Defined Benefits Plans:

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

11. Accounting for Taxes on Income :

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years and has been accounted as per provisions of the Accounting Standard-22 issued by The Institute of Chartered Accountants of India.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

12. Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

13. Borrowing Costs:

Borrowing costs directly attributable to the acquisition and construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

14. Expenditure during Construction Period:

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

15. Provisions, Contingent Liabilities and Contingent Assets:

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

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

Contingent Liability is disclosed in case of

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

Contingent Assets are neither recognised nor disclosed.

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

(B) OTHER NOTES

1. Contingent Liabilities, not provided for:

Particulars	2010-11	(Rs. in lacs) 2009-10
Bank Guarantees including Corporate Guarantees	385.02	571.53
Letter of Credits	3,073.97	1,382.49
Claim against the Company, not acknowledge as Debts	327.90	185.38
Sales Tax, Excise & Income Tax Matters, pending before Assessing / Appellate Authorities	1,095.93	107.52
TOTAL	4,882.82	2,246.92

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

2. Miscellaneous Expenses include Auditor's Remuneration as under

Particulars	2010-11	(Rs. in lacs) 2009-10
Audit Fee	7.61	5.75
Taxation Matters	1.50	1.36
TOTAL	9.11	7.11

3. Remuneration paid to Whole-time Directors:

S.No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Other benefits and perquisites	(Rs. in lacs) TOTAL
1.	Sh. Vijay Agarwal, Chairman & Managing Director	252.00	—	15.40	267.40
2.	Smt. Mona Agarwal, Wholetime Director	126.00	—	9.96	135.96
3.	Sh. Sorab Agarwal, Executive Director	33.60	—	2.40	36.00
	TOTAL	411.60	—	27.76	439.36

4. Calculation for Deferred tax liabilities / (Assets):

Particulars	2010-11	(Rs. in lacs) 2009-10
The breakup of net Deferred Tax Liabilities/(Assets) as on March 31,2011 are as under-		
Deferred tax Liabilities on account of:		
Difference between book and tax depreciation		
- Depreciation as per Income Tax	795.01	507.30
- Depreciation as per Co's Act	688.51	525.21
	106.50	(17.91)
- R&D Expenses for 2010-11 - Rebate u/s 35(2AB)	61.95	—
- 1/5th of IPO Expenses - u/s 35D 2 (c) iv (as per Income Tax)	75.86	75.86
Total Deferred tax Liabilities	244.31	57.95
Deferred tax Assets		
Expenditure disallowable under Section 43B & others	145.23	65.80
Total Deferred tax Assets	145.23	65.80
Net Deferred Tax (Assets)/Liabilities	99.08	(7.85)

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

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:

(Rs. in lacs)

Sr. No	Particulars	Current Accounting Year Ended 31-3-2011	Previous Accounting Year Ended 31-3-2010
1.	Segment Revenue		
	A) Cranes	48,663.28	29,486.39
	B) Material Handling/Construction Equipment	8,407.91	5,346.64
	C) Tractor	11,576.36	7,879.01
	D) Subsidiaries Business	136.64	33.61
	TOTAL	68,784.19	42,745.65
	Less: Inter Segment Revenue	—	—
	Net Sales / Income from Operations	68,784.19	42,745.65
2.	Segment Results		
	A) Cranes	5,336.50	3,122.63
	B) Material Handling/Construction Equipment	359.50	187.62
	C) Tractor	620.78	680.16
	D) Subsidiaries Business	(66.75)	(216.97)
	TOTAL	6,250.03	3,773.44
	Less: Interest	352.11	257.81
	Less- Other Unallocable Expenditure	532.66	455.55
	Profit Before Tax	5,365.26	3,060.08
3.	Capital Employed		
	A) Cranes	22,392.25	14,919.34
	B) Material Handling/Construction Equipment	5,523.51	5,019.78
	C) Tractor	133.97	17.49
	D) Subsidiaries Business	(1,530.71)	(1,487.88)
	TOTAL	26,519.02	18,468.73

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 TC Rentals Pvt. Ltd.
Namo Metals
VMS Holdings Pvt. Ltd.

b. Subsidiary Companies

FRESTED Limited, Cyprus - *Wholly Owned Subsidiary*
SC FORMA SA, Romania - *Fellow Subsidiary*
Action Developers Ltd., India - *Wholly Owned Subsidiary*

c. Key Management Personnel-

Sh. Vijay Agarwal
Smt. Mona Agarwal
Sh. Sorab Agarwal

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

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 lacs)

Nature of Transaction	Period	Associates Companies/Firm				Subsidiary Companies			Key Management Personnel	Total
		ACE Steelfab Pvt Ltd	ACE TC Rentals Pvt Ltd.	Namo Metals	VMS Holdings Pvt. Ltd.	FRESTED Ltd, CYPRUS	SC FORMA SA, Romania	Action Developers Ltd.		
Purchase of Goods	2010-11	8640.34	–	–	–	–	288.04	–	–	8928.38
	2009-10	5425.28	–	–	–	–	36.24	–	–	5461.52
Sales of Goods	2010-11	490.18	1061.79	–	–	–	(61.47)	–	–	1490.50
	2009-10	236.09	391.50	–	–	–	–	–	–	627.59
Remuneration Paid	2010-11	–	–	–	–	–	–	–	439.36	439.36
	2009-10	–	–	–	–	–	–	–	381.79	381.79
Licence Fee Paid	2010-11	–	–	–	–	–	–	–	41.28	41.28
	2009-10	–	–	–	–	–	–	–	35.77	35.77
Rent Received	2010-11	2.40	0.71	–	–	–	–	–	–	3.11
	2009-10	2.40	0.60	–	–	–	–	–	–	3.00
Interest Received	2010-11	92.35	–	23.61	–	126.90	–	–	–	242.86
	2009-10	77.50	–	18.52	–	125.81	–	–	–	221.83
Investment in Equity	2010-11	–	–	41.62	–	–	–	–	–	41.62
	2009-10	–	–	–	–	–	–	–	–	–
Loan to Subsidiary	2010-11	–	–	–	–	13.30	–	–	–	13.30
	2009-10	–	–	–	–	(206.24)	–	–	–	(206.24)

7. Leases:

The Company has entered into agreements in the nature of Lease/ Leave and Licence agreement with different accomodations. These are generally in nature of operating Lease/leave and Licence. The break up of minimum lease payment outstanding as at March 31, 2011 is as follows: Lessors/ Licensors for the purpose of establishment of office premises/ residential

(Rs. in lacs)

Period	Minimum Lease Payments	
	2010-11	2009-10
Payable within one year	79.16	6.51
Payable after one year but within 5 years	94.95	4.65

- There are no transactions in the nature of Sub Lease.
- Payments recognised in the profit and Loss Account for the year ended 31st March, 2011 is Rs.81.89 Lacs (P.Y. Rs. 53.96 Lacs).

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

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

(Rs. in Lacs)

Particulars	2010-11	2009-10
A) Expenses recognised in P & L Account		
a) Current Service Cost	28.10	18.55
b) Interest Cost	5.12	–
c) Employee Contribution	–	–
d) Actuarial (Gain)/Loss	6.23	43.97
e) Past Service Cost	–	–
g) Settlement Cost	(7.80)	(4.80)
Total Expenses, debited to P & L Account	31.65	57.72
B) Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2011		
a) Present Value of defined Benefit Obligation at the end of the year	98.05	60.23
b) Fair Market Value of Plan Assets with LIC at the end of the year	109.35	67.33
Net Asset/(Liability)	11.30	7.10
C) Change in the obligation during the year		
a) Present Value of Defined benefit obligation at the beginning of the year	60.23	41.58
b) Current Service Cost	28.10	18.55
c) Interest Cost	5.12	–
d) Settlement Cost	–	–
e) Actuarial (Gain)/Loss	4.60	1.39
f) Benefit Payment	–	(1.29)
g) Present Value of Defined benefit obligation at the end of the year	98.05	60.23

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

Particulars	2010-11	(Rs. in lacs) 2009-10
D) Change in the Assets during the year ended March 31, 2011		
a) Plan assets at the beginning of the year	67.33	41.58
b) Actuarial (Gain)/Loss	(1.63)	(1.00)
c) Contribution	35.85	23.23
d) Benefit Payment	—	(1.29)
e) Return on the Plan Assets	7.80	4.81
f) Plan assets at the end of the year	109.35	67.33

E) Actuarial Assumption-

a) Discounted Rate	8.50% p.a.
b) Mortality Rate	LIC (1994-1996) Ultimate
c) Withdrawal rate	1% to 3% depending on Age.
d) Salary Escalation	10%
e) Retirement Age	58

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

9. Earning Per Share (Basic & Diluted):

Annualised earning per equity shares have been calculated based on net profit after taxation of Rs. 3992.74 lac. Basic Earning per Share for the year is Rs.4.37 (Previous Year - Rs. 2.48) & Diluted Earning per Share for the year is Rs. 4.32 (Previous Year - Rs. 2.48)

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

(a) R & D expenditure - Rs. 10.84 lac.

(b) Life Time Club Membership - Rs. 6.08 lac (being amortized over a period of ten years, commencing from 2007-08)

(c) Preliminary Expenses Rs. 1.00 lac.

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

Schedules **Annexed** to and forming part of Consolidated balance sheet as at 31st March, 2011 and profit & loss account for year ended 31st March, 2011

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

13. Previous years figures have been regrouped to make

them comparable with current year figures wherever necessary.

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

As per our Report appended to the Balance Sheet
For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

For and on behalf of the Board of Directors

(Rajan Chhabra)
Partner
Membership No. 088276

Vijay Agarwal
Chairman & Managing Director

Subhash C. Verma
Independent Director

Place : Faridabad
Date : 30th May, 2011

P. K. Bansal
Chief Financial Officer

Ashish K. Bhatt
Company Secretary

Sorab Agarwal
Executive Director

Statement Pursuant to section 212 of the Companies Act, 1956

as at 31st March, 2011

	Rs. in lacs Frested Limited Cyprus	Rs. in lacs SC Forma SA Romania	Rs. in lacs Action Developers Limited
a Capital	0.58	165.39	10.00
b Reserves & Surplus	(1,131.71)	(275.04)	(1.95)
c Total Assets (Fixed Assets + Current Assets)	57.20	644.31	7.12
d Total Liabilities (Debts+Current Liabilities)	6.00	438.91	0.07
e Details of Investment (except in case of investment in subsidiaries)	—	—	—
f Turnover (Including other Income)	0.03	391.13	—
g Profit/(Loss) Before Taxation	(131.13)	(88.66)	(0.66)
h Provision for Taxation	—	—	—
i Profit/(Loss) After Taxation	(131.13)	(88.66)	(0.66)
j Proposed Dividend	—	—	—
k Exchange rate used (in Rs.)	44.60	15.38	1.00
l Local Currency	USD	RON	INR
m Relation	Subsidiary	Fellow Subsidiary	Subsidiary

The Financial Statements of Foreign Subsidiaries have been converted into Rupees on the basis of appropriate exchange rates as on 31st March, 2011.

Note:

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.

As per our Report appended to the Balance Sheet
For Rajan Chhabra & Co.
Firm Registration No. 009520N
Chartered Accountants

(Rajan Chhabra)
Partner
Membership No. 088276

Place : Faridabad
Date : 30th May, 2011

P. K. Bansal
Chief Financial Officer

Ashish K. Bhatt
Company Secretary

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

Subhash C. Verma
Independent Director

Sorab Agarwal
Executive Director

Corporate Information

BOARD OF DIRECTORS

Vijay Agarwal, Chairman and Managing Director

Mona Agarwal, Whole - time Director

Sorab Agarwal, Executive Director

Subhash C. Verma, Independent Director

G.N. Mehra (IAS Retd.), Independent Director

Dr. Amar Singhal, Independent Director

Maj. Gen. (Retd.) Dr. K.C. Agarwal, Independent Director

CFO & COMPANY SECRETARY

Rajan Luthra

STATUTORY AUDITORS

M/s Rajan Chhabra & Co.

Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited

Phone: +91-40-23322454, 23320751/52/53

Fax: +91-40-23311968

E-mail: einwards.ris@karvy.com

BANKERS

ICICI Bank Ltd.

The Hongkong and Shanghai Banking Corporation of India Ltd.

Standard Chartered Bank

State Bank of Patiala

STOCK EXCHANGES

Bombay Stock Exchange Limited

National Stock Exchange of India Limited

PLANTS

Plant & Corporate Office

Dhudholla Link Road, Village Dhudholla,

Palwal- 121102, Haryana

Plant

Plot No.C-5, 6, 7 & 8, UPSIDC Industrial Area-I,

Bazpur, Dist. Uddham Singh Nagar-262123,

Uttarakhand

Plant

Plot No.40 & 41, Nand Nagar Industrial Estate,

Phase-1, Mahuakhera Ganj, Kashipur,

Uttarakhand

R & D CENTRE

Dhudholla Link Road, Village Dhudholla,

Palwal- 121102, Haryana

Jajru Road, 25th Mile Stone, Delhi-Mathura Road,

Ballabgarh (Faridabad) 121004, Haryana

PRODUCT SUPPORT DIVISION & SPARE PARTS DIVISION

Jajru Road, 25th Mile Stone, Delhi-Mathura Road,

Ballabgarh (Faridabad) 121004, Haryana

SUBSIDIARY COMPANIES

Frested Limited, Cyprus

SC Forma SA, Romania

Action Developers Ltd., India

REGISTERED OFFICE

5th Floor, TDI Center, Jasola,

New Delhi-110025



Action Construction Equipment Ltd.

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

www.ace-cranes.com

