

12



building
a better
tomorrow



ACE

Action Construction Equipment Ltd.

18th ANNUAL REPORT
2011 - 2012



Mobile Cranes (3 - 50 Tons)

Stiff Boom Cranes



Tractors



Crawler Cranes



Mobile Tower Cranes



Forklifts



Vibratory Rollers



Backhoe Loader



Wheeled Loaders



Tower Cranes

Motor Grader



PTR



*Nothing beats an **ACE***



The Vision

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

The Mission

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

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CHAIRMAN SPEECH



Dear Shareholders,

My warm greetings to all of you.

As you are aware we have entered into 19th financial year of the Company in an extremely challenging business environment. Almost four years after the greatest financial and economic disturbance since the Great Depression, the global economy is regaining a measure of stability and confidence. But the risk to growth looks unsteady once again. The worst-case scenarios for the global economy have not come to pass. The financial year 2011-12 faced recessionary trend particularly in the 2nd half when almost all countries got hit globally. Demand for all products decreased due to delay in overall government spending on highway construction, maintenance and other infrastructure projects.

Indian Economy is a growing economy with a very positive story in the longer run. However, currently we are undergoing a difficult phase with a volatile market situation and some slowing down in the industry. This has led to the tapering of the economic growth curve. This is reflective in the GDP numbers that is estimated to grow by 6.9 per cent in 2011-12, after having grown at 8.4 per cent in preceding two years.

The impact of this was felt in India to a lesser magnitude in comparison to other countries, your Company also suffered from this situation. In spite of the economic slowdown all over the world, your Company has performed reasonably well during the financial year 2011-12. The Company held its fort by fighting the situation with courage and conviction. We took this opportunity to increase our customer base & did product improvements to provide our customers quality equipment at comparatively low prices. We made plans to leverage opportunities, realizing our growth potential.

At ACE, we believe that we have key strengths which have ensured, we stay healthy even in tough times. While the Company concentrated on cutting cost wherever possible, to remain profitable, we focused on products where our market share could be improved i.e. Backhoe Loaders, Crawler Cranes, Tower Cranes and others. Due to our innovative sales and marketing techniques, the new products of Company have already penetrated into the market. This will give your Company increased turnover & profit in future.

In the Agri segment, we are looking at significant product expansions and improving our market share. We are, consequently, focusing on providing customers a complete range of crop solutions. To implement this we have also started production of Combine, Harvester and Threshers.

At the same time it is heartening to announce that your Company remains a leading Mobile Crane Manufacturing Company in India.

In the coming years, your Company has formulated plans to deliver sustainable and profitable growth, creating value for the shareholders.

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

Vijay Agarwal
Chairman and Managing Director

NOTICE

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

Day, Date : Friday, 28th September, 2012
Time : 11:00 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, 2012, audited Profit & Loss Account for the year ended 31st March, 2012, Board's Report and addendum thereto, Auditors' Report.
2. To appoint a Director in place of Shri Sorab Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Girish Narain Mehra (IAS Retd) , who retires by rotation, and being eligible, offers himself for re-appointment.
4. To declare dividend on Equity Share Capital for the financial year ended on 31st March, 2012. The Board has recommended dividend of Rs.0.20/- per equity share (10%) on the paid-up Equity Share Capital of the Company for the year ended 31st March, 2012.
5. To appoint Auditor and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Rajan Chhabra & Co., Chartered Accountants, (FRN No. : 009520N), be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mrs. Surbhi Garg, who was appointed as an Additional Director by the Board of Directors of the Company and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the

office of Director as per the provisions of section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company liable to retire by rotation."

7. **To consider appointment of Mrs. Surbhi Garg, as Executive Director of the Company and pass the following resolution(s), as Special Resolution(s), with or without modification(s):-**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 314 316, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory amendments, modifications, or re-enactments thereof, and subject to the approval of the Central Government and such other approvals, if required, in this regard, the consent of the Shareholders be and is hereby accorded to appoint Mrs. Surbhi Garg as Executive Director of the Company from 1st April, 2012 till 31st March, 2017, on the terms and conditions as recommended by the Remuneration Committee and approved by Board of Directors of the Company and as set out in the explanatory statement which forms part of this resolution.

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

RESOLVED FURTHER THAT where in any financial year during the currency of the tenure of the ED, the Company has no profits or its profits are inadequate, the ED shall be entitled to same remuneration by way of salary, perquisites and other allowances, as is approved by the Shareholders of the Company, subject to fulfillment of conditions specified in Schedule XIII of the Companies Act and subject to the approval of Central Government and other authorities, if required.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorized to vary the remuneration of Mrs. Surbhi Garg, Executive Director of the Company, within the limits of the following:-

- a) In case of adequate profits the total remuneration payable in any financial year by way of salary, perquisites and other allowances shall not exceed the overall limit of five percent (5%) of the net profits of the company as applicable to each of the Managing/Whole-time Directors of the Company and/or ten percent (10%) of the net profits of the Company for all the Managing/Whole-time Directors in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII including any statutory amendments, modifications, or re-enactments thereof, as may be made thereto and for the time being in force or to the remuneration specifically approved by the Central Government.
- b) Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Mrs. Surbhi Garg subject to the applicable provisions of schedule XIII of the Companies Act, 1956.

8. To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to authorize the Board of Directors of the Company to contribute, from time to time, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, such amount or amounts, as approved by the Board PROVIDED HOWEVER THAT the total amount that may be so contributed in any financial year of the Company shall not exceed Rs. 2,00,00,000/- (Rupees two Crore only) or five percent of the Company's average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, **whichever is lower** .

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary and/or expedient for implementing and giving effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard on behalf of the Company.”

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 Tuesday, 25th September, 2012 to Friday 28th September, 2012 (both days are 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 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 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.
9. 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.
10. 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 **shareholders present in person or through registered proxy** shall only be entertained.
- e. 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.
11. **Pursuant to the prohibition imposed vide Secretarial Standard on General Meetings (SS-2) issued by the ICSI and the draft MCA circular, no gifts/coupons shall be distributed at the Meeting.**

**By Order of the Board
For Action Construction Equipment Limited**

Sd/
Rajan Luthra
Company Secretary

Place: Faridabad
Date: 04th August, 2012

EXPLANTORY STATEMENT

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

The following Explanatory Statement sets out all the material facts relating to the Special Businesses of the accompanying Notice.

In Respect of Item No. 6

In accordance with Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company, Mrs. Surbhi Garg was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 12th November 2011 and holds office up to the date of the ensuing Annual General Meeting.

Mrs. Surbhi Garg, aged 34 years, holds position of Director and actively looks after the Administration & HR in ACE Steelfab Private Ltd (Merged with the Company w.e.f 1.10.2011) & ACE TC Rentals Private Ltd since the inception of both the Companies. She is the daughter of Mr. Vijay Agarwal. She looks after the Administration & HR wing along with Mrs. Mona Agarwal in the Company. Under her supervision, the company's administrative affairs are being handled in a skilled manner. She has helped the company to formulate effective and motivating HR Policies.

The Board is of the view that Mrs. Surbhi Garg's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends her appointment as the Director of the Company to the members. Details' regarding her directorship in other Companies is produced below.

In Respect of Item No. 7

The Board in its Meeting held on 12th May 2012 has appointed Mrs. Surbhi Garg, subject to the approval of Members, as Executive Director of the Company for a period of five years w.e.f 1st April 2012 to 31st March, 2017 on the remuneration recommended by remuneration committee of the Board and approved by the Board.

Mrs. Surbhi Garg is also getting monthly remuneration of Rs. 2,00,000 p.m. from ACE TC Rentals Pvt. Limited in her capacity of Director in that Company.

Thus it is proposed to appoint Mrs. Surbhi Garg as Executive Director on the following remuneration. The Shareholders are further informed that the remuneration of Mrs. Surbhi Garg, Executive Director of the Company can be varied by Board of Directors, subject to the conditions as laid down in the resolution itself :-

Detailed Remuneration of Mrs. Surbhi Garg

- a) **Salary :**
Rs. 1,00,000/- per month in the scale of Rs 1,00,000 to Rs. 10,00,000. Increments within the salary scale will be decided by the Board of Directors on the recommendation of remuneration committee from time to time as it may deem fit.
- b) **Commission:**
1% of the amount of net profits calculated as per Section 198 & 349 of the Companies Act, 1956 for the financial year of the Company

- c) **Ex-Gratia:**
Ex-Gratia shall be equivalent to one month salary

d) **Perquisites**

Following perquisites in addition to salary shall be paid subject to the maximum of salary paid during the year. For the purpose of calculating the ceiling, the perquisites and allowances shall be evaluated as per Income tax Rules, wherever applicable. In the absence of any such rules, they shall be evaluated at actual cost:

(i) **Housing**

Residential Accommodation or House Rent allowance @ 40 % of the Salary Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.

(ii) **Medical Reimbursement**

Reimbursement of actual Medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges from himself and family.

(iii) **Leave Travel Concession.**

Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken in India or abroad.

iv) **Club Membership**

Subscription or reimbursement of Membership fee for clubs in India or abroad including

admission and life membership fees, subject to a maximum of two clubs.

v) **Personal Accident Insurance**

Personal Accident Insurance policy for an amount, the annual premium of which shall not exceed Rs. 20,000 p.a.

vi) **Contribution to Provident, Superannuation and Annuity Fund**

The Company's contribution to above funds shall be as per rules framed by the Company in this behalf.

vii) **Gratuity**

Gratuity at the rate of half month's salary for each completed year of service.

viii) **Leave**

Entitled to leave with full pay or encashment thereof as per the rules of the Company.

ix) **Other facilities**

The Company shall provide free of cost, conveyance and communicating facilities (whether in the form of Telephone, Telex or other communication facilities) to Mrs. Surbhi Garg at her residence and if the same is paid by her, to provide for reimbursement thereof.

Except Mr. Vijay Agarwal, CMD, Mrs. Mona Agarwal, Whole-Time Director, Mr. Sorab Agarwal, Executive Director and Mrs. Surbhi Garg, Executive Director of the Company, no other director is concerned or interested in the resolution(s) as set out in Item No.6 & 7

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (IN PURSUANCE TO CLAUSE 49 OF THE LISTING AGREEMENT)

Name of Director	Shri Sorab Agarwal	Shri. Girish Narain Mehra	Smt. Surbhi Garg
Date of Birth	27th February, 1977	24th November, 1932	11th, January, 1978
Date of appointment/ Reappointment	6th September, 2010	6th September, 2010	*12th, November, 2011 *Appointed as an Executive Director w.e.f 01.04.2012
Qualification	B.E. (Mechanical)	Graduate	Under Graduate
List of Outside Directorship	1. ACE TC Rentals (Pvt.) Ltd. 2. Action Developers Ltd. 3. VMS Holdings Pvt Ltd	1. Amrit Banaspati Limited 2. UP Hotels Limited 3. Bharat Seats Limited 4. Usha Breco Limited 5. Subros Limited	1. ACE TC Rentals Pvt Ltd 2. VMS Holdings Pvt Ltd 3. Kava Hospitality Pvt Ltd
Number of Shares held in the Company	2235050	Nil	2042915

In Respect of Item No. 8

Pursuant to Section 293(1) (e) of the Companies Act, 1956, Company can contribute to charitable and other purposes funds not directly relating to the business of the Company or the welfare of its employees in any financial year not exceeding Rs. 50,000/- or five percent of company's average net profits as determined in accordance with the provisions of sections 349 & 350 of the Companies Act, 1956, during the three financial year immediately preceding, whichever is greater.

As a good Corporate Citizen, Company wants to meet its obligation towards the society and will contribute towards various Charitable Trusts and other various activities of social nature. One of the proposed contributions is towards the trust which has been registered in the name of "ACE Emergency

Response Service Trust" which will provide 10-25 ambulance to be stationed at various locations to assist the needy people to take them to the hospital and provide them first aid.

In view of the corporate social responsibility as a policy the Company proposes to contribute to Charitable Funds. As an enabling provision, it is proposed to seek the approval of the Share holders, for payments and contributions under the Companies Act, 1956.

Mr. Vijay Agarwal, Chairman & Managing Director, Mrs. Mona Agarwal, Whole Time Director and Mr. Sorab Agarwal, Executive Director of the Company are the Trustee in the Trust therefore they will be deemed to be interested in this resolution.



Management Discussion and Analysis

I) INDUSTRY STRUCTURE AND DEVELOPMENTS

The year under review was very challenging on many fronts. Inflationary pressures continued persistent during the year with adverse impact on our overheads. Steep depreciation in the Indian Rupee added to input costs. Liquidity conditions were very tight with persistent hardening of interest rates.

Growth in Emerging & Developing economies also slowed from 7.5% in 2010 to 6.2% in 2011 with China, India and Brazil recording significant decline in growth rates. Capital flows into Emerging and Developing economies declined and remained volatile due to lower risk appetite caused by the financial uncertainty in the developed world which also led to sharp fluctuations in the exchange rates in many of these economies.

The world economy is passing through a very tough phase and is expected to grow by 3.5% in 2012. Together with global economic changes, this affected inflows and investments into India, resulting in delayed and cancelled investments in business manufacturing and infrastructure segments. This also had an adverse impact on various projects and the developments of infrastructure in the country which led to lower demand for construction equipment. GDP growth and Steel consumption two key indicators that have a bearing on the Industry's growth rates were clearly below expectations. GDP growth during this period was around 7% while Steel consumption relevant to our operating segments is estimated to have grown by less than 3% for the most part of 2011.



II) OPPORTUNITIES AND THREATS

The year also witnessed the arrival of established International competitors set up operations in India and also the scaling up by those present already in India. With pricing pressures across all product ranges and an increasingly challenging product mix, margins remained under pressure throughout 2011-2012. From a sector wise point of view Automobiles, Cement, Sugar and Infrastructure witnessed slackening of demand and soaring input costs. Given the above backdrop, your Company recorded reasonable growth in terms of Sales revenues which grew by 24% driven primarily on product mix related changes.

The Company maintained its market leadership position and is well positioned to achieve growth in terms of volumes and shares through better service levels and management of costs, though there is pressure on the margins on account of depreciation of Rs, increase in cost of raw materials and overheads. The Company is focusing on reducing cost to increase its margin.

III) SEGMENT WISE OR PRODUCT WISE PERFORMANCE

We operate mainly in three segments i.e. Cranes, Material Handling/Construction Equipment and Tractors. The company has a balanced approach to the Cranes, Material Handling/Construction Equipment and Tractor, which helps us in capitalizing on our strengths in all three segments and to respond to market fluctuations and customer strategies.

IV) OUTLOOK

The outlook for 2012-2013 appears more challenging with established players expanding in India and with difficult liquidity and economic conditions continuing to exert pressures on margins and working capital. Our primary concerns are high levels of inflation and relatively depressed market sentiments. Competition from other manufacturers also continues to be intense. Prices of Steel and other metals have been displaying erratic trends with upward bias driven by power shortages and rising input costs. Delay in infrastructure and core projects spending could result in downturn in revenues.

We are focusing on productivity improvements, resourcing, quality, costs, indigenization of raw materials and components, range rationalization and enrichment of product mix to enhance our market shares and margins. Margins are expected to remain under pressure even as we adapt to a rapidly changing environment.

Your Company's business exposure to the normal financial and market risks continue to be monitored and managed by experienced managers at all levels duly strengthened from time to time by systems and processes commensurate with the volume of business activities and the perceived risk requirements.

V) Risks and Concerns

The Company operates in an environment which is affected by various risks some of which are controllable while some are outside the control of the Company. However, the Company has been taking appropriate measures to mitigate these risks on a continuous basis. Some of the risks that are potentially significant in nature and need careful monitoring are listed hereunder:

a. Raw material prices:

Our profitability and cost effectiveness may be affected due to change in the prices of raw materials and other inputs.

b. Foreign Currency Risks:

Exchange rate fluctuations may have an adverse impact on the Company

c. Technical Intensive Industry:

The crane industry is a technical intensive industry and thus faced with a constant demand for new designs, knowledge of nascent technology to meet market requirements.

d. Cyclical nature of the Industry:

The Company's growth is linked to those of the crane Industry, which is cyclical in nature. The demand for crane has a significant impact on the demand and prices of the products manufactured by the Company. A fall in the demand and / or prices would adversely impact the financial performance of the Company. Tractor Industry growth is dependent upon monsoons and availability of cheap finance from public sector banks.

e. Increasing competition:

Increasing competition from players expanding in India may put some pressure on market share.

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: Faridabad
Date: 04th August, 2012



Directors' Report

To

The Members

The Directors are pleased to present the 18th Annual report and Audited Statement of Accounts for the financial year ended 31st March, 2012.

		(Rs. in lacs)
FINANCIAL RESULTS	2011-12	2010-11
Gross Turnover	87,868	70,759
Excise Duty	3,110	2,111
Net Turnover	84,758	68,648
Other Income	1,248	1,390
Total Income	86,006	70,038
Profit before Depreciation Interest and Tax	5,703	6,473
Less:		
Depreciation	1133	689
Interest	735	352
Provision for Taxation	988	1352
Net Profit after Tax	2,847	4,059
Profit brought forward	2,563	1,604
Profit available for Appropriations	5,410	5,663
Appropriations:		
Dividend	198	1858
Corporate Tax on Dividend	32	308
Transferred to General Reserve	1,000	1,000
Profit carried to Balance Sheet	4,180	2,497



FINANCIAL PERFORMANCE

In spite of the challenging year in which the global business sentiments were marred by poor economic growth, slowdown in investments, high inflation, interest rate hike etc, the gross turnover of the Company has increased to Rs.87868 lacs from Rs.70759 Lacs for the year ending 31.3.2012, indicating a growth of 24% on year over year basis. However the profit before tax has decreased from Rs.5432 Lacs for financial year ending 31.3.2011 to Rs.3835 Lacs for current financial year ending 31.3.2012. The weakening of Indian Rupee in the second half of the year led to a loss of Rs. 985 Lacs.

The company is focusing on reducing its cost and increasing its market share in all the products.

AMALGAMATION OF ACE STEEL FAB PVT LIMITED

During the year under review, ACE Steel Fab Pvt Ltd has merged with the Company w.e.f. 1st Oct, 2011. Accordingly the financial results of the Company include the financial results of the ACE Steel Fab Pvt Limited from 1st Oct, 2011. Company has issued 60,55,000 Equity shares to the Shareholders of ACE Steelfab Private Ltd consequent to the order received from Hon'ble High Court of Delhi sanctioning the scheme of Amalgamation of ACE Steelfab Private Ltd with the Company.

SHARE WARRANTS

Company had issued 50,00,000 (Fifty Lac) Convertible Share Warrants to Mrs. Mona Agarwal, Promoter Director of the Company in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") on 30th April 2010 which had to be converted in the Equity Share on 26th November 2011 after payment of 75% remaining amount as per the terms of the issue.

No application for allotment of shares was received therefore the Company forfeited the Application money after due date i.e. 26th November 2011.

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

DIVIDEND

In order to conserve the cash resources your Directors have recommended 10% Equity Dividend per share on the Paid up Equity Share Capital of the Company for the year 2011-12. Total dividend (including dividend tax) will absorb Rs. 230 Lacs.

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

The Consolidated Financial Statements have been prepared by your Company in accordance with the applicable Accounting Standards (AS-21, AS-23 and AS-27) issued by the Institute of Chartered Accountants of India and the provisions of the listing agreement with the Stock Exchanges. Together with the Auditors' Report, these form part of the Annual Report.

In terms of the General Circular of the Ministry of Corporate Affairs (MCA), Government of India, the copy of Balance Sheet, Statement of Profit and Loss, Directors' Report, Auditors' Report, etc., of the subsidiary companies is not attached with the Annual Report of the Company. The related information on the Annual Accounts of the subsidiary companies shall be made available to the shareholders of the Company and of the subsidiary companies, who shall seek such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of the subsidiary companies concerned. The Statement

pursuant to Section 212 of the Companies Act, 1956, containing the details of the Company's subsidiaries and the gist of the financial performance of the subsidiary companies forms part of the Consolidated Financial Statements of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- I) have followed in the preparation of Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures if any;
- II) 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) 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) had prepared the annual accounts on a going concern basis.

DIRECTORS

Shri Sorab Agarwal and Shri Girish Narain Mehra (IAS Retd), Directors are liable to retire by rotation in ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Mrs. Surbhi Garg was appointed as additional director on 12.11.2011. She has been appointed as Executive Director w.e.f. 1st April, 2012

Your Directors recommend for their appointment / re-appointment. None of the Directors of your Company is disqualified as per provisions of Section 274(1) (g) of the Companies Act, 1956.

AUDIT AND SYSTEMS

Your Company believes that internal control is a necessary concomitant of the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your Company remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of assets.

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.

COST AUDITORS

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s Vandana Bansal & Associates, Faridabad, as the Cost Auditors to conduct the Cost Audit for the year 2012-13.

The due date for filing the Compliance Reports for the financial year 2011-2012 is 30th September, 2012 and the same will be filed on or before the due date.

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, cordial industrial relations environment prevailed at all the manufacturing units of the Company during the year.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of Section 219(l) (b) (iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all shareholders, excluding the Statement of Particulars under Section 217(2A). Any shareholder, interested in obtaining a copy of this statement, may write to the Company Secretary.

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 equipment 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, Planting trees and Health/Medical facilities to the employees and public at large. In addition to the continuing CSR activities, Company has set up a trust to provide medical aid to the needy.

As a responsible corporate citizen, ACE recognized its need to deliver value to the society, which is the reason for its existence

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance and Certificate regarding compliance of conditions of Corporate Governance from practicing Company Secretary forms part of the Annual Report.

RESEARCH AND DEVELOPMENT

Your Company continues to invest in a comprehensive Research & Development (R&D) programme to develop a unique source of sustainable competitive advantage and build future readiness by leveraging contemporary advances in several relevant areas of science and technology and blending the same with classical concepts of product development.

The Company has set up a dedicated R&D centre at Jajru Road, in addition to existing R&D Centre at Dudhola Link Road. Both

these centres have accreditations from the Ministry of Science and Technology, Govt of India. Both the centres continuously carries out Research and developments for developing new products and also focus on the quality of products, making them more economical, cost effective and user friendly.

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: Faridabad
Date: 04th August, 2012

Annexure to the Director's Report

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.

The Company has also implemented various energy conservation measures during the financial year which has resulted in the reduction of overall electrical energy and fuel consumption.

There is an optimum ratio of glass windows to utilize natural daylight and proper insulation/ventilation to balance temperature and reduce heat

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 was carried out by the company:

- 1 12 ton Pick-n-Carry crane developed (FX 120)
- 2 Truck mounted, 360 continuous slew, articulated boom crane of 10 Tm Capacity
- 3 Truck Mounted 360 degree straight boom crane of 15 Tm capacity
- 4 Truck Mounted 360 degree straight boom crane of 6 Tm capacity
- 5 3 Part 51 feet height boom developed for 14 XW crane
- 6 Tandem Compactor (ADD90) with low & medium amplitude
- 7 3.5 ton tandem compactor
- 8 Paper roll Clamp for Forklifts
- 9 Bale Clamp for Forklifts
- 10 Rotator for Forklifts
- 11 Shovel attachment for Forklifts
- 12 Fixed Hook attachment for Forklifts

- 13 Goose neck attachment for Forklifts
- 14 Prong attachment for Forklifts
- 15 Crane booms in 'U' pressing
- 16 Drum Drive (DD) for 10 Ton & 12 Ton Soil Compactors
- 17 Multipurpose power tractor suitable for operation in all weather and all terrain conditions
- 18 14 ton Pick-n-carry crane(FX 150)
- 19 10 Ton self-propelled recovery crane (FX 170)
- 20 Small recovery crane for hilly areas (HR C26)
- 21 15 ton new concept crane (15XW- E)
- 22 9 ton Tandem compactors (ADD90)
- 23 Ram Attachment (Coil Carrier) for Forklifts
- 24 Tower Crane model- 5040/5015/5510
- 25 Crawler Crane 75 Ton
- 26 Crawler crane 75 ton Alternate Engine
- 27 BS-III emission norms compatible engine for cranes, backhoe loader & compactors
- 28 51'3 part fully powered boom for FX 150 crane
- 29 Pad Foot Drive (PD) for 10 Ton & 12 Ton Soil Compactor
- 30 FX120/FX150 cranes with high ratio gearbox for low creep speed
- 31 FX120/FX150 cranes with 2 speed gearbox for High Travel speed and low creep speed
- 32 51'4 Part Boom with manual extension for FX150 crane

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

- o Upgradation of technology to meet international standards in safety & homologation requirements of the country.
- o Upgraded process to reduce manufacturing costs
- o Innovate new concepts in material handling and construction equipment
- o Simulation evaluation to shorten introduction time of new products

- o Value engineering to remain competitive in quality & price.
- o Removal waste from design and manufacturing process

c) Future plan of action:

- 1 Developing 16 ton 4 Wheel Drive Pick-n-Carry crane (FX174)
- 2 Developing 16 ton Pick-n-Carry crane (FX172)
- 3 Rock breaker attachment for Backhoe Loader
- 4 Developing Load Stabilizer for Forklifts
- 5 Developing 3 Ton Hydrostatic Tele handler (TH730)
- 6 Developing new 3.5 Ton Tandem Compactors (ADD35)
- 7 Developing 16 ton new concept crane (SX160-FC)
- 8 Developing variable frequency drive motor and control on 5040/ 5015/ 5510 tower cranes.
- 9 Developing tower crane model 5512
- 10 Inner climbing tower crane design under development
- 11 Crawler cranes of capacity 40 Ton
- 12 Crawler cranes of capacity 55 Ton
- 13 Crawler cranes of capacity 75 ton free fall
- 14 Crawler cranes of capacity 80 Ton capacity
- 15 Wheel Motor Grader Indian Engine
- 16 3 Ton forklift Alternate Indian engine
- 17 Alternate engine in 3.5 Ton Mini Compactor
- 18 Developing 58' 4 Part Boom with manual extension for new cranes
- 19 Developing new technology for Rope Compensation slotted Boom
- 20 Developing Truck Mounted 360 Deg Slew crane in capacity of 25 Ton, 50 Ton & 70 Ton
- 21 Developing 18 ton new concept crane (SX180)
- 22 Developing 20 ton 4Wheel Drive Pick-n-Carry crane (Fx200)

- 23 Developing 25 ton 4 Wheel Drive Pick-n-Carry crane (Fx250)
- 24 Design & development of truck mounted , 360 continuous slew ,articulated boom crane of 8 Tm capacity
- 25 Design & development of truck mounted articulated boom crane of 23 Tm capacity
- 26 Design & development of truck mounted full slew crane of 6 T lift capacity on wheels and 16 T with outriggers

Also Looking for technical and commercial tie ups for our products Development of improved and more reliable safe cranes.

III) Expenditure on Research and Development:

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

	(Rs. in Lacs)
(a) Capital Expenditure	116.00
(b) Revenue Expenditure (including Salary to R&D staff and other related expenses)	727.00
Total	843.00

IV) 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 all products developed by the R&D team.

- b)** The company has imported technology for Crawler Cranes of capacity 40 ton & is still to absorb the same.

V) FOREIGN EXCHANGE EARNING AND OUTGO

Foreign exchange outgo : Rs. 16094 lacs

Foreign exchange earned : Rs. 2511 lacs



Report on Corporate Governance

CORPORATE GOVERNANCE AT ACE

Corporate governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

We at ACE are committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic growth process.

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.
- 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 four Executive and four Non-executive directors on the Board of the Company. All Non-executive directors are independent directors. 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. 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 Clause 49 of the Listing Agreement. The Board of Directors of the Company met four times during the financial year 2011-12 i.e. on 30th May, 2011, 30th July, 2011, 12th November, 2011, 04th February, 2012.

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

Name of Directors	Position in the Company	Attendance at Board Meeting out of four 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	4 / Yes	1	-	1
Mrs. Mona Agarwal	Whole-Time Director	4/Yes	1	-	-
Mr. Sorab Agarwal	Executive Director	3/No	1	-	1
Mr. Girish Narain Mehra	Independent Director	3/Yes	5	4	4
Mr. Subhash Chander Verma	Independent Director	4/Yes	-	1	1
Dr. Amar Singhal	Independent Director	4/No	-	1	1
Maj. Gen.(Retd.) Dr. K C Agrawal	Independent Director	4/Yes	-	-	-
Mrs. Surbhi Garg*	Executive Director	1/NA	-	-	-

* Appointed as additional Director w.e.f. 12th November 2011 and further appointed as Executive Director w.e.f. 01.04.2012.

BOARD AGENDA

Meetings are governed by a structured agenda. The Board members, in consultation with Chairman, may bring any matter for the Consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are circulated at least three working days prior to the Board Meeting.

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, with the management, appointment, performance and recommending fees for cost auditor
- 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 30th May, 2011, 30th July, 2011, 12th November, 2011 and 04th February, 2012. The detail of composition and attendance is produced below. The qualification & composition of Audit Committee is as per-se Listing Agreement. Mr. Subhash Chander Verma, a Graduate and qualified CAIIB (Associate of Indian Institute of Bankers.) is the Chairman of the Committee. He has a rich 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	3
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.

Secretary

Mr. Rajan Luthra, Company Secretary of the Company is the Secretary of the 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 2011-12 i.e. on 12th November, 2011. The detail of Composition and Attendance is produced below. Dr. Amar Singhal, is 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	1

The Company Secretary acts as Compliance Officer of the Committee.

There were no Complaints pending as on 31st March, 2012.

(III) Remuneration Committee

The Remuneration Committee of the Company comprises of three Independent directors (Including the Chairman of the Committee).

All decision relating to remuneration of the Directors are taken by the Board of Directors of the Company on the recommendation of the Remuneration committee.

REMUNERATION COMMITTEE DETAILS

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

No Remuneration Committee Meeting was held during the year 2011-12. However after the close of the financial year ended 31st March, 2012 a Meeting of Remuneration was held on 12th May, 2012 to approve the remuneration payable to Mrs. Surbhi Garg as Executive Director of the Company w.e.f. 01.04.2012.

(IV) Compensation (ESOS) Committee

The Compensation Committee of the Company is empowered to formulate Employ Stock Option Scheme for the Company and is also authorized 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
1.	Shri Subhash Chandra Verma	Chairman	Independent
2.	Shri Girish Narain Mehra	Member	Independent
3.	Shri Vijay Agarwal	Member	Independent

However no options have been allotted by the Company in the financial year 2011-12. The Company is yet to implement the ESOS Scheme-2010.

No Compensation Committee meeting was held during the year 2011-2012

(V) Share Allotment Committee

Share Allotment Committee is authorised, to allot warrants and equity shares to prospective shareholders.

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

No Share Allotment Committee meeting was held during the year 2011-2012.

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 2011-12, 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	189.00	-	15.40	204.40
2.	Smt. Mona Agarwal, Whole- time Director	126.00	-	10.20	136.20
3.	Shri Sorab Agarwal, Executive Director	33.60	-	2.40	36.00

(ii) Sitting Fee paid to Non-Executive Directors:-

S. No.	Name of the Directors	Amount Paid for 2011-12 (in Rs.)
1.	Shri Girish Narain Mehra	60,000
2.	Shri Subhash Chander Verma	90,000
3.	Maj. Gen. (Retd.) Dr. K C Agarwal	40,000
4.	Dr. Amar Singhal	90,000

GENERAL BODY MEETINGS

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

For the Year	2008-09	2009-10	2010-11
AGM	15th	16th	17th
Date & Time	06.08.2009, 12:00 noon	30.09.2010, 1:00 pm	21.09.2011, 12:00 noon
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

Note: No Special Resolution was passed in the Last Annual General Meeting held on 21.09.2011.

Postal Ballot: No resolutions have been passed by the Company's shareholders through postal ballot during the year ended 31st March 2012.

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

INVESTOR GRIEVANCES

During the year, the Company received 40 investor grievances which were redressed. There were no requests pending for Share Transfer or Transmission as on 31st March, 2012. Further, there were no request pending for demat as on 31st March, 2012.

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

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, and Smt. Surbhi Garg, Directors of the Company.

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

DISCLOSURES

Disclosure on materially significant related party transactions i.e.transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large	None of the transactions with any of the related parties were in conflict with the interest of the Company
Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the past Three years.	None
Details of Compliance with mandatory requirements	As on date, the Company is in full compliance with the Mandatory requirements of Clause 49. Further, following

- The details of "Related Party Disclosures" are being disclosed in Notes no. 12(e) of Other Notes to the Accounts in the Annual Report.
- 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.
- None of the Independent Directors had any pecuniary relationship or transactions with the Company during the financial year ending 31st, March, 2012.

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 Financial 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 2011-12 were published in leading newspapers (English & Hindi), viz., Financial Express, Jansatta, and Business Standard. 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, 2011, September 30, 2011, December 31, 2011 and March 31st 2012, 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., **cs@ace-cranes.com**.

Recently, as part of its 'Green Initiatives', Government has permitted Companies to provide various documents to its Shareholders in electronic form i.e. through e-mail. Your Company is fully committed towards such an initiative and has accordingly requested its Shareholders to provide or update their e-mail ids with their respective DPs/Company Registrar, as the case may be, and give their option for receiving documents in electronic form.

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 Reconciliation of Share Capital 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 18th Annual General Meeting of the Company is scheduled for, the Friday, 28th September 2012, at 11:00 a.m at MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.

Financial Calender (Tentative)

For 1st quarter ending 30th June 2012	First Week of August 2012
For half year ending 30th September 2012	First Week of November 2012
For 3rd quarter ending 31st December 2012	First Week of February 2013
For year ending 31st March 2013	Last Week of May 2013
Annual General Meeting for the year ending 31st March 2013	Last Week of September 2013

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 2012-13, has been paid to the concerned Stock Exchanges. Annual custodian charges of depository have also been paid to NSDL and CDSL.

Stock Codes

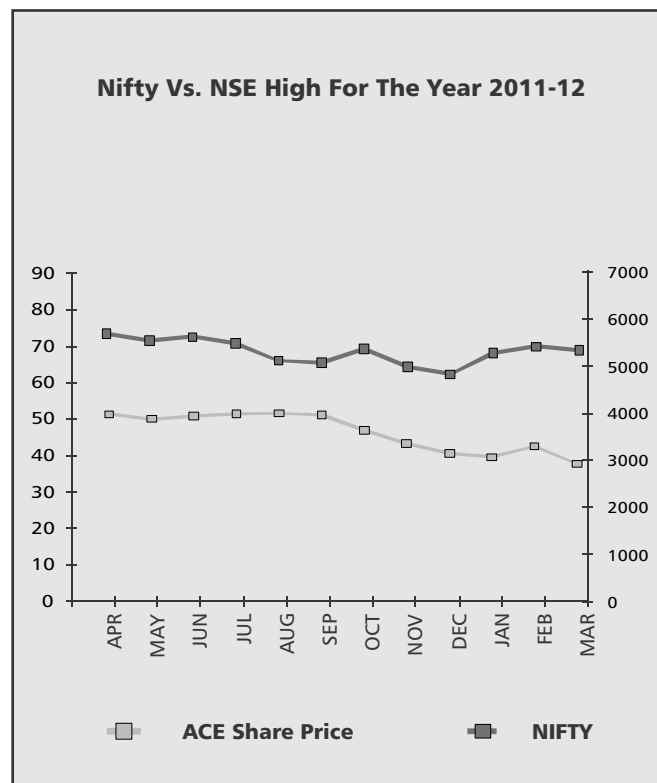
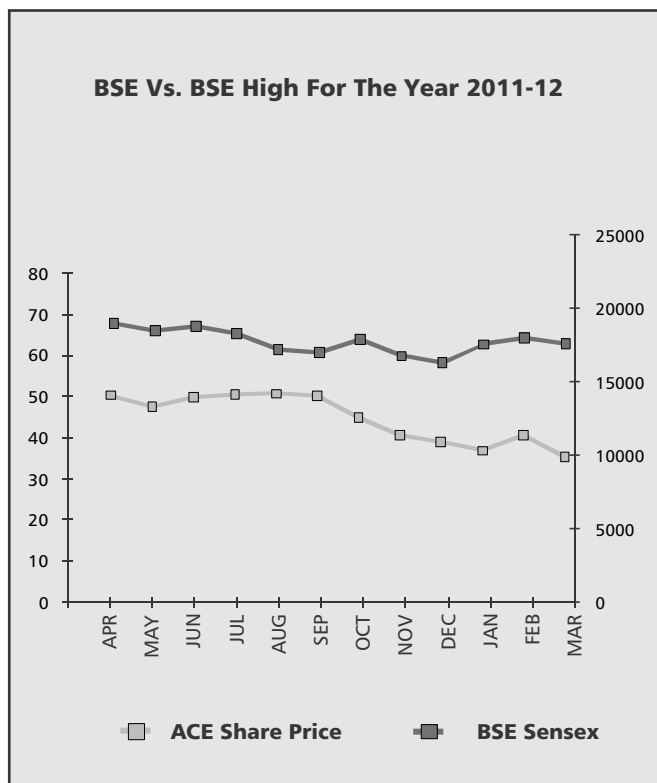
The stock codes of the Company's securities are as follows:

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) 2011-12	NSE		BSE		MONTH END	
	HIGH (in Rs.)	LOW (in Rs.)	HIGH (in Rs.)	LOW (in Rs.)	BSE SENSEX	NIFTY
APRIL	50.65	45.25	50.60	42.65	19135.96	5749.50
MAY	49.30	40.70	47.90	41.25	18503.28	5560.15
JUNE	50.20	43.30	50.25	43.25	18845.87	5647.40
JULY	50.75	43.60	50.85	43.00	18197.20	5482.00
AUGUST	50.95	39.00	51.00	39.00	16676.75	5001.00
SEPTEMBER	50.40	42.30	50.40	43.55	16453.76	4943.25
OCTOBER	46.00	38.20	45.25	39.55	17705.01	5326.60
NOVEMBER	42.00	26.45	41.10	27.25	16123.46	4832.05
DECEMBER	39.00	25.00	39.50	25.20	15454.92	4624.30
JANUARY	38.00	28.00	37.40	28.05	17193.55	5199.25
FEBRUARY	41.20	33.15	41.15	33.30	17752.68	5385.20
MARCH	36.00	31.00	35.80	31.00	17257.36	5295.55

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



DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2012

i. ON THE BASIS OF CATEGORY

Category of Shareholding	Number of Shareholders	No. of shares	% of Shareholding
Resident individuals & Others	26827	16180986	16.35
Promoter & Promoter Group	6	67011337	67.73
Banks, Fls, Insurance Company	1	6950	0.01
Mutual Funds/ UTI	6	5454811	5.51
Non-residents/FII/OCB	274	3617568	3.66
Bodies Corporate	537	6668348	6.74
TOTAL	27651	98940000*	100.00

*increased due to 60,55,000 Equity Shares issued to the Shareholders of ACE Steelfab Private Limited consequent to order of Hon'ble High Court of Delhi approving the scheme of amalgamation of ACE Steelfab Private Limited with the Company w.e.f 01.10.2011

ii. ON THE BASIS OF SHARES HELD

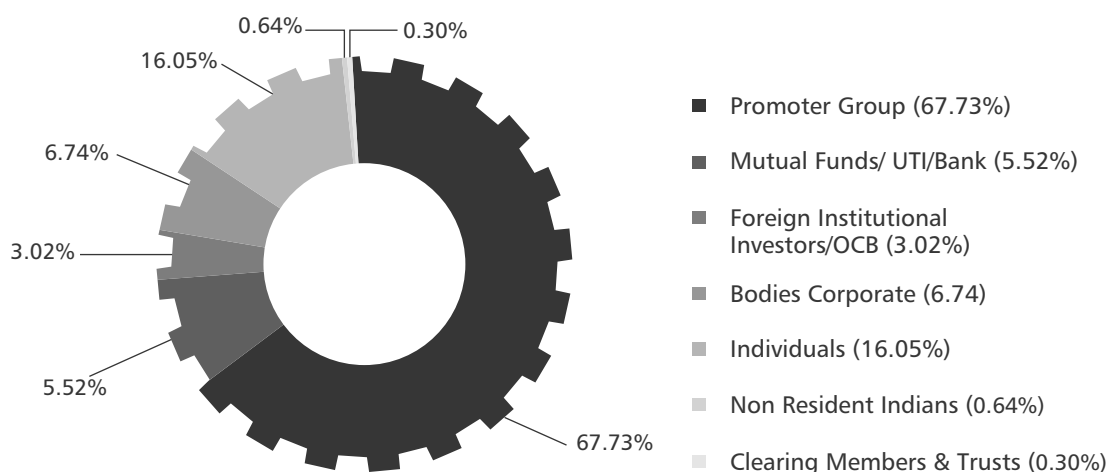
No. of Shareholders	% to Total	Shareholding of nominal value of Rs. 2	No. of Shares	% to Total
26734	96.68	Up to 1 to 5000	6851084	6.92
438	1.58	5001 to 10000	1630256	1.65
201	0.73	10001 to 20000	1460663	1.48
92	0.33	20001 to 30000	1157766	1.17
38	0.14	30001 to 40000	666336	0.67
21	0.08	40001 to 50000	493157	0.50
68	0.25	50001 to 100000	2264378	2.29
59	0.21	100001 and above	84416360	85.32
27651	100.00	Total	98940000*	100.00

*increased due to 60,55,000 Equity Shares issued to the Shareholders of ACE Steelfab Private Limited consequent to order of Hon'ble High Court of Delhi approving the scheme of amalgamation of ACE Steelfab Private Limited with the Company w.e.f 01.10.2011

iii. ON THE BASIS OF OWNERSHIP

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	6	67011337	67.73
B) Public shareholding				
1	Institutions			
(a)	Mutual Funds/ UTI/Bank	7	5461761	5.52
(b)	Foreign Institutional Investors/OCB	2	2990000	3.02
2	Non-institutions			
(a)	Bodies Corporate	537	6668348	6.74
(b)	Individuals	26764	15881681	16.05
(c)	Non Resident Indians	272	627568	0.64
(d)	Trusts	3	217224	0.22
(e)	Clearing Members	60	82081	0.08
	TOTAL	27651	98940000*	100.00

*increased due to 60,55,000 Equity Shares issued to the Shareholders of ACE Steelfab Private Limited consequent to order of Hon'ble High Court of Delhi approving the scheme of amalgamation of ACE Steelfab Private Limited with the Company w.e.f 01.10.2011



DEMATERIALIZATION OF SHARES AND LIQUIDITY

As on 31st March, 2012, 99.92 % of the shareholding were held in dematerialized form as per details mentioned below:-

Particular	No. of Holders	No. of Shares	% of Total Issued Capital
Physical System	4750	77557	0.08
NSDL	14811	89231513	90.19
CDSL	8090	9630930	9.73
Total	27651	98940000	100.00

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

Outstanding GDRs/ADRs/Warrants or any Convertible instrument

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

SHARE WARRANTS

Company had issued 50,00,000 (Fifty Lac) Convertible Share Warrants to Mrs. Mona Agarwal, Promoter Director of the Company in accordance with Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009("ICDR Regulations") on 30th April 2010 which had to be converted in the Equity Share on 26th November 2011 after payment of 75% remaining amount as per the terms of the issue.

No application for allotment of shares was received therefore the Company forfeited the Application money after due date i.e 26th November 2011.

UNIT LOCATIONS

The following are the unit 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

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

45th Mile Stone, Mathura Road,
Prithla, Distt. Palwal,
Haryana

RESEARCH & DEVELOPMENT CENTRE

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

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

ADDRESS FOR CORRESPONDENCE

Action Construction Equipment Limited
Dhudhola Link Road,
Dhudhola
Dist. Palwal (Haryana)
Phone: + 91-1275-280111
Fax No.: + 91-1275-280133
Email Id: cs@ace-cranes.com

DECLARATION REGARDING CODE OF CONDUCT

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

Place: Faridabad
Date: 04th August, 2012

Vijay Agarwal
Chairman & Managing Director

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, 2012 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

Rajan Luthra
Chief Finance Officer

Place: Faridabad
Dated: 04th August, 2012

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, 2012 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 M/s Savita Trehan
Company Secretary in Whole Time Practice

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

Place: Faridabad
Dated: 04th August, 2012

Auditor's Report to the Members

We have audited the attached Balance Sheet of Action Construction Equipment Limited as at 31st March, 2012, 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. 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, 2012,
- 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.
- f. On the basis of written declaration received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2012, from being appointed as a director in terms of clause (g) of sub-section (I) of section 274 of the Companies Act, 1956;

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

RAJAN CHHABRA
Partner
Membership No. 088276

Place : Faridabad
Date : 04th August 2012

Annexure to the Auditors' Report

ANNEXURE REFERRED TO IN PARAGRAPH 4 and 5 OF THE AUDITOR'S REPORT ON THE ACCOUNTS OF Action Construction Equipment Limited FOR THE YEAR ENDING 31st March 2012

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:

1 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) During the year, in our opinion, a substantial part of the fixed assets has not been disposed off by the Company.

2 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.

3 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

4 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.

5 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.

6 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.

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

8. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9 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

Annexure to the Auditors' Report (Contd.)

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

- (B) Details of dues of Income Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty and Cess, to the extent applicable and pending with various authorities, which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Sr. No.	Name of the Statute	Amount (Rs. in lacs)	Period to which the amount relates
1.	Income Tax Act (Income Tax & Interest)	2171.01	2006-2007 2007-2008 2008-2009 2009-2010
2.	Sales Tax Act and Value Added Tax (Sales Tax)	353.72	2004-2005 2005-2006 2011-2012
3.	Custom Act	3.82	2008-2009
4.	Central Excise Act, 1944	672.94	2006-2007 2007-2008 2008-2009 2009-2010 2010-2011 2011-2012

- 10 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.
- 11 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.
- 12 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.
13. According to the information and explanations given to us, during the period covered by our audit report, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

- 14 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.
- 15 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.
- 16 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.
- 17 According to the information & explanation given to us the term loans have been applied for the purposes for which they were obtained.
- 18 According to the information and explanation given to us, during the period covered by our audit report, the Company has not issued debentures.
- 19 During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year nor have we been informed of such case by the management.

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

RAJAN CHHABRA
Partner
Membership No. 088276

Place : Faridabad
Date : 04th August 2012

Balance Sheet as at 31st March, 2012

Rs. in Lacs

Particulars	Notes	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders Funds			
Share Capital	1	1,978.80	1,857.70
Reserves and Surplus	2	27,783.86	24,370.45
Money received against Share warrants		-	518.13
		29,762.66	26,746.28
Non-current Liabilities			
Long-Term Borrowings	3	2,451.17	-
Deferred Tax Liabilities (Net)	4	292.06	107.99
Other Long Term Liabilities		5	174.00
140.65			
Long Term Provisions	6	167.60	115.58
		3,084.83	364.22
Current Liabilities			
Short-Term Borrowings	7	11,655.80	7,151.50
Trade Payables		10,664.43	11,029.96
Other Current Liabilities	8	2,961.98	2,941.67
Short-Term Provisions	9	229.98	1,320.15
		25,512.19	22,443.28
TOTAL		58,359.68	49,553.78
ASSETS			
Non-current Assets			
Fixed Assets	10		
Tangible assets		22,380.17	14,906.22
Intangible assets		282.79	292.33
Capital Work in Progress		529.85	337.39
		23,192.81	15,535.94
Non-current investments	11	288.35	265.24
Long term loans and advances	12	5,938.05	5,836.75
Other non-current assets	13	5.23	6.08
		6,231.63	6,108.07
Current Assets			
Current Investments	14	755.16	500.00
Inventories	15	13,575.86	12,094.49
Trade Receivables	16	8,555.13	8,314.21
Cash and Cash equivalents	17	2,134.47	2,398.32
Short-term Loans and Advances	18	3,914.62	4,602.75
		28,935.24	27,909.77
TOTAL		58,359.68	49,553.78
The accompanying Notes are an integral part of Financial Statements.			
In terms of our report of even date		For and on behalf of the Board of Directors	
For Rajan Chhabra & Co.			
Chartered Accountants			
Firm Registration No. 009520N			
RAJAN CHHABRA		Vijay Agarwal	
Partner		Chairman & Managing Director	
Membership No. 088276		Subhash Chander Verma	
		Independent Director	
Place : Faridabad		Rajan Luthra	
Date : 04 th August, 2012		CFO & Company Secretary	
		Sorab Agarwal	
		Executive Director	

Profit & Loss Account for the Year Ended 31st March, 2012

		Rs. in Lacs	
Particulars	Notes	Year ended 31st March, 2012	Year ended 31st March, 2011
Revenue from operations	19	85,551.15	69,356.06
Other Income	20	454.31	537.73
Total Revenue		86,005.46	69,893.79
Expenses			
Cost of Materials Consumed	21	60,729.87	47,114.44
Purchase of Stock-in-Trade		3,324.21	4,679.93
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	77.29	439.40
Employee Benefit Expenses	23	4,451.39	3,324.21
Selling & Distribution Expenses	24	2,402.44	2,217.05
Financial Costs	25	734.71	352.11
Depreciation and Amortization Expenses		1,133.12	688.51
Other Expenses	26	9,316.92	5,646.13
Total Expenses		82,169.95	64,461.78
Profit Before tax		3,835.51	5,432.01
Tax Expense			
Current tax		834.13	1,339.61
Deferred tax		154.42	32.90
Profit for the year		2,846.96	4,059.50
Earning per equity share (Face Value Rs 2.00 each)			
Basic (Rs.)		2.97	4.45
Diluted (Rs.)		2.97	4.39

Additional Notes to the Financial Statements

27

The accompanying Notes are an integral part of Financial Statements.

In terms of our report of even date
For Rajan Chhabra & Co.
Chartered Accountants
Firm Registration No. 009520N

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

RAJAN CHHABRA
Partner
Membership No. 088276

Subhash Chander Verma
Independent Director

Place : Faridabad
Date : 04th August, 2012

Rajan Luthra
CFO & Company Secretary

Sorab Agarwal
Executive Director

Cash Flow Statement for the year ended 31st March, 2012

Rs. in Lacs

PARTICULARS	Year Ended 31st March, 2012	Year Ended 31st March, 2011
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Profit And Loss Account	3,835.51	5,432.01
Adjustments For :		
Depreciation and Amortisation Expenses	1,133.12	688.51
Interest Expenses	734.71	352.11
Interest Income	(264.29)	(392.23)
Profit on Sale of Fixed Assets	(25.62)	(98.12)
Loss on Sale of Fixed Assets	4.23	2.86
Revaluation Reserve Income	(4.73)	(1.06)
Foreign Currency Translation Reserve	243.90	-
Miscellaneous Expenses written off	1.17	1.01
	1,822.49	553.08
Operating Profit Before Working Capital Changes	5,658.00	5,985.09
Adjustments For :		
Trade & Other Receivable	(98.71)	(3,197.58)
Inventories	(600.31)	(6,461.10)
Trade Payable	(2,873.90)	6,542.09
Loans & Advances	1,086.41	(1,639.02)
	(2,486.51)	(4,755.61)
Cash generated from Operations	3,171.49	1,229.48
Direct Taxes Paid	(1,527.78)	(1,235.79)
NET CASH FLOW FROM OPERATING ACTIVITIES	1,643.71	(6.31)
B) CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets Including Capital WIP	(7,468.38)	(3,257.15)
Sale of Fixed Assets	179.08	230.15
Purchase of Investments	(278.27)	(565.28)
Interest Income	264.29	392.23
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(7,303.28)	(3,200.05)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds From Secured Loans	7,204.87	4,133.52
Interest Paid	(734.71)	(352.11)
Proceeds from Preferential Allotment of Shares	-	1,548.30
Proceeds from issuance of Warrants	-	518.13
Dividend & Tax thereon	(1,079.53)	(2,131.26)
NET CASH FLOW FROM FINANCING ACTIVITIES	5,390.63	3,716.58
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(268.94)	510.22
OPENING BALANCE OF CASH & CASH EQUIVALENTS	2,398.32	1,888.10
BALANCE OF CASH & CASH EQUIVALENTS OF AMALGAMATING CO.	5.09	-
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	2,134.47	2,398.32

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method"
- Cash and Cash equivalents consists of Cash in hand and balances with banks

The accompanying Notes are an integral part of Financial Statements.

In terms of our report of even date
For Rajan Chhabra & Co.
Chartered Accountants
Firm Registration No. 009520N

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

RAJAN CHHABRA
Partner
Membership No. 088276

Subhash Chander Verma
Independent Director

Place : Faridabad
Date : 04th August, 2012

Rajan Luthra
CFO & Company Secretary

Sorab Agarwal
Executive Director

Notes to the Financial Statements

1. Share Capital

Particulars	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (Rs. in Lacs)	As at 31st March, 2011 (No. of Shares)	As at 31st March, 2011 (Rs. in Lacs)
Authorised Capital :				
Ordinary Shares of Rs. 2/- Each	12,25,00,000	2,450.00	12,00,00,000	2,400.00
Issued, Subscribed and Paid up Capital :				
Ordinary Shares of Rs. 2/- Each fully paid up	9,89,40,000	1,978.80	9,28,85,000	1,857.70
A) Reconciliation of number of Ordinary Shares outstanding				
As at beginning of the year	9,28,85,000	1,857.70	9,28,85,000	1,857.70
Add: Issue of Shares to the shareholders of amalgamating Company	60,55,000	121.10	—	—
As at end of the year	9,89,40,000	1,978.80	9,28,85,000	1,857.70

B) Shareholders holding more than 5% of the Ordinary Shares in the Company

Particulars	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (%age)	As at 31st March, 2011 (No. of Shares)	As at 31st March, 2011 (%age)
Mr. Vijay Agarwal / Mrs. Mona Agarwal	3,39,18,707	34.28%	3,14,96,707	33.90%
Mrs. Mona Agarwal / Mr. Vijay Agarwal	2,63,43,650	26.62%	2,51,32,650	27.06%

C) Rights, preferences and restrictions attached to the Ordinary Shares

The Ordinary Shares of the Company, having par value of Rs 2.00 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

Notes to the Financial Statements

2. Reserves and Surplus

Rs. in Lacs

Particulars	As At 31st March, 2012		As At 31st March, 2011	
Capital Reserves				
At the beginning of the year	-		-	
Add: Forfeiture for money received against share warrant	518.13		-	
Add: Profit on sale of Land	53.83			
At the end of year		571.96		-
Revaluation Reserve				
At the beginning of the year	5,840.87		144.88	
Add: Revaluation of Land	-		5,697.05	
Less: Depreciation	4.73		1.06	
Less: Adjustment under the scheme of Amalgamation	96.10		-	
At the end of the year		5,740.04		5,840.87
Securities Premium Account				
At the beginning of the year	8,532.73		7,044.43	
Add: Addition during the year	-		1,488.30	
At the end of the year		8,532.73		8,532.73
Foreign Currency Translation Reserve				
At the beginning of the year	-		-	
Add: Translation of foreign currency loans	243.90		-	
At the end of the year		243.90		-
General Reserves				
At the beginning of the year	7,500.00		6,500.00	
Add: Balance of Amalgamating Company	15.00		-	
Add: Transfer from Surplus in Statement of Profit & Loss	1,000.00		1,000.00	
At the end of the year		8,515.00		7,500.00
Surplus in Statement on Profit & Loss				
At the beginning of the year	2,496.85		1,603.59	
Add: Balance of Amalgamating Company	66.40		-	
Add: Profit of the year	2,846.96		4,059.50	
Less: Appropriation of profit				
Proposed Dividend	197.88		1,857.70	
Tax on Dividend	32.10		308.54	
Transfer to General Reserve	1,000.00		1,000.00	
At the end of the year		4,180.23		2,496.85
TOTAL		27,783.86		24,370.45

Notes to the Financial Statements

3. Long-Term Borrowings

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Term loans from Banks (Secured)		
Foreign Currency Loan	1,934.36	-
Rupee Term Loan	516.81	-
TOTAL	2,451.17	-

Terms of Repayment

- a) Foreign Currency Loan - Repayable in 16 equal Instalments starting after 15 months from the date of disbursement.
- b) Rupee Loan - Repayable in 120 equated monthly instalments, including interest.

Security Offered

- a) (i) Exclusive Charge on assets financed out of this Loan.
- (ii) Exclusive Charge on Immovable assets at industrial unit at Plant IV, Prithla Dhatir Road, Village Dudholla, Palwal.
- b) Exclusive Charge on the assets financed out of this Loan.

4. Deferred Tax Liabilities (Net)

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Deferred Tax Liability		
Difference between Book and Tax Depreciation	547.47	130.50
Add: IPO Expenses U/s 35D	-	24.61
Add: Deferred Tax Liability of amalgamating Company	29.65	-
	577.12	155.11
Deferred Tax Assets		
Expenditure disallowed U/s 43B	71.01	47.12
Expenditure deductible on Payment Basis	214.05	-
	285.06	47.12
TOTAL	292.06	107.99

5. Other Long Term Liabilities

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Securities Deposits	174.00	140.65
TOTAL	174.00	140.65

6. Long Term Provisions

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Provision for Employee Benefits	167.60	115.58
TOTAL	167.60	115.58

Notes to the Financial Statements

7. Short Term Borrowings

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Secured Loans from Banks		
Cash Credit	872.57	2,756.04
Buyers Credit	8,283.23	4,095.46
Working Capital Demand Loan	500.00	300.00
	9,655.80	7,151.50
Unsecured Loans		
Commercial Papers	2,000.00	-
TOTAL	11,655.80	7,151.50

All Credit Facilities from Banks are secured by way of hypothecation of the Company's entire inventory and such other movable including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present & future and Plant & Machinery (Except Plant & Machinery financed out of Foreign Currency Loan) on pari passu basis and First charge by the way of equitable mortgage of property situated at Bazpur on pari passu basis.

8. Other Current Liabilities

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Current maturities of long term debts	400.88	-
Unpaid dividends	11.29	11.51
Advances from Customers	1,617.74	2,107.80
Other payables		
- Statuary Liabilities	591.51	493.70
- Expenses Payable	340.56	328.66
TOTAL	2,961.98	2,941.67

9. Short-Term Provisions

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Provision for Taxation (Net of advance payment)	-	237.03
Proposed Dividend	197.88	928.85
Provision for Dividend Distribution Tax	32.10	154.27
TOTAL	229.98	1,320.15

Notes to the Financial Statements

10. Fixed Assets

Rs. in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2011	Additions	Deletions/ Adjustments	As at 31.03.2012	As at 01.04.2011	For the Year	Deletions/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets										
Land	8,957.91	1,223.98	29.19	10,152.70	–	–	–	–	10,152.70	8,957.91
Building - Factory	3,047.79	1,444.62	75.10	4,417.31	659.62	282.70	26.14	916.18	3,501.13	2,388.17
Building - Office	1,915.05	3,119.19	–	5,034.24	305.91	137.20	–	443.11	4,591.13	1,609.14
Plant & Machinery	1,654.41	2,405.63	4.89	4,055.15	458.19	356.81	1.34	813.66	3,241.49	1,196.22
Furniture & Fixtures	367.24	139.48	–	506.72	143.01	54.89	–	197.90	308.82	224.23
Office Equipment	93.14	38.36	0.37	131.13	40.49	10.99	–	51.48	79.65	52.65
Motor Vehicles	746.06	165.42	56.56	854.92	367.92	115.96	34.78	449.10	405.82	378.14
Computer	261.74	51.93	–	313.67	161.98	52.26	–	214.24	99.43	99.76
	17,043.34	8,588.61	166.11	25,465.84	2,137.12	1,010.81	62.26	3,085.67	22,380.17	14,906.22
Capital Work-in-Progress	337.39	460.35	267.89	529.85	–	–	–	–	529.85	337.39
	17,380.73	9,048.96	434.00	25,995.69	2,137.12	1,010.81	62.26	3,085.67	22,910.02	15,243.61
Intangible Assets										
Computer Software	360.88	112.77	–	473.65	96.74	116.67	–	213.41	260.24	264.14
Technical Know How	44.04	–	–	44.04	15.85	5.64	–	21.49	22.55	28.19
	404.92	112.77	–	517.69	112.59	122.31	–	234.90	282.79	292.33
Total	17,785.65	9,161.73	434.00	26,513.38	2,249.71	1,133.12	62.26	3,320.57	23,192.81	15,535.94
Previous Year	8,853.29	9,149.59	217.22	17,785.66	1643.52	688.51	82.32	2,249.71	15,535.94	7,209.77

Notes:

- 1) Addition to gross block during the current financial year, of Rs. 9,161.74 Lacs, includes assets of Rs. 1,425.42 Lacs purchased in the Scheme of amalgamation.
- 2) During the financial year ended 31st March 2011, Land & Building was revalued by Rs. 5,697.05 Lacs on the basis of valuation carried out by an approved valuer.

11. Non-current Investments

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Investment in Equity Instruments (Non quoted)		
Wholly owned subsidiaries		
1000 Equity Shares of Euro 1 Each in Frested Ltd. Cyprus (at cost)	0.58	0.58
999,999 Equity Shares of Rs. 10 Each in Action Developers Ltd (at cost)	10.00	10.00
Other Investments		
6 Year National Saving Certificates	0.60	0.60
Investment in Partnership Firm*	277.17	254.06
TOTAL	288.35	265.24

* Company has 90% share in the partnership firm M/s Nemo Metals & balance 10% share is held by Mrs. Mona Agarwal.

Notes to the Financial Statements

12. Long-Term Loans and Advances

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Unsecured Considered Good		
Capital Advances	3,353.18	3,938.04
Security Deposits	157.24	140.42
Loans and Advances to Related Parties		
- Frested Ltd	1,850.89	1,666.55
Other loans and advances		
- Advance Tax (Net of Provisions)	494.49	-
- Advance to Employees	82.25	91.74
TOTAL	5,938.05	5,836.75

13. Other Non Current Assets

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Misc Expenditure to the extent not Written off	5.23	6.08
TOTAL	5.23	6.08

14. Current Investments

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
2500000 (P.Y. Nil) 759 Kotak FMP Series 84 - Growth of Rs.10 each	250.00	-
5000000 (P.Y. Nil) 6PGP - Reliance Fixed Horizon Fund XXXI Series 9 - Growth Plan of Rs. 10 each	505.16	-
Nil (P.Y. 5,00,000) Units of Kotak FMP Series 40 - Growth of Rs. 10 each	-	500.00
TOTAL	755.16	500.00

15. Inventories (At lower of cost or net realisable value)

As Verified, Valued and Certified by the Management

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Raw material and Components	11,253.96	9,005.04
Work in progress	25.70	195.94
Finished Goods	1,894.80	1,799.99
Raw material in Transit	401.40	1,093.52
TOTAL	13,575.86	12,094.49

Notes to the Financial Statements

16. Trade Receivables

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Goods	967.75	619.38
Doubtful	-	21.13
	967.75	640.51
Less: Provisions for Doubtful Debts	-	21.13
	967.75	619.38
Others		
Unsecured, Considered Goods	7,587.38	7,694.83
TOTAL	8,555.13	8,314.21

17. Cash and Cash Equivalents

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Balance with Scheduled banks		
Current Account	105.01	20.38
Current Account - IPO	3.83	3.83
Deposit Account	1,890.67	2,319.49
Unpaid Dividend Account	11.29	11.51
Cash in Hand	123.67	43.11
TOTAL	2,134.47	2,398.32

18. Short Term Loans and Advances

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Balance with Excise Authorities	506.58	624.54
Sales tax Recoverable	116.91	108.72
Advance to Suppliers	3,054.59	3,673.14
Others	236.54	196.35
TOTAL	3,914.62	4,602.75

Notes to the Financial Statements

19. Revenue from Operations

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Sale of Products	87,867.55	70,758.60
Other Operating Income	793.82	708.52
	88,661.37	71,467.12
Less: Excise Duty	3,110.22	2,111.06
TOTAL	85,551.15	69,356.06

Other Operating Income Comprises of :

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Service Charges Received	407.72	254.09
Commission Received	323.71	416.53
Hiring Charges Received	54.12	28.27
Duty Draw Back Received	8.27	9.63
TOTAL	793.82	708.52

20. Other Income

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest Received	264.29	392.23
Rent Received	83.70	20.26
Insurance Claim Received	15.69	26.04
Profit on Sale of Assets	25.62	98.12
Revaluation Reserve Income	4.73	1.06
Return on Long Term Investment	56.16	-
Other Non-operating Income	4.12	0.02
TOTAL	454.31	537.73

21. Cost of Material Consumed

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Opening Stock	10,098.56	3,198.05
Add: Purchases (Net of Return)	65,610.88	58,694.88
	75,709.44	61,892.93
Less: Closing Stock	11,655.36	10,098.56
Less: Purchase of Stock-in-Trade	3,324.21	4,679.93
TOTAL	60,729.87	47,114.44

Notes to the Financial Statements

22. Changes in inventories of Finished Goods, Work-in-Progress, Stock-in-Trade

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Finished Goods		
Opening Stock	1,799.99	1,492.97
Closing Stock	1,894.80	1,799.99
	(94.81)	(307.02)
Work in Progress		
Opening Stock	195.94	942.36
Closing Stock	23.84	195.94
	172.10	746.42
TOTAL	77.29	439.40

23. Employee Benefit Expenses

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Salaries, Wages & Bonus	3,579.68	2,529.88
Contribution to Provident and other Funds	174.95	122.47
Staff Welfare Expenses	323.66	235.76
Directors' Remuneration	373.10	436.10
TOTAL	4,451.39	3,324.21

24. Selling & Distribution Expenses

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Selling Expenses	1,653.87	1,604.27
Commission on Sales	748.57	612.78
TOTAL	2,402.44	2,217.05

25. Financial Cost

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest on Working Capital Facilities	517.66	322.11
Interest on Term Loans	59.29	-
Interest on Other Loans	157.76	30.00
TOTAL	734.71	352.11

Notes to the Financial Statements

26. Other Expenses

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Manufacturing Expenses		
Manufacturing Expenses	2,375.54	1,291.39
Power & Fuel	339.94	191.90
Repair & Maintenance		
- Plant & Machinery	173.93	49.54
- Building	102.41	58.45
Freight & Forwarding Charges	2,871.27	2,435.99
Sub Total	5,863.09	4,027.27
Other Administrative Expenses		
Rent	131.52	80.96
Rate Fees & Taxes	46.02	46.54
Insurance	77.32	64.24
Traveling & Conveyance	870.66	642.21
Communication Expenses	168.19	122.65
Bank Charges	206.58	144.33
Vehicle Expenses	87.94	53.68
Exchange Rate Difference (Net)	985.41	(143.81)
Miscellaneous Expenses	880.19	608.06
TOTAL	9,316.92	5,646.13

Miscellaneous Expenses includes Auditor's Remuneration as under

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Audit Fee	6.85	4.25
Taxation Matters & Certification	8.66	1.50
TOTAL	15.51	5.75

Notes to the Financial Statements

27. Additional Notes to the Financial Statement

27(A) Significant Accounting Policies

1. System of Accounting:

The Financial Statement has 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 statement has 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 or fair value determined on an individual investment basis.

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

5 Inventories:

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

b) **Work in Progress and Finished Goods** - Lower of cost or net realisable value. Cost includes direct materials, labour and 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 ordinary course of business, less 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 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 significant risks and rewards of ownership of the goods is passed to the buyers.

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

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

d) **Insurance 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 the foreign currency amount the exchange rate prevailing at the date of 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 exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in foreign currency are reported using the exchange rates that existed when the value is determined.

c) **Exchange differences** : Exchange differences arising on reporting monetary items of company at the rate 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 arises. However, exchange difference arising on reporting of "Long Term Foreign Currency Monetary Item (LTFCMI)" in so far as they relate to acquisition of capital assets are added to that assets and in other cases, such differences are accumulated in "Foreign Currency Monetary Item Translation Difference Account (FCMITDA)."

Notes to the Financial Statements

27. Additional Notes to the Financial Statement (Contd.)

8 Benefits to Employees:

a) Short term Employee Benefit:

All employees 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 plan 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 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 tax 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.

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 carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at 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 that are attributable to the acquisition and construction of an asset that necessarily takes substantial period of time to get ready for its intended use are capitalised as part of cost of respective assets. All other borrowing costs are recognised as an expense in the year in which they are incurred. Borrowing cost consists 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.

Notes to the Financial Statements

27. Additional Notes to the Financial Statement (Contd.)

27(B) Other Notes

1. The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
2. The Board of Director's has recommended a dividend of Rs.0.20 (10%) per equity share, subject to approval of share holders.
3. Pursuant to the order No.9885 dated 21st July 2012 passed by Hon'ble High Court of Delhi, M/s ACE Steelfab Pvt Ltd has merged with M/s Action Construction Equipment Limited w.e.f. 1st Oct, 2011.

As per Accounting Standard 14, "Accounting for Amalgamations" issued by The Institute of Chartered Accountants of India, the additional disclosures required to be made in the first financial statements following the amalgamation are as follows:

- a) Company has issued and allotted to the members of ACE Steelfab Private Ltd 24.22 equity shares of Rs.2/-each at par for every 1 fully paid equity share of Rs.10 each held by the members whose names appear in the register of members as on the record date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the board. Thus a total of 60,55,000 Equity shares has been issued to share holders of M/s ACE Steelfab Pvt Ltd to effect the amalgamation.
- b) The amount and treatment of differences between the consideration and the value of net identifiable assets acquired is as given below:

Particulars	Amount (Rs. In Lacs)
Fixed Assets including CWIP	1,425.42
Current Assets	
Inventories	881.60
Cash & Bank Balances	6.18
Sundry Debtors	135.89
Loans & Advances	125.63
Total Assets Purchased	2,574.72
Current Liabilities & Provisions	
Current Liabilities	2,209.35
Provisions	78.20
Long Term Liabilities	
Secured Loans	151.47
Deferred Tax Liability	29.65
Reserve & Surplus	81.40
Miscellaneous Expenditures to the extent not written off/adjusted	(0.35)
Total Liabilities Taken over	2,549.72
Net Assets Purchased	25.00
Share issued to shareholders of ACE Steelfab Pvt Ltd (6055000 Equity Shares @ Rs.2 each)	121.10
Balance Charged from Revaluation Reserve	96.10

4. Out of Rs.5,980 Lacs raised through IPO, Rs.5,976 Lacs have been utilized till 31st March, 2012 and balance amount is lying unutilised & will be utilised as per amendments made to "Proposed Deployment of Funds" by the share holders of the Company in its Annual General Meeting held on 1st August, 2008. The Share holders of the Company has authorised the Board of Directors to utilise remaining IPO proceeds in the best interest of the Company.
5. During the current financial year Company has setup a dedicated R&D centre at Jajru Road and this is in addition to in-house R&D Centre already setup at Dhudhola Factory Premises. Both the R&D centres are recognised by the Ministry of Science & Technology (Department of Scientific and Industrial Research) vide its letter no.TU/IV-RD/3115/2010 dated 09.03.2011 and TU/IV-RD/3115/2012 dated 25.04.2012 respectively. The expenditure incurred towards In-House Research & Development activity is as under:

Notes to the Financial Statements

27. Additional Notes to the Financial Statement (Contd.)

Rs. in Lacs

Particulars	Year Ended 31st March 2012	Year Ended 31st March 2011
(a) Capital Expenditure	116.47	61.95
(b) Revenue Expenditure	726.81	355.35
Total	843.28	417.30

6. 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.
7. In absence of any information received 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 at the close of the year cannot be ascertained and during the year no interest is paid to any such enterprises.

8. Contingent Liabilities, not provided for:

Rs. in Lacs

Particulars	Year Ended 31st March 2012	Year Ended 31st March 2011
Bank Guarantees	799.98	385.02
Letter of Credits	2,614.34	3,073.97
Claim against the Company, not acknowledge as Debts	478.19	327.90
Sales Tax, Excise & Income Tax Matters, pending before Assessing / Appellate Authorities	3,201.49	1,095.93
Total	7,094.00	4,882.82

9. 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	189.00	—	15.40	204.40
2.	Smt. Mona Agarwal, Wholetime Director	126.00	—	10.20	136.20
3.	Sh. Sorab Agarwal, Executive Director	33.60	—	2.40	36.00
TOTAL		348.60	—	28.00	376.60

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

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	
Net Profit as per Profit and Loss A/c		3,835.51
Add: Whole-time Director's Remuneration	376.60	
Add: Whole-time Director's Commission	—	
Add: Loss on Sale of Assets	4.23	380.83
		4,216.34
Less: Profit on Sale of Assets		25.62
Net Profit on which Director's remuneration is payable		4,190.72

Notes to the Financial Statements

27. Additional Notes to the Financial Statement (Contd.)

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

Information about the primary business segments of the Company:

		Rs. in Lacs	
Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011	
1. Segment Revenue			
A) Cranes	57,969.43	48,663.28	
B) Material Handling/Construction Equipment	12,891.19	8,407.91	
C) Tractor	13,896.71	11,576.36	
TOTAL	84,757.33	68,647.55	
Less: Inter Segment Revenue	—	—	
Net Sales / Income from Operations	84,757.33	68,647.55	
2. Segment Results			
A) Cranes	4,158.78	5,336.50	
B) Material Handling/Construction Equipment	460.29	359.50	
C) Tractor	890.09	620.78	
TOTAL	5,509.16	6,316.78	
Less: Interest	734.71	352.11	
Less Other Unallocable Expenditure	938.94	532.66	
Profit Before Tax	3,835.51	5,432.01	
3. Capital Employed			
A) Cranes	31,643.09	22,392.25	
B) Material Handling/Construction Equipment	6,324.50	5,523.51	
C) Tractor	556.64	133.97	
TOTAL	38,524.23	28,049.73	

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. (Upto 30.09.2011)
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
Smt. Surbhi Garg

d. Relatives of Key Management Personnel and Enterprises, over which Relatives of Key Management Personnel exercise significant influence
N.A.

Notes to the Financial Statements

27. Additional Notes to the Financial Statement (Contd.)

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	FRESTED Ltd, CYPRUS	SC FORMA SA, Romania		
Purchase of	2011-12	5,091.38	–	–	–	–	–	5,091.38
Goods	2010-11	8,640.34	–	–	–	288.04	–	8,928.38
Sales of	2011-12	46.15	623.87	–	–	–	–	670.02
Goods	2010-11	490.18	1,061.79	–	–	(61.47)	–	1,490.50
Remuneration	2011-12	–	–	–	–	–	376.60	376.60
Paid	2010-11	–	–	–	–	–	439.36	439.36
Licence Fee	2011-12	–	–	–	–	–	49.80	49.80
Paid	2010-11	–	–	–	–	–	41.28	41.28
Rent Received	2011-12	1.20	0.96	–	–	–	–	2.16
	2010-11	2.40	0.71	–	–	–	–	3.11
Interest	2011-12	57.56	–	–	–	–	–	57.56
Received	2010-11	92.35	–	23.61	126.90	–	–	242.86
Investment in	2011-12	–	–	23.16	–	–	–	23.16
Equity	2010-11	–	–	41.62	–	–	–	41.62
Loan to	2011-12	–	–	–	184.34	–	–	184.34
Subsidiary	2010-11	–	–	–	13.30	–	–	13.30

* Figures for the year 2011-12 are only upto the date of amalgamation (30.09.2011).

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

(Rs. in Lacs)

Particulars	Amount at the end of Financial Year		Maximum amount outstanding during the Financial Year	
	2011-12	2010-11	2011-12	2010-11
1. Loan and Advances in the nature of loans:				
a. To Subsidiary Companies :				
FRESTED LIMITED, CYPRUS	1,850.89	1,666.55	1,850.89	1,666.55
SC FORMA SA, ROMANIA	–	–	–	–
ACTION DEVELOPERS LTD., INDIA	–	–	–	–
b. To Companies in which Directors are interested	FRESTED LTD, CYPRUS			
c. Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372A of Companies Act, 1956	Agreement with Frested Limited, Cyprus has expired and no principal or interest has been received during the year			
2. Investment by the Subsidiary Companies in the shares of Action Construction Equipment Ltd.	NIL	NIL	NIL	NIL

Notes to the Financial Statements

27. Additional Notes to the Financial Statement (Contd.)

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

(Rs. in Lacs)

a) Period	Minimum Lease Payment	
	2011-12	2010-11
Payable within one year	131.97	79.16
Payable after one year but within 5 years	168.98	94.95

- b) There are no transactions in the nature of Sub Lease.
 c) Payments recognised in the Profit and Loss Account for the year ended 31st March, 2012 is Rs. 131.52 Lacs. (P.Y. 80.96 Lacs).

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

EMPLOYEE BENEFITS

A) Expenses recognised in Statement of Profit & Loss

(Rs. in Lacs)

Particulars	2011-12	2010-11
a) Current Service Cost	44.07	28.10
b) Interest Cost	8.72	5.12
c) Employee Contribution	—	—
d) Actuarial (Gain)/Loss	13.47	6.23
e) Past Service Cost	—	—
g) Settlement Cost	(12.29)	(7.80)
Total Expenses, debited to Statement of Profit & Loss	53.97	31.65

B) Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2012

(Rs. in Lacs)

Particulars	2011-12	2010-11
a) Present Value of defined Benefit Obligation	160.40	98.05
b) Fair Market Value of Plan Assets with LIC	166.27	109.35
Net Asset/(Liability)	5.87	11.30

C) Change in the obligation during the year

(Rs. in Lacs)

Particulars	2011-12	2010-11
a) Present Value of Defined benefit obligation at the beginning	102.88	60.23
b) Current Service Cost	44.07	28.10
c) Interest Cost	8.72	5.12
d) Settlement Cost	—	—
e) Actuarial (Gain)/Loss	11.13	4.60
f) Benefit Payment	(6.40)	—
Present Value of Defined benefit obligation at the end	160.40	98.05

Notes to the Financial Statements

27. Additional Notes to the Financial Statement (Contd.)

D) Change in the Assets during the year ended March 31, 2012

(Rs. in Lacs)

Particulars	2011-12	2010-11
a) Plan assets at the beginning	109.35	67.33
b) Acturial (Gain)/Loss	(2.34)	(1.63)
c) Contribution	53.38	35.85
d) Benefit Payment	(6.40)	–
e) Return on the Plan Assets	12.28	7.80
Plan assets at the end	166.27	109.35

E) Actuarial Assumption

a) Discounted Rate	8.75% p.a.
b) Mortality Rate	LIC (1994-1996) Ultimate
c) Withdrawal Rate	1% to 3% depending on Age.
d) Salary Escalation	11.50%
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 expenses 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 expenses 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

(Rs. in Lacs)

Particulars	2011-12	2010-11
Raw Materials, Spare Parts & Finished Products	15,277.34	15,729.91

17. I) Capacity & Production:

Particulars	Unit	Licensed Capacity		Installed Capacity		Production No. of Equipment	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
a) Cranes	Nos.	N.A	N.A	7,500	7,500	4,250	4,297
b) Material Handling/ Construction Equipment	Nos.	N.A	N.A	1,300	1,300	1,186	805
c) Tractor	Nos.	N.A	N.A	6,000	6,000	3,699	3,456
Total				14,800	14,800	9,135	8,558

Notes to the Financial Statements

27. Additional Notes to the Financial Statement (Contd.)

II) Turnover

Particulars	2011-12		2010-11	
	Qty. in Nos.	Rs. in Lacs	Qty. in Nos.	Rs. in Lacs
a) Cranes	4313	57,969.43	4267	48,663.28
b) Material Handling / Construction Equipment	1159	12,891.19	807	8,407.91
c) Tractor	3687	13,896.71	3444	11,576.35
d) Excise Duty		3,110.22		2,111.06
Total	9159	87,867.55	8518	70,758.60

18. Details of Raw Material Consumed:

S.No.	Items	Qty. in Nos.		Value (Rs. in Lacs)	
		2011-12	2010-11	2011-12	2010-11
1	Engine	8312	7730	6,831.75	5,824.96
2	Others			57,222.33	45,969.41
Total				64,054.08	51,794.37

19. Raw Material Consumed - Imported & Indigenous:

(Rs. in Lacs)

Particulars	2011-12		2010-11	
	Value	%age	Value	%age
Imported	12,267.78	19%	10,989.28	21%
Indigenous	51,786.30	81%	40,805.09	79%
Total	64,054.08	100%	51,794.37	100%

20. Earning in Foreign Exchange:

(Rs. in Lacs)

Particulars	2011-12	2010-11
Export of Goods (F.O.B. Value)	2,203.71	1,019.80
Commission Received	307.08	200.99
Total	2,510.79	1,220.79

21. Expenditure in Foreign Currency:

(Rs. in Lacs)

Particulars	2011-12	2010-11
Foreign Traveling Expenses	41.77	52.67
Subscription	0.96	0.63
Sales Promotion	0.32	0.29
Freight	609.85	392.42
Retainership	26.84	30.20
Interest on ECB Loan/Buyers Credit	137.70	-
Total	817.44	476.21

Notes to the Financial Statements

27. Additional Notes to the Financial Statement (Contd.)

22. Earning Per Share (Basic & Diluted):

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

Particulars	2011-12	2010-11
Profit attributable to Equity Shareholders of the Company - (Rs in Lacs)	2,846.96	4,059.50
Weighted average no. of Equity Shares of Rs. 2 each (Basic)	9,59,12,500	91,315,137
Weighted average no. of Equity Shares of Rs. 2 each (Diluted)	9,59,12,500	92,373,356
EPS (In Rupees)- Basic	2.97	4.45
EPS (In Rupees)- Diluted	2.97	4.39

- 23.** 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.
- 24.** 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.
- 25.** Notes 1 to 27 form integral part of the accounts and are duly authenticated.

In terms of our report of even date For Rajan Chhabra & Co. Chartered Accountants Firm Registration No. 009520N	For and on behalf of the Board of Directors
RAJAN CHHABRA Partner Membership No. 088276	Vijay Agarwal Chairman & Managing Director
Place : Faridabad Date : 04 th August, 2012	Subhash Chander Verma Independent Director
Rajan Luthra CFO & Company Secretary	Sorab Agarwal Executive Director

Auditor's 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 2012, 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 indentified 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. -1619.80 Lac as at 31st march, 2012 and total revenue of Rs. 132.91 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, 2012.
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.
Chartered Accountants
Firm Registration No. 009520N

Rajan Chhabra
Partner
Membership No.088276

Place: Faridabad
Date : 04th August, 2012

Consolidated Balance Sheet as at 31st March, 2012

		Rs. in Lacs	
Particulars	Notes	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders Funds			
Share Capital	1	1,978.80	1,857.70
Reserves and Surplus	2	26,119.22	23,166.58
Money received against Share Warrants		-	518.13
Minority Interest		29.56	30.49
		28,127.58	25,572.90
Non-Current Liabilities			
Long-Term Borrowings	3	2,451.17	-
Deferred Tax Liabilities (Net)	4	292.06	107.99
Other Long Term Liabilities	5	174.00	140.65
Long Term Provisions	6	167.60	115.58
		3,084.83	364.22
Current Liabilities			
Short-Term Borrowings	7	11,655.80	7,150.43
Trade Payables		11,050.48	11,468.93
Other Current Liabilities	8	2,969.50	2,947.68
Short-Term Provisions	9	229.98	1,320.15
		25,905.76	22,887.19
TOTAL		57,118.17	48,824.31
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	22,645.59	15,422.99
Intangible Assets		513.32	522.87
Capital Work in Progress		718.56	501.73
		23,877.47	16,447.59
Non-Current Investments	11	0.60	0.60
Long term Loans and Advances	12	4,090.45	4,173.48
Other Non-Current Assets	13	16.16	17.92
		4,107.21	4,192.00
Current Assets			
Current Investments	14	755.16	500.00
Inventories	15	13,743.63	12,297.74
Trade Receivables	16	8,565.86	8,318.24
Cash and Cash Equivalents	17	2,150.32	2,464.85
Short-term Loans and Advances	18	3,918.52	4,603.89
		29,133.49	28,184.72
TOTAL		57,118.17	48,824.31
Additional Notes to the Financial Statements		27	
The accompanying Notes are an integral part of Financial Statements.			
In terms of our report of even date For RAJAN CHHABRA & CO. Chartered Accountants Firm Registration No. 009520N		For and on behalf of the Board of Directors	
RAJAN CHHABRA Partner Membership No. 088276		Vijay Agarwal Chairman & Managing Director	
		Subhash Chander Verma Independent Director	
Place : Faridabad Date : 04 th August, 2012		Sorab Agarwal Executive Director	
Rajan Luthra CFO & Company Secretary			

Consolidated Statement of Profit & Loss Account for the Year Ended 31st March, 2012

Rs. in Lacs			
Particulars	Notes	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Revenue from Operations	19	85,683.90	69,492.71
Other Income	20	454.47	641.76
Total Revenue		86,138.37	70,134.47
Expenses			
Cost of Materials Consumed	21	60,666.93	46,999.62
Purchase of Stock-in-Trade		3,324.21	4,679.93
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	145.32	650.34
Employee Benefit Expenses	23	4,465.13	3,339.17
Selling & Distribution Expenses	24	2,402.46	2,217.10
Financial Costs	25	734.71	352.11
Depreciation and Amortization Expenses		1,313.16	694.36
Other Expenses	26	9,400.48	5,836.58
Total Expenses		82,452.40	64,769.21
Profit Before tax		3,685.97	5,365.26
Tax Expense			
Current tax		834.13	1,339.61
Deferred tax		154.42	32.91
Profit after Tax before Minority Interest & Share in Result of Associates		2,697.42	3,992.74
Minority Interest		135.55	120.46
Share of Loss of Associates		0.06	49.81
Profit for the year		2,833.03	4,163.01
Earning per equity share (Face Value Rs 2.00 each)			
Basic (Rs.)		2.81	4.37
Diluted (Rs.)		2.81	4.32

Additional Notes to the Financial Statements

27

The accompanying Notes are an integral part of Financial Statements.

In terms of our report of even date
For RAJAN CHHABRA & CO.
Chartered Accountants
Firm Registration No. 009520N

For and on behalf of the Board of Directors

RAJAN CHHABRA
Partner
Membership No. 088276

Vijay Agarwal
Chairman & Managing Director

Subhash Chander Verma
Independent Director

Place : Faridabad
Date : 04th August, 2012

Rajan Luthra
CFO & Company Secretary

Sorab Agarwal
Executive Director

Consolidated Cash Flow Statement for the year ended 31st March, 2012

		Rs. in Lacs	
Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011	
A) CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit Before Tax as per Profit And Loss Account	3,685.97	5,365.26	
Adjustments For :			
Depreciation and Amortisation Expense	1,313.16	694.36	
Interest Expenses	734.71	352.11	
Interest Income	(264.34)	(241.81)	
Profit on Sale of Fixed Assets	(25.62)	(352.30)	
Loss on Sale of Fixed Assets	4.23	2.86	
Foreign Currency Translation Reserve	(78.01)	12.14	
Miscellaneous Expenses written off	2.09	1.54	
	1,686.22	468.90	
Operating Profit Before Working Capital Changes	5,372.19	5,834.16	
Adjustments For :			
Trade & Other Receivable	(105.41)	(3,197.70)	
Inventories	(564.82)	(6,331.31)	
Trade Payable	(2,925.30)	6,306.38	
Loans & Advances	1,267.98	(1,496.89)	
	(2,327.55)	(4,719.52)	
Cash generated from Operations	3,044.64	1,114.64	
Direct Taxes Paid	(1,527.78)	(1,235.79)	
NET CASH FLOW FROM OPERATING ACTIVITIES	1,516.86	(121.15)	
B) CASH FLOW FROM INVESTMENT ACTIVITIES:			
Purchase of Fixed Assets Including Capital WIP	(7,492.73)	(3,315.19)	
Sale of Fixed Assets	256.37	484.38	
Purchase of Investments	(255.16)	(500.05)	
Interest Income	264.34	241.81	
Change in Minority Interest	(0.99)	1.07	
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(7,228.17)	(3,087.98)	
C) CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds From Secured Loans	7,205.93	4,132.45	
Interest Paid	(734.71)	(352.11)	
Proceeds from Preferential Allotment of Shares	-	1,548.30	
Proceeds from issuance of Warrants	-	518.13	
Dividend & Tax thereon	(1,079.53)	(2,131.26)	
NET CASH FLOW FROM FINANCING ACTIVITIES	5,391.69	3,715.51	
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(319.62)	506.38	
OPENING BALANCE OF CASH & CASH EQUIVALENTS	2,464.85	1,958.47	
BALANCE OF CASH & CASH EQUIVALENTS OF AMALGAMATING CO.	5.09	-	
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	2,150.32	2,464.85	

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method"

2. Cash and Cash equivalents consists of Cash in hand and balances with banks

The accompanying Notes are an integral part of Financial Statements.

In terms of our report of even date

For RAJAN CHHABRA & CO.

Chartered Accountants

Firm Registration No. 009520N

RAJAN CHHABRA

Partner

Membership No. 088276

Place : Faridabad

Date : 04th August, 2012

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

Subhash Chander Verma
Independent Director

Rajan Luthra
CFO & Company Secretary

Sorab Agarwal
Executive Director

Notes to the Consolidated Financial Statement

1. Share Capital

Particulars	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (Rs. in Lacs)	As at 31st March, 2011 (No. of Shares)	As at 31st March, 2011 (Rs. in Lacs)
AUTHORISED CAPITAL				
Ordinary Shares of Rs. 2/- each	12,25,00,000	2,450.00	12,00,00,000	2,400.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
Ordinary Shares of Rs. 2/- each, fully paid	9,89,40,000	1,978.80	9,28,85,000	1,857.70
A) Reconciliation of number of Ordinary Shares outstanding				
At the beginning of the year	9,28,85,000	1,857.70	9,28,85,000	1,857.70
Add: Shares issued to the shareholders of amalgamating Company	60,55,000	121.10	—	—
At the end of the year	9,89,40,000	1,978.80	9,28,85,000	1,857.70

B) Shareholders holding more than 5% of the Ordinary Shares in the Company

Particulars	As at 31st March, 2012 (No. of Shares)	As at 31st March, 2012 (%age)	As at 31st March, 2011 (No. of Shares)	As at 31st March, 2011 (%age)
Mr. Vijay Agarwal / Mrs. Mona Agarwal	3,39,18,707	34.28%	3,14,96,707	33.90%
Mrs. Mona Agarwal / Mr. Vijay Agarwal	2,63,43,650	26.62%	2,51,32,650	27.06%

C) Rights, preferences and restrictions attached to the ordinary Shares

The Ordinary Shares of the Company, having par value of Rs. 2.00 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

Notes to the Consolidated Financial Statement

2. RESERVES AND SURPLUS

Rs. in Lacs

Particulars	As At		As At	
	31st March, 2012		31st March, 2011	
Capital Reserves				
At the beginning of the year	-		-	
Add: Forfeiture of money received against share warrants	518.13		-	
Add: Profit on sale of Land	53.83		-	
At the end of year		571.96		-
Revaluation Reserve				
At the beginning of the year	6,155.90		459.91	
Add: Revaluation of Land	-		5,697.05	
Less: Depreciation	4.73		1.06	
Less: Adjustment under the scheme of Amalgamation	96.10		-	
At the end of the year		6,055.07		6,155.90
Securities Premium Account				
At the beginning of the year	8,532.73		7,044.43	
Add: Addition during the year	-		1,488.30	
At the end of the year		8,532.73		8,532.73
Foreign Currency Translation Reserve				
At the beginning of the year	(89.56)		(89.56)	
Add: Translation of foreign currency loans	(202.94)		-	
At the end of the year		(292.50)		(89.56)
General Reserves				
At the beginning of the year	7,525.94		6,525.94	
Add: Balance of Amalgamating Company	15.00		-	
Add: Transfer from Surplus in Statement of Profit & Loss	1,000.00		1,000.00	
At the end of the year		8,540.94		7,525.94
Surplus in Statement on Profit & Loss				
At the beginning of the year	1,041.57		44.80	
Add: Balance of Amalgamating Company	66.40		-	
Add: Profit for the year	2,833.03		4,163.01	
Less: Appropriation of profit				
Proposed Dividend	197.88		1,857.70	
Tax on Dividend	32.10		308.54	
Transfer to General Reserve	1,000.00		1,000.00	
At the end of the year		2,711.02		1,041.57
TOTAL		26,119.22		23,166.58

Notes to the Consolidated Financial Statement

3. Long Term Borrowings

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Term loans from Banks (Secured)		
Foreign Currency Loan	1,934.36	-
Rupee Term Loan	516.81	-
TOTAL	2,451.17	-

Terms of Repayment

- Foreign Currency Loan - Repayable in 16 equal Instalments starting after 15 months from the date of disbursement.
- Rupee Loan - Repayable in 120 equated monthly instalments, including interest.

Security Offered

- Exclusive Charge on assets financed out of this Loan.
 - Exclusive Charge on Immovable assets at industrial unit at Plant IV, Prithla Dhatir Road, Village Dudholla, Palwal.
- Exclusive Charge on the assets financed out of this Loan.

4. Deferred Tax Liabilities (Net)

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Deferred Tax Liability		
Difference between Book and Tax depreciation	547.47	130.50
Add: IPO Expenses U/s 35D	-	24.61
Add: Deferred Tax Liability of Amalgamating Company	29.65	-
	577.12	155.11
Deferred Tax Assets		
Expenditure disallowed U/s 43B	71.01	47.12
Expenditure deductible on Payment Basis	214.05	-
	285.06	47.12
TOTAL	292.06	107.99

5. Other Long Term Liabilities

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Securities Deposits	174.00	140.65
TOTAL	174.00	140.65

6. Long Term Provisions

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Provision for Employee Benefits	167.60	115.58
TOTAL	167.60	115.58

Notes to the Consolidated Financial Statement

7. Short Term Borrowings

Particulars	Rs. in Lacs	
	As At 31st March, 2012	As At 31st March, 2011
Secured Loans from Banks		
Cash Credit	872.57	2,754.97
Buyers Credit	8,283.23	4,095.46
Working Capital Demand Loan	500.00	300.00
	9,655.80	7,150.43
Unsecured Loans		
Commercial Papers	2,000.00	-
TOTAL	11,655.80	7,150.43

All Credit Facilities from Banks are secured by way of hypothecation of the Company's entire inventory and such other movable including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present & future and Plant & Machinery (Except Plant & Machinery financed out of Foreign Currency Loan) on pari passu basis and First charge by the way of equitable mortgage of property situated at Bazpur on pari passu basis.

8. Other Current Liabilities

Particulars	Rs. in Lacs	
	As At 31st March, 2012	As At 31st March, 2011
Current maturities of long term debts	400.88	-
Unpaid dividends	11.29	11.51
Advance from Customers	1,617.74	2,107.80
Other payables		
- Statuary Liabilities	591.51	493.70
- Expenses Payable	348.08	334.67
TOTAL	2,969.50	2,947.68

9. Short Term Provisions

Particulars	Rs. in Lacs	
	As At 31st March, 2012	As At 31st March, 2011
Provision for Taxation (Net of advance payment)	-	237.03
Proposed Dividend	197.88	928.85
Provision for Dividend Distribution Tax	32.10	154.27
TOTAL	229.98	1,320.15

Notes to the Consolidated Financial Statement

10. Fixed Assets

Rs. in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2011	Additions	Deletions/ Adjustments	As at 31.03.2012	As at 01.04.2011	For the Year	Deletions/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
TANGIBLE ASSETS										
Land	9,155.71	1,223.98	29.19	10,350.50	–	–	–	–	10,350.50	9,155.34
Factory Building	4,648.06	1,367.31	280.37	5,735.00	1982.61	436.14	231.41	2,187.34	3,547.66	2,683.41
Office Building	1,933.21	3,119.19	–	5,052.40	306.28	137.20	–	443.48	4,608.92	1,609.56
Plant & Machinery	2,260.32	2,405.63	83.28	4,582.67	1,035.81	381.80	79.74	1,337.87	3,244.80	1,216.60
Furniture & Fixtures	367.35	139.52	–	506.87	143.16	54.89	–	198.05	308.82	224.19
Office Equipment	93.14	38.36	0.37	131.13	40.49	10.99	–	51.48	79.65	52.64
Motor Vehicles	760.97	165.42	56.56	869.83	382.84	115.96	34.78	464.02	405.81	378.13
Computer	268.09	51.93	–	320.02	166.72	53.87	–	220.59	99.43	103.12
	19,486.85	8,511.34	449.77	27,548.42	4,057.91	1,190.85	345.93	4,902.83	22,645.59	15,422.99
Capital Work-in-Progress	501.73	484.73	267.90	718.56	–	–	–	–	718.56	501.73
	19,988.58	8,996.07	717.67	28,266.98	4,057.91	1,190.85	345.93	4,902.83	23,364.15	15,924.72
INTANGIBLE ASSETS										
Computer Software	360.88	112.77	–	473.65	96.74	116.67	–	213.41	260.24	264.15
Technical Know How	44.04	–	–	44.04	15.85	5.64	–	21.49	22.55	28.19
Goodwill	230.53	–	–	230.53	–	–	–	–	230.53	230.53
	635.45	112.77	–	748.22	112.59	122.31	–	234.90	513.32	522.87
Total	20,624.03	9,108.84	717.67	29,015.20	4,170.50	1,313.16	345.93	5,137.73	23,877.47	16,447.59
Previous Year	11,497.20	9,313.91	217.68	20,593.43	3,534.22	694.36	82.74	4,145.84	16,447.59	7,962.98

Notes:

- 1) Addition to gross block during the current financial year, of Rs. 9,108.84 Lacs, includes assets of Rs. 1,425.42 Lacs purchased in the Scheme of amalgamation.
- 2) During the financial year ended on 31st March 2011, Land & Building was revalued by Rs. 5,697.05 Lacs on the basis of valuation carried out by an approved valuer.

11. Non-Current Investments

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Investment in Government Securities		
6 Year National Saving Certificates	0.60	0.60
TOTAL	0.60	0.60

12. Long-Term Loans and Advances

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Unsecured Considered Good		
Capital Advances	3,353.18	3,938.03
Security Deposits	158.02	141.20
Other loans and advances		
- Advance Tax (Net of Provisions)	494.49	–
- Advance to Employees	84.76	94.25
TOTAL	4,090.45	4,173.48

Notes to the Consolidated Financial Statement

13. Other Non-Current Assets

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Misc Expenditure to the extent not Written off	16.16	17.92
TOTAL	16.16	17.92

14. Current Investments

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
2500000 (P.Y. Nil) 759 Kotak FMP Series 84 - Growth of Rs.10/- each	250.00	-
5000000 (P.Y. Nil) 6PGP - Reliance Fixed Horizon Fund XXXI Series 9 - Growth Plan of Rs.10/- each	505.16	-
Nil (P.Y. 5,00,000) Units of Kotak FMP Series 40 - Growth of Rs.10/- each	-	500.00
TOTAL	755.16	500.00

15. Inventories (At lower of cost or net realisable value)

As Verified, Valued and Certified by the Management

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Raw material and Components	11,353.69	9,140.26
Work in Progress	25.70	195.94
Finished Goods	1,962.84	1,868.02
Raw material in Transit	401.40	1,093.52
TOTAL	13,743.63	12,297.74

16. Trade Receivables

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Goods	973.82	628.46
Doubtful	-	21.13
	973.82	649.59
Less: Provisions for Doubtful Debts	-	21.13
	973.82	628.46
Others		
Unsecured, Considered Goods	7,592.04	7,689.78
TOTAL	8,565.86	8,318.24

17. Cash and Cash Equivalents

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Balance with Scheduled banks		
Current Account	117.06	83.72
Current Account - IPO	3.83	3.83
Deposit Account	1,890.67	2,319.49
Unpaid Dividend Account	11.29	11.51
Cash in Hand	127.47	46.30
TOTAL	2,150.32	2,464.85

Notes to the Consolidated Financial Statement

18. Short Term Loans and Advances

Rs. in Lacs

Particulars	As At 31st March, 2012	As At 31st March, 2011
Balance with Excise Authorities	506.58	624.54
Sales Tax Recoverable	116.91	108.72
Advance to Suppliers	3,058.49	3,674.27
Others	236.54	196.36
TOTAL	3,918.52	4,603.89

19. Revenue from Operations

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Sale of Products	88,000.30	70,895.25
Other Operating Income	793.82	708.52
	88,794.12	71,603.77
Less: Excise Duty	3,110.22	2,111.06
TOTAL	85,683.90	69,492.71

Other Operating Income comprises of:

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Service Charges Received	407.72	254.09
Commission Received	323.71	416.53
Hiring Charges Received	54.12	28.27
Duty Draw Back Received	8.27	9.63
TOTAL	793.82	708.52

20. Other Income

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest Received	264.34	241.81
Rent Received	83.70	20.26
Insurance Claim Received	15.69	26.04
Profit on Sale of Assets	25.62	352.30
Revaluation Reserve Income	4.73	1.06
Return on Long Term Investment	56.16	-
Other Non-operating Income	4.23	0.29
TOTAL	454.47	641.76

Notes to the Consolidated Financial Statement

21. Cost of Material Consumed

	Rs. in Lacs	
Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Opening Stock	10,233.78	3,438.11
Add: Purchases (Net of Return)	65,512.45	58,475.22
	75,746.23	61,913.33
Less: Closing Stock of Raw Material	11,755.09	10,233.78
Less: Purchase of Stock-in-Trade	3,324.21	4,679.93
TOTAL	60,666.93	46,999.62

22. Changes In Inventories Of Finished Goods, Work In Progress, Stock-in-trade

	Rs. in Lacs	
Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Finished Goods		
Opening Stock	1,868.02	1,771.94
Closing Stock	1,894.80	1,868.02
	(26.78)	(96.08)
Work in Progress		
Opening Stock	195.94	942.36
Closing Stock	23.84	195.94
	172.10	746.42
TOTAL	145.32	650.34

23. Employee Benefit Expenses

	Rs. in Lacs	
Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Salaries, Wages & Bonus	3,590.40	2,541.56
Contribution to Provident and other Funds	177.97	125.75
Staff Welfare Expenses	323.66	235.76
Directors' Remuneration	373.10	436.10
TOTAL	4,465.13	3,339.17

24. Selling & Distribution Expenses

	Rs. in Lacs	
Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Selling Expenses	1,653.89	1,604.32
Commission on Sales	748.57	612.78
TOTAL	2,402.46	2,217.10

Notes to the Consolidated Financial Statement

25. Financial Cost

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest on Working Capital Facilities	517.66	322.11
Interest on Term Loans	59.29	-
Interest on Other Loans	157.76	30.00
TOTAL	734.71	352.11

26. Other Expenses

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Manufacturing Expenses		
Manufacturing Expenses	2,375.54	1,291.39
Power & Fuel	342.24	198.08
Repair & Maintenance		
- Plant & Machinery	173.93	49.54
- Building	102.41	58.45
Freight & Forwarding Charges	2,871.27	2,435.99
Sub Total	5865.39	4033.45
Other Administrative Expenses		
Rent	131.63	81.89
Rate Fees & Taxes	46.02	46.54
Insurance	78.55	64.24
Traveling & Conveyance	886.35	642.56
Communication Expenses	169.68	124.78
Bank Charges	207.11	144.64
Vehicle Expenses	87.94	53.68
Exchange Rate Difference (Net)	985.09	(143.81)
Penalties to Share Budget & Others	7.61	25.04
Miscellaneous Expenses	935.11	763.57
TOTAL	9,400.48	5,836.58

Miscellaneous Expenses includes Auditor's Remuneration as under

Rs. in Lacs

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Audit Fee	10.43	7.61
Taxation Matters & Certification	8.66	1.50
TOTAL	19.09	9.11

Notes to the Consolidated Financial Statement

27. Additional Notes to the Consolidated Financial Statement

(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.

In December 2006, the Company incorporated its wholly owned subsidiary (WOS) in CYPRUS in the name of FRESTED LIMITED, for overseas Investments. The Company 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 incorporated a wholly owned Subsidiary, namely Action Developers Ltd.

(B) Significant Accounting Policies

1. System 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;

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.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise disclosed in the Notes to Accounts.

The excess of 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.

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.

Notes to the Consolidated Financial Statement

27. Additional Notes to the Consolidated Financial Statement (Contd.)

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	%age of ownership as at	
			31st March, 2012	31st March, 2011
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%

3. Fixed Assets :

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

4. Depreciation :

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

5. 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 or fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in the value of investments is made to recognise a decline other than temporary.

6. Inventory Valuation :

(a) Raw Material : Lower of cost or 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.

(b) Work in Progress and Finished Goods : Lower of cost or 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 necessary to make the sale.

7. 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.

Notes to the Consolidated Financial Statement

27. Additional Notes to the Consolidated Financial Statement (Contd.)

8. 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. However, exchange difference arising on reporting of **"Long Term Foreign Currency Monetary Item (LTFCMI)"** in so far as they relate to acquisition of capital assets are added to that assets and in other cases, such differences are accumulated in **"Foreign Currency Monetary Item Translation Difference Account (FCMITDA)"**.

9. 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.

10. Accounting for Taxes on Income :

Tax expense comprises of current and deferred tax. Current 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.

11. 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 value. The recoverable amount is greater of the asset's net selling price or 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.

Notes to the Consolidated Financial Statement

27. Additional Notes to the Consolidated Financial Statement (Contd.)

12. Borrowing Costs :

Borrowing costs that are attributable to the acquisition and construction of an assets that necessarily takes 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 recognised as an expenses in the year in which they are incurred . Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

13. 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.

14. Provisions, Contingent Liabilities and Contingent Assets :

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

- a) the Company has a present obligation as a result of a past event;
- b) a probable outflow of resources is expected to settle the obligation and;
- c) 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) 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;
- b) 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.

27(C) OTHER NOTES

1. The revised schedule VI has become effective from 1st April, 2011 for the preparation of the financial statements. This has significantly impacted the disclosure and presentation made in financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.
2. Pursuant to the order No. 9885 dated 21 July, 2012, passed by Hon'ble High Court of Delhi, M/s ACE Steel Fab Pvt Ltd has merged with M/s Action Construction Equipment Ltd. w.e.f. 1st Oct, 2011.

As per Accounting Standard 14, "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India, The additional disclosures required to be made in the first financial statement following the amalgamation are as follows:

- a. Company has issued and allotted to the members of ACE Steel Fab Private Ltd 24.22 equity shares of Rs.2/- each at par for every 1 fully paid equity share of Rs. 10 each held by the members whose names appear in the register of members as on the record date, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the board. Thus a total of 60,55,000 Equity shares has been issued to shareholders of M/s ACE Steel Fab Pvt Ltd to effect the amalgamation.

Notes to the Consolidated Financial Statement

27. Additional Notes to the Consolidated Financial Statement (Contd.)

b. The amount and treatment of difference between the consideration and the value of net identifiable assets acquired is as given below:

Particulars	Amount (Rs. in Lacs)
Fixed assets including CWIP	1,425.42
Current Assets	
Inventories	881.60
Cash and Bank Balance	6.18
Sundry Debtors	135.89
Loans and Advances	125.63
Total Assets Purchased	2,574.72
Current Liabilities and Provisions	
Current Liabilities	2,209.35
Provisions	78.20
Long Term Liabilities	
Secured Loans	151.47
Deferred Tax Liabilities	29.65
Reserves & Surplus	81.40
Miscellaneous Expenditures to the extent not written off/adjusted	(0.35)
Total liabilities taken over	2,549.72
Net Assets Purchased	25.00
Shares issued to shareholders of ACE Steel Fab Pvt Ltd (6055000 equity shares of @Rs.2/- each)	121.10
Balance charged from Revaluation Reserve	96.10

3. Contingent Liabilities, not provided for:

Particulars	Rs. in Lacs	
	As at 31st March, 2012	As at 31st March, 2011
Bank Guarantees	799.98	385.02
Letter of Credits	2,614.34	3,073.97
Claim against the Company, not acknowledge as Debts	478.19	327.90
Sales Tax, Excise & Income Tax Matters, pending before Assessing / Appellate Authorities	3,201.49	1,095.93
TOTAL	7,094.00	4,882.82

4. Remuneration paid to Whole-time Directors :

S.No.	Names of the Directors	Rs. in Lacs			
		Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Other Benefits and Perquisites	TOTAL
1.	Sh. Vijay Agarwal, Chairman & Managing Director	189.00	—	15.40	204.40
2.	Smt. Mona Agarwal, Wholetime Director	126.00	—	10.20	136.20
3.	Sh. Sorab Agarwal, Executive Director	33.60	—	2.40	36.00
	TOTAL	348.60	—	28.00	376.60

Notes to the Consolidated Financial Statement

27. Additional Notes to the Consolidated Financial Statement (Contd.)

5. Segment Reporting in terms of Accounting Standard-17 - Issued by The Institute of Chartered Accountants of India.

Information about the Primary Business Segments of the Company

		Rs. in Lacs	
Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011	
1. Segment Revenue			
a) Cranes	57,969.43	48,663.28	
b) Material Handling/Construction Equipment	12,891.19	8,407.91	
c) Tractor	13,896.71	11,576.36	
d) Subsidiaries Business	132.75	136.64	
Total	84,890.08	68,784.19	
Less: Inter Segment Revenue	—	—	
Net Sales/Income from Operations	84,890.08	68,784.19	
2. Segment Results			
a) Cranes	4,158.78	5,336.50	
b) Material Handling/Construction Equipment	460.29	359.50	
c) Tractor	890.09	620.78	
d) Subsidiaries Business	(149.54)	(66.77)	
Total	5,359.62	6,250.01	
Less: Interest	734.71	352.11	
Less: Other Unallocable Expenditure	938.94	532.64	
Profit Before Tax	3,685.97	5,365.26	
3. Capital Employed			
a) Cranes	31,643.09	22,392.25	
b) Material Handling / Construction Equipment	6,324.50	5,523.51	
c) Tractor	556.64	133.97	
d) Subsidiaries Business	(1,917.58)	(1,530.71)	
Total	36,606.65	26,519.02	

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. (Upto 30.09.2011)
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
Smt. Surbhi Garg

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

N.A.

Notes to the Consolidated Financial Statement

27. Additional Notes to the Consolidated Financial Statement (Contd.)

e. Related Party Transactions

Rs. in Lacs

Nature of Transaction	Period	Associates Companies/Firm			Subsidiary Companies		Key Management	Total
		ACE Steelfab Pvt Ltd.*	ACE TC Rentals Pvt Ltd.	Namo Metals	FRESTED Ltd, CYPRUS	SC FORMA SA, Romania		
Purchase of Goods	2011-12	5,091.38	–	–	–	–	–	5,091.38
	2010-11	8,640.34	–	–	–	288.04	–	8,928.38
Sales of Goods	2011-12	46.15	623.87	–	–	–	–	670.02
	2010-11	490.18	1,061.79	–	–	(61.47)	–	1,490.50
Remuneration Paid	2011-12	–	–	–	–	–	376.60	376.60
	2010-11	–	–	–	–	–	439.36	439.36
Licence Fee Paid	2011-12	–	–	–	–	–	49.80	49.80
	2010-11	–	–	–	–	–	41.28	41.28
Rent Received	2011-12	1.20	0.96	–	–	–	–	2.16
	2010-11	2.40	0.71	–	–	–	–	3.11
Interest Received	2011-12	57.56	–	–	–	–	–	57.56
	2010-11	92.35	–	23.61	126.90	–	–	242.86
Investment in Equity	2011-12	–	–	23.16	–	–	–	23.16
	2010-11	–	–	41.62	–	–	–	41.62
Loan to Subsidiary	2011-12	–	–	–	184.34	–	–	184.34
	2010-11	–	–	–	13.30	–	–	13.30

* Figures for the year 2011-12 are only upto the date of amalgamation (30.09.2011).

7. 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 accomodations. These are generally in nature of operating Lease/leave and Licence and disclosure required as per Accounting Standard-19 issued by The institute of Chartered Accountants of India with regard to the above is as under-

Rs. in Lacs

a) Particulars	Minimum Lease Payment	
	2011-12	2010-11
Payable within one year	131.97	79.16
Payable after one year but within 5 years	168.98	94.95

- b) There are no transactions in the nature of Sub Lease.
c) Payments recognised in the profit and Loss Account for the year ended 31st March, 2012 is Rs.131.63 Lacs (P.Y. Rs. 81.89 Lacs).

Notes to the Consolidated Financial Statement

27. Additional Notes to the Consolidated Financial Statement (Contd.)

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

EMPLOYEE BENEFITS

A) Expenses recognised in Statement of Profit & Loss

(Rs. in Lacs)

Particulars	2011-12	2010-11
a) Current Service Cost	44.07	28.10
b) Interest Cost	8.72	5.12
c) Employee Contribution	–	–
d) Actuarial (Gain)/Loss	13.47	6.23
e) Past Service Cost	–	–
g) Settlement Cost	(12.29)	(7.80)
Total Expenses, debited to Statement of Profit & Loss	53.97	31.65

B) Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2012

(Rs. in Lacs)

Particulars	2011-12	2010-11
a) Present Value of defined Benefit Obligation at the end of year	160.40	98.05
b) Fair Market Value of Plan Assets with LIC at the end of year	166.27	109.35
Net Asset/(Liability)	5.87	11.30

C) Change in the obligation during the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	31st March, 2012	31st March, 2011
a) Present Value of Defined benefit obligation at the beginning of year	102.88	60.23
b) Current Service Cost	44.07	28.10
c) Interest Cost	8.72	5.12
d) Settlement Cost	–	–
e) Actuarial (Gain)/Loss	11.13	4.60
f) Benefit Payment	(6.40)	–
Present Value of Defined benefit obligation at the end of year	160.40	98.05

D) Change in the Assets during the year ended 31st March, 2012

(Rs. in Lacs)

Particulars	2011-12	2010-11
a) Plan assets at the beginning of year	109.35	67.33
b) Actuarial (Gain)/Loss	(2.34)	(1.63)
c) Contribution	53.38	35.85
d) Benefit Payment	(6.40)	–
e) Return on the Plan Assets	12.28	7.80
Plan Assets at the end of year	166.27	109.35

E) Actuarial Assumption

a) Discounted Rate	8.75% p.a.
b) Mortality Rate	LIC (1994-1996) Ultimate
c) Withdrawal Rate	1% to 3% depending on Age.
d) Salary Escalation	11.50%
e) Retirement Age	58

Notes to the Consolidated Financial Statement

27. Additional Notes to the Consolidated Financial Statement (Contd.)

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).

9. Earning Per Share (Basic & Diluted):

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

Particulars	2011-12	2010-11
Profit attributable to Equity Shareholders of the Company - (Rs in Lacs)	2,697.42	3,992.74
Weighted average no. of Equity Shares of Rs. 2 each (Basic)	9,59,12,500	9,13,15,137
Weighted average no. of Equity Shares of Rs. 2 each (Diluted)	9,59,12,500	9,23,73,356
EPS (In Rupees)- Basic	2.81	4.37
EPS (In Rupees)- Diluted	2.81	4.32

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

- R & D Expenditure – Rs. 10.43 lacs
- Life Time Club Membership - Rs. 5.07 lacs (being amortized over a period of ten years, starting from 2007-08)
- Preliminary Expenses - Rs.0.66 lacs

11. 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.

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. Note 1 to 27 form integral part of the accounts and are duly authenticated.

In terms of our report of even date For RAJAN CHHABRA & CO. Chartered Accountants Firm Registration No. 009520N	For and on behalf of the Board of Directors
	Vijay Agarwal Chairman & Managing Director
RAJAN CHHABRA Partner Membership No. 088276	Subhash Chander Verma Independent Director
Place : Faridabad Date : 04 th August, 2012	Rajan Luthra CFO & Company Secretary
	Sorab Agarwal Executive Director

Statement Pursuant to section 212 of the Companies Act, 1956 as at 31st March, 2012

	Rs. in Lacs Frested Limited Cyprus	Rs. in Lacs SC Forma SA Romania	Rs. in Lacs Action Developers Limited
a Capital	0.67	167.64	10.00
b Reserves & Surplus	(1,365.95)	(422.16)	(2.56)
c Total Assets (Fixed Assets + Current Assets)	0.23	373.38	7.12
d Total Liabilities (Debts+Current Liabilities)	7.52	385.87	0.18
e Details of Investment (except in case of investment in subsidiaries)	—	—	—
f Turnover (Including other Income)	0.05	132.86	—
g Profit/(Loss) Before Taxation	(5.14)	(143.73)	(0.62)
h Provision for Taxation	—	—	—
i Profit/(Loss) After Taxation	(5.14)	(143.73)	(0.62)
j Proposed Dividend	—	—	—
k Exchange rate used (in Rs.)	51.16	15.59	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, 2012.

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.

In terms of our report of even date For RAJAN CHHABRA & CO. Chartered Accountants Firm Registration No. 009520N	For and on behalf of the Board of Directors
RAJAN CHHABRA Partner Membership No. 088276	Vijay Agarwal Chairman & Managing Director
Place : Faridabad Date : 04 th August, 2012	Subhash Chander Verma Independent Director
Rajan Luthra CFO & Company Secretary	Sorab Agarwal Executive Director

**Action Construction Equipment Ltd.**

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

PROXY FORM

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 Friday, 28th day of September, 2012 at 11:00 a.m. at MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Delhi-110054

Signature:
Signed this _____ day of _____ 12

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

ATTENDANCE SLIP

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 Friday, 28th day of September, 2012 at 11:00 a.m. at MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Delhi-110054

Signature of Shareholder/Proxy:

Blank

Corporate Profile

BOARD OF DIRECTORS

- **Vijay Agarwal**
Chairman and Managing Director
- **Mona Agarwal**
Whole - time Director
- **Sorab Agarwal**
Executive Director
- **Surbhi Garg**
Executive Director
- **Subhash Chander Verma**
Independent Director
- **Girish Narain Mehra (IAS Retd.)**
Independent Director
- **Dr. Amar Singhal**
Independent Director
- **Maj. Gen.(Retd.) Dr. Keshav Chandra Agrawal**
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.
- Hongkong and Shanghai Banking Corporation of India Ltd. ("HSBC")
- Standard Chartered Bank
- State Bank of Patiala
- Axis Bank Ltd.

Stock Exchanges

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

Subsidiary Companies

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

Registered Office

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

Corporate Office

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

UNIT LOCATIONS

- Jajru Road, 25th Mile Stone, Delhi Mathura Road
Ballabgarh, Distt. Faridabad (Haryana) - 121 004
- Dhudhola Link Road, Village Dhudhola,
Distt. Palwal (Haryana) - 121 102
- Plot No. C-5/6/7/8, Industrial Area (UPSIDC),
Bazpur, Distt. Uddham Singh Nagar,
Uttrakhand - 262 123
- Plot No.40 & 41, Nand Nagar Industrial Estate,
Phase-1, Mahuakhera ganj, Kashipur, Uttrakhand
- 45th Mile Stone, Mathura Road, Prithla,
Distt. Palwal, Haryana

RESEARCH & DEVELOPMENT CENTRE

- Jajru Road, 25th Mile Stone,
Delhi-Mathura Road,
Ballabgarh, Distt. Faridabad (Haryana) - 121 004
- Dhudhola Link Road, Village Dhudhola
Distt. Palwal (Haryana) - 121 102

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