



Action Construction Equipment Ltd.

Lifting India's infrastructure growth

20th ANNUAL REPORT 2013-14





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***





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The 20th Annual General Meeting of the Company is scheduled for the Thursday, 31 July, 2014 at 11:00 am at Sri Sathya Sai International Centre, Pragati vihar, Lodhi Road, New Delhi - 110003.

Notice of AGM and postal ballot were dispatched on Wednesday, 11th June 2014.

The notice of AGM can be downloaded from www.ace-cranes.com

CHAIRMAN SPEECH



Dear Members,

The Indian economic scenario in last financial year continued to be fraught with challenges because of tough external factors like slow down in the Country's economic growth, political uncertainties, policy inertia etc. Major economies witnessed slower growth and were full of un-certainties. Business environment remained difficult and operating in such a testing environment proved challenging. As you all know, our economy is going through a difficult phase as a result of which recorded one its worst periods in 2013. The volatile market situation has affected the overall growth of the industry.

Slowdown in the Indian economy which was primarily attributable to weakness in industry (comprising the mining and quarrying, manufacturing, electricity, gas and water supply, and construction sectors), which registered a growth rate of only 3.1 per cent and (-)1.6 per cent in 2012-13 and 2013-14 respectively. The Manufacturing sector registered a growth rate of (- 0.8) percent during 2013-14. The rate of gross domestic product (GDP) growth in full FY 2013 - 14 was at a decade low of 5 per cent.

Financial year 2013-14 was a challenging one for the construction industry in particular, which was required to absorb higher interest rates, inflation, slower order book accretion, lengthier land acquisition schedules and slower receivables. Lack of policy initiatives in the infrastructure projects have impacted all and your company as well. Infrastructure plays a key role in stimulating the economic growth. The growth of construction equipment

manufacturing industry is interlinked with the growth of Infrastructure, and indirectly with the growth of Indian Economy. Consequently demand for all products decreased due to delay in overall government spending on highway construction, standstill of various Power Projects, maintenance and other infrastructure projects. Adverse foreign exchange fluctuations continued to impact the business process. Global economic slowdown and reduced domestic demand continues to be concern areas during the year. However this can't continue for long and the new government is taking cognizance of this and we are sure that the construction equipment industry will revive soon and we will again grow at a healthy pace, as done in the past.

ACE battled successfully against these tough market conditions.

We believe that the worst is over for the Indian economy and that it will soon start to recover by virtue of policy reforms and investments. We are of firm opinion that India has a unique opportunity to surpass the world and participating and investing in India's infrastructure growth has been the fundamental principle of ACE evolution.

Notwithstanding this difficult environment, your Company continues to invest in R&D, commit to its human resource development and training programs and do significant CSR activities. We continue to introduce new application based, high-end machines, which not only suit the local applications but which are comparable with any latest international machine in terms of designs, engineering, productivity and safety. Our R&D team continues to focus on innovative products which will cater to the customers present and future needs.

In spite of the economic slowdown all over the world, your Company has performed reasonably well during the financial year of 2013-14. The Company held it's 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 a most competitive price. We have made plans to leverage opportunities, realizing our growth potential.

We are confident of the basics which we have put in while making the Company i.e. to satisfy our customers by providing them quality healthy equipment at a most competitive price whatever be the situations and conditions are. We believe that we have key strengths which have ensured us to stay healthy even in tough times. We are committed towards investing in ACE's future. We are confident that our dedicated efforts and continuing R&D programme will enable us to take full advantage of our market leadership positions and achieve our growth ambitions.

Company concentrated on cutting cost wherever possible, to remain profitable. Several cost cutting measures have been taken during the year including areas like value engineering, materials, manpower, and closure of Plants to bring synergies in operating cost etc. These savings are likely to be giving more results during FY 2014-15.

In the Agri segment; Company is looking at significant product expansions and focusing on improving its market share. Timely availability of agricultural credit at reasonable rate, especially for small and marginal farmers is crucial for agricultural-sector growth and we are, accordingly, focusing on providing customers a complete range of crop solutions.

The outlook for 2014-15 seems promising with the new stable Govt at the centre; the overall economy is expected to grow in the range of 5.0 to 6.0 per cent in 2014-15. For FY 2014-15 Priority of the government will be to speed implementation of stalled projects. There will be focus on infrastructure development and to reactivate various stalled projects. This will be an opportunity to the Company and Company will encash these opportunities.

The Company's brand has emerged as brand for reliability and has been able to win the customer loyalty in all these years. The Company desires to continue its successful stint in the industry, through providing complete customer satisfaction by way of reasonable pricing and good product quality. Although this time seem to be tough times, but the times are meant to be changed. With this I am particularly sure of continuing the wonderful and successful journey of the Company.

I would like to thank all our colleagues for their hard work and valued contribution during 2013-14. Together we have much to look forward to as we strive to make our company even stronger.

I am grateful to the Board of Directors for their unwavering support and guidance. I take this opportunity to express my gratitude to all our stakeholders, who have reposed trust in us and extended their constant support.

With best wishes,

Sincerely,

Vijay Agarwal

Chairman and Managing Director



Management Discussion and Analysis

❖ INDUSTRY STRUCTURES AND DEVELOPMENTS

Indian construction equipment industry is facing the heat of slowdown due to poor infrastructure activities, stalled projects and low domestic demand. The global economic uncertainties and domestic monetary tightening measures have built up a near term negative sentiments for the Indian Infrastructure industry. However the long term prospects of the industry are huge and an opportunity area for us in near future.

As far as equipment manufacturing industry is concerned, it is quiet an old industry, with few players in the starting years, but as the number of years has passed, the number of players in this industry has increased. The growth of this Industry is interlinked with the growth of Infrastructure and indirectly with the growth of Indian Economy. This industry calls for great expertise, in terms of technology, design and providing customer satisfaction. Its market is large; however the only survivors would be the Companies, who would be able to provide good quality products at most competitive price. The Company's **ACE** brand has emerged as brand for reliability and has been able to win the customer loyalty in all these years. The Company desires to continue its successful stint in the industry, through providing complete customer satisfaction by way of reasonable pricing, strong distribution and service network and good product quality.

❖ OPPORTUNITIES AND THREATS

Your Company maintained its market leadership position and is well positioned to achieve growth in terms of volumes and market share through better service levels and management of costs and a committed team of employees. There is pressure on the margins on account of depreciation of Rs., increase in cost of raw materials and overheads.

We believe our proactive steps and consistent implementation of our strategies will allow us to prepare the company for growth as consumer sentiments improves with the formation of new stable Govt and revival of infrastructure industry.



In the Agri segment; Management continues to develop new products and execute initiatives to meet the challenges of the Industry and to achieve its strategy for sustainable growth. We are, consequently, focusing on providing customers a complete range of crop solutions. To implement this Company has also started production of Combine, Harvester etc. Timely availability of agricultural credit at reasonable rate, especially for small and marginal farmers is crucial for agricultural-sector growth.

With pricing pressures across all product ranges and an increasingly challenging product mix, margins remained under pressure throughout 2013-14. Adverse foreign exchange fluctuations continued to impact the business process. In addition to this, the economic slow-down with particular reference to further deferment of investments by the Government of India in the infrastructure sector impacted the business.

Macro-economic factors including economic and political developments, natural calamities which affect the industrial sector generally would also affect the businesses of your Company. Legislative changes resulting in a change in the taxes, duties and levies, whether local or central, also impact business performance and relative competitiveness of the businesses.

- The business of the Company is primarily based in India and it derives substantial portion of revenue from the Indian market. Therefore, any slowdown in the Indian economic growth, in particular, industrial growth & infrastructure, may negatively impact Company's business.

- Any change in the government policy or its budgetary allocation to the infrastructure sector will have a major impact on Company's business.
- Increase in prices of any of the raw materials namely Steel etc., will affect the bottom line of the Company.
- Change in the tax structure of Sales Tax, Entry Tax, Service Tax, VAT etc.
- Increasing competition from National and International players.
- New strategic partnerships and acquisitions.
- Our ability to expand international business.
- Unforeseen business losses

❖ SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Company operates 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.

❖ RISKS AND CONCERN

The Company's ability to foresee and manage business risks is crucial in achieving favorable results. Management is positive about Company's long term outlook.

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:

- **Raw material prices:**
Raw material cost represents the largest expense and our profitability and cost effectiveness may be affected due to change in the prices of raw materials and other inputs.
- **Monsoons**
Our agri business runs the risk of a demand drop in case of significant variation in monsoon.
- **Foreign Currency Risks:**
Exchange rate fluctuations may have an adverse impact on the Company

- **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.

- **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.

- **Increasing competition:**

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

- ❖ **OUTLOOK**

The outlook for 2014-15 is better as compared to 2013-14; the overall economy is expected to grow in the range of 5.00 to 6.00 per cent in 2014-15. Of course, these projections assume a normal monsoon, further moderation in inflation as expected (to induce further relaxation of the tight monetary stance), policy and mild recovery of global growth as anticipated. Forecasting at potential turning points is difficult, hence the relatively wide range this time. Although India is veering towards an economic trough situation, the long term growth prospects of India are still stable with positive indications of infrastructure development happening in the segments in which your Company operates.

Your Company recognizes the tough times and is concentrating on trough management. We have already initiated significant cost reduction efforts, optimization of

working capital requirements in order to minimize financing costs. These, coupled with other operational executions will enable the Company to register better performance in the coming months.

The Management anticipates improvement in the economy and is confident that when the revival happens, with right focus and proactive approach your Company will be able to capitalize on the future opportunities. Your Company's business exposure to the normal financial and market risks continue to be monitored and managed by experienced professionals 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.

- ❖ **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: 21st May, 2014



Directors' Report

The Directors are pleased to present the 20th Annual report and Audited Statement of Accounts for the financial year ended 31st March, 2014.

	(Rs. in lacs)	
FINANCIAL RESULTS	2013-14	2012-13
Gross Turnover	64,252	69,280
Excise Duty	3,364	3,172
Net Turnover	60,888	66,108
Other Income	1,271	1,215
Total Income	62,159	67,323
Profit before Depreciation, Interest and Tax	3,080	3,510
Less:		
Depreciation	1,527	1,361
Interest	1,041	1,045
Provision for Taxation	109	382
Net Profit after Tax	403	722
Profit brought forward	4,470	4,180
Profit available for Appropriation	4,873	4,902
Appropriations:		
Dividend (Interim & Final)	99	198
Corporate Tax on Dividend	17	34
Amount transferred to General Reserve	100	200
Profit carried to Balance Sheet	4,657	4,470



FINANCIAL PERFORMANCE

Financial year 2013-14 continues to be a challenging year amidst economic certainties and prevailing recessionary conditions in most part of the world including India. The sluggishness in economy, policy inertia and lacklustre infrastructure projects have all impacted the Indian economy as well as your Company.

Despite these tough conditions, the Company performed reasonably well.

Your Company's gross turnover stood at Rs. 64,252 lacs as compared to Rs. 69,280 lacs in the year 2012-13. The profit before depreciation, interest and tax stood at Rs. 3,080 lacs in 2013-14, as against Rs. 3,510 lacs in year 2012-13.

The profit after tax is Rs. 403 lacs in 2013-14 as against Rs. 722 lacs in the previous year. Your company has taken several steps to reduce cost and increase its market share in all products.

DIVIDEND

In spite of lower profit, your Directors are pleased to recommend 5 % Equity Dividend per share on the Paid up Equity Share Capital of the Company for the year 2013-14. Total dividend (including dividend tax) will absorb Rs.116 lacs out of the profits available for the year 2013-14. The payment of dividend is subject to the approval of the shareholders at the ensuing annual general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis, forms an integral part of this Annual Report; provides a more detailed analysis on the performance of individual businesses and their outlook.

DIRECTORS

In accordance with Article 135 of the Articles of Association of the Company Smt. Surbhi Garg and Mr. Sorab Agarwal, Executive Director are liable to retire by rotation in ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Subhash Chander Verma, Mr. Girish Narain Mehra, Mr. Keshav Chandra Agrawal & Dr. Amar Singhal, Independent Directors of the Company, retire by rotation & are recommended for re-appointment as Independent Directors.

Your Directors recommend for their appointment / re-appointment. None of the Directors of your Company is disqualified as per provisions of Section 164 of the Companies Act, 2013.

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.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

Your Company has two wholly Owned Subsidiary and a Fellow Subsidiary, namely:

1. Frested Limited, Cyprus- Wholly Owned Subsidiary
2. SC Forma SA, Romania - Fellow Subsidiary
3. Action Developers Limited, India- Wholly Owned Subsidiary

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular.

The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies

AUDITORS AND AUDITOR'S REPORT

As section 139 of the Companies Act, 2013 has been notified by the Ministry of Corporate Affairs wherein they have permitted to appoint firm as Statutory Auditors for a period of ten consecutive years and to comply with the provisions of this section, Ministry has allowed a time period of three years. In line of the same, you are requested to appoint Statutory Auditors for a period of three years upto the Annual General Meeting to be held for the financial year 2016-17 and to authorise the Board to fix their remuneration. The Statutory 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 139 of the Companies Act, 2013.

The Notes on Financial Statements referred to in the Auditors report are self-explanatory and do not require any further comments.

COST AUDITORS

Your Directors have appointed M/s Vandana Bansal & Associates, Faridabad, as the Cost Auditors to conduct the Cost Audit for the year 2014-15.

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.

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.

CORPORATE SOCIAL RESPONSIBILITY

As informed in the last Directors report, your Company has set up a trust, i.e 'ACE Emergency Response Service Trust' inauguration of which was done by Shri Bhupinder Singh Hooda, Hon'ble Chief Minister of Haryana on 17.03.2013. The Company continues to expand the free of cost services provided by the trust. The Board is pleased to inform that till date, Trust has handled approx. more than 3400 patients out of which 1000 were critical cases, where lives has been saved. The area of the operation of the trust will be further expanded shortly.

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

CORPORATE GOVERNANCE

As required by the existing clause 49 of the Listing Agreements with the Stock Exchanges, a detailed report on Corporate Governance is included in the Annual Report. The Practicing Company Secretary has certified the Company's compliance of the requirements of Corporate Governance in terms of clause 49 of the Listing Agreement and the same is annexed to the Report on Corporate Governance.

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

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 dedicated R&D centres at Jajru Road and 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. 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
Dated: 21st May, 2014

Annexure to the Director's Report Form 'A'

Form of Disclosure of particulars with respect to Conservation of Energy

1) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

The Company has always been taking steps towards conservation of energy and production process of the Company does not require much power. The Company continues to envisage and implement energy conservation measures in its manufacturing operations leading to savings in quantitative consumption of power, fuel, oil etc.

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.

During the year company has put our dedicated feeder line for getting uninterrupted power supply from the state electricity board at a cost of approx 110 lacs. This will result in reduction in power cuts & consumption of diesel used in generating electricity.

(b) Additional Investment and proposal for reduction in energy consumption

Introduction and monitoring of energy management system for energy savings has been done, this will result in optimum utilization of energy.

(c) Impact of above measures

The above proposals will result in conservation of energy.

2. TECHNOLOGY ABSORPTION

Particulars with respect to Technology Absorption are given below in the prescribed Form- B

3. FOREIGN EXCHANGE EARNING AND OUTGO

(Rs. In Lacs)

Sl No.	Particulars	Amount
(a)	Foreign exchange earned	1,111.14
(b)	Foreign exchange outgo	10,438.13

Form 'B'

Form of Disclosure of particulars with respect to Technology Absorption

1) RESEARCH AND DEVELOPMENT (R&D)

The Company is having a dedicated R&D centre at Jajru Road and at Dudhola Link Road. 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.

(a) Specific areas in which R & D was carried out by the company:

- 1 Developing 20 ton 2 Wheel Drive Pick-n-Carry crane (FX210)
- 2 Value engineering & increasing the stability of FX 150 N crane
- 3 Developing aesthetically better Counterweight for all crane models
- 4 Counter Weight & Bumper with the Provision of Camera and proximity Sensor
- 5 Truck mounted full slew crane of 10 T-m lift capacity

- 6 Truck mounted full slew crane of 6.5 T lift capacity
- 7 Improved design of trumpet housing for SX Series Cranes
- 8 Adopting Eicher axle for FX 150 N, 15XWF N
- 9 Developing AC option for FX150 N and SX 170 N
- 10 Developing new 15XWF - X with low cabin Crane
- 11 TC 5040 Inner climbing
- 12 Development of TC 6040
- 13 TC 6040 Inner climbing
- 14 Development of TC 6552
- 15 AF30D – 3 TON Forklift with Automatic Transmission
- 16 AF30D – 3 TON Forklift with Mechanical Transmission
- 17 AF30D – 3 TON Forklift with Mechanical Transmission with fluid coupling
- 18 AF20D – 2 TON Forklift with Automatic Transmission

- 19 AF20D – 2 TON Forklift with Mechanical Transmission
- 20 AF20D – 2 TON Forklift with Mechanical Transmission
- 21 Mast 4.5m FFL - For AF30D
- 22 Mast 3.0m STD. - For AF30D
- 23 Mast 3.6m STD. - For AF30D
- 24 Mast 3.6m STD. - For AF20D
- 25 Development of Paper Roll Clamp (PRC) with Range 250~1300
- 26 Development of Paper Roll Clamp (PRC) with Range 630~1300
- 27 Development of Paper Roll Clamp (PRC) with Range 630~1600
- 28 Development of Bale Clamp (600~1900) – For AF30D/AF20D
- 29 Development of Brick Block Clamp (350~1600)
- 30 Load Stabilizer
- 31 All defence Attachments
- 32 Tilting Fork Attachment – AF30D
- 33 Ram Attachments of different Ranges
- 34 ACE Rotavator (5 FT, 42 BLADES)
- 35 ACE Rotavator (6 FT, 48 BLADES)
- 36 ACE Rotavator (7 FT, 54 BLADES)
- 37 ACE Wheel Harvester
- 38 New Gear Box , Motor and Pump introduced in ACT-60 Track Harvester
- 39 Value Engineering of ACT-60
- 40 Design and Development of New ACE Power Tiller
- 41 Implementation of CRE 1800 kg hyd lift
- 42 RPTO implementation of all models
- 43 Implementation of new range of tractors with kirloskar engines. These are star series tractors i.e. DI550*, DI450*
- 44 Implementation of + series of tractors with Ace engines AX50, AX45, AX40, Ax35
- 45 DCV introduction in all tractor models
- 46 Diff lock as optional feature in 550*
- 47 60hp 4 cyl engine implementation
- 48 Cost reduction in Diff hsg with wt reduction and oil saving

- 49 Development of DI305NG/25hp/2cyl with NG series engine of ACE

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

- Upgraded technology to meet international standards in safety & homologation requirements of the country.
- Innovate new concepts in material handling and construction equipment
- Simulation evaluation to shorten introduction time of new products
- Value engineering to remain competitive in quality & price.
- Removal of waste from design and manufacturing process
- Upgraded process to reduce manufacturing costs
- Customer satisfaction

c) Future plan of action

- 1 Development of 25 ton 4 Wheel Drive Pick-n-Carry crane (FX250)
- 2 Development of Skid Steer (SS75) for Commercial Market
- 3 Motor Grader with Indian Engine
- 4 Wheel Loader with Indian Engine
- 5 Alternate engine in 3.5 Ton Mini Compactor
- 6 Rock breaker attachment for Backhoe Loader
- 7 Design & development of truck mounted full slew crane of 21 T-m lift capacity (AB213)
- 8 Design & development of truck mounted full slew crane of 16 T-m lift capacity (AB163)
- 9 Development of TC 7052
- 10 Development of TC 7052 Inner climbing
- 11 Development of TC 7053
- 12 Development of TC 7053 Inner climbing
- 13 Development of TC 6552 Inner climbing
- 14 Development of Crawler Crane 40 Ton Capacity
- 15 Development of Crawler Crane 25 Ton Capacity
- 16 Development of Crawler Crane 80/100 Ton Capacity

- 17 Self propelled truck mounted crane 40Ton Capacity (8x4)
- 18 Self propelled Truck mounted crane 25 Ton (6x4)
- 19 Truck mounted crane 25 Ton with indigenous parts
- 20 Development of Cell on Wheel 20 Mts standard
- 21 Development of Cell on Wheel 20 Mts Truck mounted
- 22 Development of Cell on Wheel 40 Mts standard
- 23 AF25E– 2.5 TON DC Operated Forklift
- 24 AF25E– 2.5 TON AC Operated Forklift
- 25 AF15E– 1.5 TON DC Operated Forklift
- 26 AF15E– 1.5 TON AC Operated Forklift
- 27 AF50D– 5 TON (Automatic Transmission)
- 28 AF30D– 3 TON (With ACE Engine/Simpson Engine)
- 29 Mast 3.0m FFL– AF30D
- 30 Mast 6.0m FFL– AF30D
- 31 Mast 4.5m FFL– AF25E/AF20D
- 32 Mast 4.5m FFL– AF15E
- 33 Mast 4.5m FFL– AF50D
- 34 Fork Rotator For AF30D
- 35 Bale Clamp new modified design -AF30D/AF20D
- 36 Testing of ACE Rotavator (5, 6, 7 FT) at CFMTTI , Budhni
- 37 Development of ACE Wheel Harvester and its testing
- 38 Development and Testing of ACE Power tiller APT-15
- 39 Development of ACE Laser Leveller and its Testing
- 40 Value Engineering of ACT-60 , Wheel Harvester and Rotavator
- 41 50hp engine- for construction Equipment Vehicle with BOSCH FIE
- 42 Design and development of constant mesh transmission
- 43 Development of 60hp tractor with sliding mesh transmission
- 44 50hp NG series engine to be made suitable for crane
- 45 CRE 1200 kg lift implementation
- 46 Cost reduction in DCV by shifting to rear side
- 47 Modified RV and CV hsg of CRE 1800 kg for better sensitivity

- 48 Design and development of side gear shifting transmission
- 49 Development of neutral safety switch
- 50 Cost reduction in 3PL(point linkage) of 1800 CRE hyd
- 51 75hp- design and development
- 52 Development of Higher HP 4 Cylinder Turbocharged Engines with Intercooler (76HP & 90HP)
- 53 Development of New Transmission & Engine Test Rig
- 54 Design and development of DI350* with kirloskar engine

d) Expenditure on Research and Development

(Rs. In Lacs)

SI No.	Particulars	Amount
(a)	Capital Expenditure	72.19
(b)	Revenue Expenditure (including Salary to R& D staff and other related expenses)	573.19
	Total (a+b)	645.38

2) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

b) During the year, the company has imported technology for the manufacturing of Inner climbing frame and tower crane model - no.6520 and the same is under absorption.



Report on Corporate Governance

THE COMPANY'S PHILOSOPHY

Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. It includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. As shareholders across the globe evince keen interest in the practices and performance of Companies, corporate governance has emerged at the centre stage of the way the corporate world functions. Corporate governance is vital to enable Companies to compete globally in a sustained manner and let them flourish and grow.

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of Corporate Governance.

The Management and decision taking of the Company is done at three levels:-

- 1. Shareholders of the Company:** The Shareholders of the Company are the ultimate authority. This body is responsible for selecting the overall management of the Company. The crucial decisions taken by Board of Directors of the Company has to be passed through the filter test from the Shareholders. Approval of Shareholders is taken at Annual General Meeting, at Extra-Ordinary General Meeting and through Postal Ballot. Details of resolutions passed by Shareholders of the Company are covered under the upcoming section of the report.
- 2. Board of Directors of the Company:** The Board of the Directors are elected by the Shareholders of the Company, to look after overall Management of the Company, on behalf of the Shareholders of the Company. Here, the Ownership and Management are segregated. The Board of Directors of the Company are authorised to take all the Decisions on behalf of the Company, except such decisions as are mandated by Law, Rules and Regulation of the Land. The respective details of Board and its Meetings as specified under the Listing agreement are produced at the respective upcoming section.



3. **Sub-Committees of the Board:** There are certain issues and tasks which needs careful and specific attention. Thus, the Formation of various Committees is required. These Committees work under the supervision of Board. The working and decisions taken by the Committees are regularly updated to Board of Directors of the Company through minutes.

BOARD OF DIRECTORS

The Board of Directors ('the Board') is at the core of our Corporate Governance practice and oversees how the Management serves and protects the long- term interests of all our stakeholders.

We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

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 clause-49 of Listing Agreement. The Independent Directors appointed are as per the definition of Independent Directors provided in the Listing Agreement. The Board of Directors of the Company met four times during the financial year 2013-14 i.e. on 25th May, 2013, 10th August, 2013, 11th November, 2013, 08th February, 2014.

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	4/Yes	1	–	1
Mrs. Surbhi Garg	Executive Director	2/No	–	–	–
Mr. Girish Narain Mehra	Independent Director	4/Yes	4	4	3
Mr. Subhash Chander Verma	Independent Director	4/Yes	–	1	1
Dr. Amar Singhal	Independent Director	4/Yes	–	1	1
Maj. Gen. (Retd.) Dr. Keshav Chandra Agrawal	Independent Director	3/No	–	–	–

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.

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 five working days prior to the Board Meeting.

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:-

- ❖ The recommendation for appointment, remuneration and terms of appointment of auditors of the company
- ❖ Review and monitor the auditor's independence and performance, and effectiveness of audit process
- ❖ Examination of financial statement and auditors' report thereon
- ❖ Approval of any subsequent modification of transactions of the company with related parties
- ❖ Scrutiny of inter-corporate loans and investments
- ❖ Valuation of undertakings or assets of the company, wherever it is necessary
- ❖ Evaluation of internal financial controls and risk management systems
- ❖ Monitoring the end use of funds raised through public offers and related matters
- ❖ 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 25th May, 2013, 10th August, 2013, 11th November, 2013, 08th February, 2014. The details of composition and attendance are produced below. The qualification & composition of Audit Committee is as per clause-49 of the 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 43 years in financial matters and is an expert in accounting and financial management.

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

All members of the Committee have requisite financial and management expertise/knowledge and have rich experience of the industry. The Chairman of the Committee was present at the last Annual General Meeting of the Company.

The Committee's terms of reference are in consistent with the SEBI Corporate Governance Code and of the Companies Act 1956/2013. Generally the Committee oversees the financial reporting process, recommendation of appointment/ removal/fee etc. of external auditors, review of the adequacy of Internal Control System for financial reporting, review of quarterly/half-yearly/ annual financial statements before submission to Board, discussion with external auditors.

Mr. Rajan Luthra CFO & Company Secretary of the Company acts as secretary of the committee. The Representative of the Statutory Auditors is permanent invitee of the Audit Committee meetings.

(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. 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 twice in FY 2013-14 i.e. on 25th May, 2013 and 11th November, 2013. 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	2
2.	Mr. Subhash Chander Verma	Member	Independent	2
3.	Mr. Sorab Agarwal	Member	Executive	2

Mr. Rajan Luthra CFO & Company Secretary of the Company acts as Compliance Officer of the Committee. There were no Complaints pending as on 31st March, 2014.

(III) REMUNERATION COMMITTEE

No Meeting of the Remuneration Committee has been held in FY 2013-14

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 are as follows:-

S.No.	Name of the Directors	Designation	Category
1.	Dr. Amar Singhal	Chairman	Independent
2.	Mr. Girish Narain Mehra	Member	Independent
3.	Mr. Subhash Chander Verma	Member	Independent

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.

(IV) COMPENSATION (ESOS) COMMITTEE

The Compensation Committee of the Company is empowered to formulate Employee 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 are as follows:-

COMPENSATION (ESOS) COMMITTEE DETAILS

The Composition and other details of Compensation (ESOS) Committee of Directors of the Company are as follows:-

S.No.	Name of the Directors	Designation	Category
1.	Mr. Subhash Chander Verma	Chairman	Independent
2.	Mr. Girish Narain Mehra	Member	Independent
3.	Mr. Vijay Agarwal	Member	Executive

However no options have been allotted by the Company in the financial year 2013-14. The Company is yet to implement the ESOS Scheme-2010.

- **No Compensation Committee meeting was held during the year 2013-14.**

(V) SHARE ALLOTMENT COMMITTEE

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

SHARE ALLOTMENT COMMITTEE DETAILS

The Composition and other details of Share allotment Committee of Directors of the Company are as follows:-

S.No.	Name of the Directors	Designation	Category
1.	Maj. Gen. (Retd.) Dr. Keshav Chandra Agrawal	Chairman	Independent
2.	Mr. Subhash Chander Verma	Member	Independent
3.	Mr. Girish Narain Mehra	Member	Independent

- **No Share Allotment Committee meeting was held during the year 2013-14.**

Details of remuneration paid to Whole-time/ Executive 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 2013-14, is as below:

(i) Remuneration paid to CMD/WTD/ ED 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.	Mr. Vijay Agarwal*, Chairman & Managing Director	252.00	–	15.40	267.40
2.	Mrs. Mona Agarwal*, Whole- time Director	126.00	–	8.60	134.60
3.	Mr. Sorab Agarwal, Executive Director	33.60	–	2.40	36.00
4.	Mrs. Surbhi Garg, Executive Director	16.80	–	1.00	17.80
	Total	428.40	–	27.40	455.80

* The Company has received approval from Central Government for payment of remuneration to Mr. Vijay Agarwal, Chairman & Managing Director of the Company vide approval no. B70175369/2013-CL-VII dated 21.11.2013 wherein increased remuneration of Rs. 235.06 Lacs for the year 2012-13 and Rs. 267.40 lacs for the year 2013-14 has been approved.

Further, Central Government has approved a remuneration of Mrs. Mona Agarwal, Whole time Director to the tune of Rs. 135.96 Lacs p.a. for a period of two years commencing from 01.04.2012 to 31.03.2014.

The company has recovered an amount of Rs. 32.34 Lacs in financial year 2013-14 on account of excess remuneration paid to Mr. Vijay Agarwal to be in line with the remuneration approved by the Central Government.

(ii) Sitting Fee paid to Non-Executive Directors

Apart from sitting fees that are paid to the Non- Executive and Independent Directors for attending Board/Committee meetings, no other fees/commission were paid during the year. During the period under review, there was no pecuniary relationship or business transaction by the Company with any Non-Executive Directors. Following is the detail of sitting fees paid to the Non-Executive Directors:

S. No.	Name of the Directors	Amount Paid for 2013-14
1.	Mr. Girish Narain Mehra	Rs. 80,000
2.	Maj. Gen. (Retd.) Dr. Keshav Chandra Agrawal	Rs.30,000
3.	Mr. Subhash Chander Verma	Rs.1,00,000
4.	Dr. Amar Singhal	Rs.1,00,000

GENERAL BODY MEETINGS

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

For the Year	2010-11	2011-12	2012-13
AGM	17th	18th	19th
Date & Time	21.09.2011 12:00 noon	28.09.2012 11:00 a.m	24.08.2013 11:00 a.m.
Venue	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.	MPCU SHAH AUDITORIUM, Shree Delhi Gujrati Samaj Marg, Delhi-110054.

SPECIAL RESOLUTIONS PASSED IN THE PAST THREE YEARS

At Annual General Meeting held on 28th September, 2012	
1.	To appoint Mrs. Surbhi Garg, as Executive Director of the Company.

Note:

- No Special Resolution was passed in Annual General Meeting held on 21.09.2011 & 24.08.2013.
- No Extraordinary General Meeting was held during the financial year 2012-13 & 2013-14.

POSTAL BALLOT

No resolutions have been passed by the Company's shareholders through postal ballot during the year ended 31st, March 2014.

At the ensuing Annual General Meeting, there are resolutions relating to

- 1 Special Resolution u/s 180(1)(c) of the Companies Act, 2013 for approving the Limits of Borrowings
- 2 Special Resolution u/s 180(1)(a) of the Companies Act, 2013 for providing Security in connection with the borrowings of the Company
- 3 Special Resolution u/s 188 of the Companies Act, 2013 for Transactions with Related Parties
- 4 Special Resolution u/s 12 and 13 of the Companies Act, 2013 for shifting of registered office from one state to other and consequently amendment in clause II of Memorandum and Articles of Association of the Company

proposed to be passed by postal ballot.

SUBSIDIARY COMPANIES

The Clause 49 of the Listing Agreement defines a 'material non - listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company does not have any 'material non-listed Indian subsidiary' during the year under review.

The Audit Committee reviews the financial statements and the working of the unlisted subsidiary companies.

INVESTOR GRIEVANCES

During the year, the Company received 9 investor grievances which were redressed. There were no requests pending for Share Transfer or Transmission as on 31st March, 2014.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors have adopted and put in place the Code of Business Conduct & Ethics for Board of Directors and Senior Management. The Code lays down in detail, the standards of business conducts, ethics and best corporate practice. The fundamental principle of the code is:

"The purpose of the code is to deter wrongdoing and promote ethical conduct, maintain the trust and confidence of the public, the good reputation of the Company and the unquestioned integrity of all personnel involved in the Company. The matters covered in this code are utmost importance to the Company, our shareholders and our business partners."

A copy of the code has been put on the Company's website www.ace-cranes.com. All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the 'THE CODE' of Business Conduct & Ethics for the financial year ending 31st March, 2014

A declaration signed by the Managing Director of the Company is form part of this Report.

CODE FOR PREVENTION OF INSIDER TRADING

The Company has formulated a Code of Conduct for Prevention of Insider Trading ('Code') in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

The Board has appointed Company Secretary as the Compliance Officer under the Code who is responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code,

inter alia, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of unpublished price sensitive information in relation to the Company and also during certain prohibited periods.

INTER-SE RELATIONSHIP BETWEEN DIRECTORS

As per requirement of Clause 49 of the Listing Agreement, 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:-

- Mr. Vijay Agarwal, Chairman & Managing Director is husband of Mrs. Mona Agarwal, Whole-time Director and Father of Mr. Sorab Agarwal, and Mrs. Surbhi Garg, Executive Directors of the Company. All other Directors of the Company, act in their Independent capacities and do not have any inter-se relationship among them.

DISCLOSURES

BASIS OF RELATED PARTY TRANSACTIONS

All the related party transactions are strictly done on arm's length basis. The Company places all the relevant details relating to related party transactions before the Audit Committee/ Board from time to time.

- i. The details of "Related Party Disclosures" are being disclosed in Notes no. 8(e) of other Notes to the Accounts in the Annual Report.
- ii. The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that the Executive management controls risk.
- iii. None of the Independent Directors had any pecuniary relationship or transactions with the Company except sitting fees of ` 10,000/- per meeting of the Board or Committee thereof, during the financial year ending 31st, March, 2014.

DISCLOSURE OF ACCOUNTING TREATMENT

The Company has followed all relevant Accounting Standards while preparing the Financial statements

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

Your Company has promptly reported all material information, including declaration of quarterly financial results, press releases, etc., to all Stock Exchanges where the securities of your Company are listed. Such information was, also, simultaneously displayed immediately on your Company's website i.e. www.ace-cranes.com. The quarterly and half-yearly Financial Results of the Company during the year 2013-14 were published in leading newspapers (English & Hindi), viz., Financial Express, Rashtriya Sahara, Hari Bhoomi, PN Times, and Naya India.

The "Limited Review" Reports of the Financial Results for the quarters ended June 30, 2013, September 30, 2013 and December 31, 2013 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.

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.

NATIONAL ELECTRONIC APPLICATION PROCESSING SYSTEM (NEAPS)

The NEAPS is web based system designed by NSE for corporates. The Shareholding Pattern and Corporate Governance Report for each quarter are also filed electronically on NEAPS.

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.

SHARE TRANSFER SYSTEM

Share Transfer requests which are received in physical form are processed and the share certificates are returned within a period of 15 days from date of receipt, subject to the documents being in order and complete in all aspects.

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 20th Annual General Meeting of the Company is scheduled for, the Thursday, 31 July, 2014 at 11:00 am at Sri Sathya Sai International Centre, Pragati vihar, Lodhi Road, New Delhi - 110003

DATES OF BOOK CLOSURE

The register of members and share transfer books of the company will remain closed Friday, 25th July, 2014 to Wednesday 30th July, 2014 (both days inclusive), for the purpose of Annual General Meeting and payment of dividend, if declared.

FINANCIAL YEAR OF THE COMPANY

The financial year of the Company is from April 1st to March 31st every year.

FINANCIAL CALENDAR (TENTATIVE)

For 1st quarter ending 30th June,2014	Last Week of July 2014
For half year ending 30th September,2014	Second Week of November 2014
For 3rd quarter ending 31st December,2014	Second Week of February 2015
For year ending 31st March, 2015	Last Week of May 2015
Annual General Meeting for the year ending 31st March, 2015	Last Week of August 2015

LISTING ON STOCK EXCHANGES

The Company's equity shares are actively traded on following stock exchanges:

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

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

The shares of your Company are being traded in electronic form and the Company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid. As on March 31, 2014, a total of 98863297 equity shares which form 99.92% of the share capital stand dematerialized.

Listing Fees for the year 2014 -2015 has been paid to both, Bombay Stock Exchange Limited and National Stock Exchange. Annual custodian charges of Depository have also been paid to NSDL and CDSL for the same period.

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

MONTH(S) 2013-14	NSE		BSE		MONTH END	
	HIGH (in Rs.)	LOW (in Rs.)	HIGH (in Rs.)	LOW (in Rs.)	BSE SENSEX	NIFTY
APRIL	13.90	11.40	13.90	11.46	19504.18	5930.20
MAY	15.65	11.55	15.70	11.65	19760.30	5985.95
JUNE	13.40	10.40	13.59	10.40	19395.81	5842.20
JULY	14.00	9.60	13.99	9.61	19345.70	5742.00
AUGUST	10.75	7.80	10.88	7.85	18619.72	5471.80
SEPTEMBER	9.55	7.65	9.90	7.85	19379.77	5735.30
OCTOBER	14.15	8.15	14.20	8.20	21164.52	6299.15
NOVEMBER	14.70	12.25	14.80	12.20	20791.93	6176.10
DECEMBER	15.20	11.90	15.15	12.00	21170.68	6304.00
JANUARY	15.70	12.35	15.58	12.37	20513.85	6089.50
FEBRUARY	13.20	11.60	13.05	11.56	21120.12	6276.95
MARCH	15.40	11.35	15.40	11.40	22386.27	6704.20

RECONCILIATION OF SHARE CAPITAL / COMPLIANCE OF SHARE TRANSFER FORMALITIES

A Company Secretary-in-Practice carried out a Reconciliation of Share Capital [under SEBI (Depositories and Participants) Regulations, 1996] to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The certificate confirms that the total issued/ paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL). Reconciliation of Share Capital Report for the quarters ended June 30, 2013, September 30, 2013, December 31, 2013 and March 31st 2014, were filed with the stock exchange(s).

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges & under SEBI (Depositories and Participants) Regulations, 1996, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice and same has been filed with the stock exchange(s) for due compliance by the Company.

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2014

I. ON THE BASIS OF CATEGORY

Category of Shareholding	Number of Shareholders	No. of shares held	% of Shareholding
Resident individuals & Others	31233	21226021	21.46
Promoter & Promoter Group	8	67512514	68.23
Mutual Funds/ UTI	1	634958	0.64
Non-residents/FII/OCB	298	1070321	1.08
Bodies Corporate	494	8496186	8.59
TOTAL	32034	98940000	100.00

II. ON THE BASIS OF SHARES HELD

No. of Shareholders	% to Total	Share holding of nominal value of Rs.2	No. of Shares	% to Total
30532	95.31	Up to 1 to 5000	8010385	8.10
752	2.35	5001 to 10000	2862438	2.89
391	1.22	10001 to 20000	2936173	2.97
128	0.40	20001 to 30000	1627642	1.65
60	0.19	30001 to 40000	1065235	1.08
36	0.11	40001 to 50000	819727	0.83
70	0.22	50001 to 100000	2540991	2.57
65	0.20	100001 and above	79077409	79.92
32034	100.00	Total	98940000	100.00

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	8	67512514	68.23
B) Public shareholding				
1	Institutions			
(a)	Mutual Funds/ UTI/Bank	1	634958	0.64
2	Non-institutions			
(a)	Bodies Corporate	494	8496186	8.59
(b)	Individuals	31233	21226021	21.46
(c)	Non Resident Indians	216	587689	0.59
(d)	Trusts	2	144340	0.15
(e)	Clearing Members	80	338292	0.34
TOTAL		32034	98940000	100.00

DEMATERIALIZATION OF SHARES AND LIQUIDITY

As on 31st March, 2014, 99.92% of the shareholding was held in dematerialized form as per details mentioned below:-

Particular	No. of Holders	No. of Shares	% of Total Issued Capital
Physical System	7955	76703	0.08
NSDL	15552	84223392	85.12
CDSL	8527	14639905	14.80
Total	32034	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, Warrants or any Convertible instrument.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed/ unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government.

The Ministry of Corporate Affairs has notified the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with the companies) Rules, 2012, whereby the Company, inter alia, is required to upload the details of unpaid and unclaimed dividends on the website of the Company. The Company has uploaded the details of unpaid and unclaimed dividends on the Website of the ministry and also on the website of the Company.

UNCLAIMED DIVIDEND STATUS WHETHER CAN BE CLAIMED

During the year, the Company sent reminders to those Members who had not claimed their dividend. The following unclaimed amounts were transferred to IEPF:

Particulars	Amount (In Rs.)
Amounts transferred during Financial Year 2013-14	
Unpaid / Unclaimed application money received Date of transfer- 04.03.2014	4,57,750.00
Total amount transferred to the IEPF of the Central Government during the year	4,57,750.00

THE DUE DATES FOR TRANSFER TO IEPF OF THE DIVIDEND REMAINING UNCLAIMED SINCE 2006-07 ARE PROVIDED HERE UNDER:

Sl No.	Dividend Year	Propose date of Transfer
1.	Final Dividend 2006-07	21.09.2014
2.	Interim Dividend 2007-08	07.03.2015
3.	Final Dividend 2007-08	11.09.2015
4.	Final Dividend 2008-09	17.09.2016
5.	Interim Dividend 2009-10	28.05.2017
6.	Interim Dividend 2010-11	28.03.2018
7.	Final Dividend 2010-11	31.10.2018
8.	Final Dividend 2011-12	15.11.2019
9	Final Dividend 2012-13	24.09.2020

Members are requested to get in touch with Karvy Computershare Private Limited (RTA) for encashing the unclaimed dividend, if any, standing to the credit of their account.

After transfer of the said amounts to the IEPF, no claims in this respect shall lie against the IEPF or the Company nor shall any payment be made in respect of such claims.

SHARES HELD IN ELECTRONIC FORM

Members holding shares in electronic form may please note that:

- I. Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to their Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these Depositories to the Company.

- II. Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
- III. Instructions regarding change of address, nomination and power of attorney should be given directly to the Depository Participant (DP).
- IV. The Company provides NECS facilities for shares held in electronic form and Members are urged to avail of this facility.

BANK DETAILS

Please refer to SEBI circular no. CIR/MRD/DP/10/2013 dated March 21, 2013 for Usage of electronic payment modes for making cash payments to the investors. Now Companies shall mandatorily print the bank account details of the investors on such payment instruments. Therefore, members holding shares in physical form are requested to notify/send the following to Karvy Computershare Private Limited (RTA) to facilitate better servicing:

- I. Particulars of the bank in which they wish their dividend to be credited, in case they have not been furnished earlier.
- II. any change in their address/mandate/bank details, and

Members are advised that respective bank details and address as furnished by them or by NSDL/CDSL to the Company, for shares held in physical form and in electronic form respectively, will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

NATIONAL ELECTRONIC CLEARING SERVICE (NECS) FACILITY

Under NECS facility, Members get an option to receive dividend directly to their bank account rather than receiving the same through Dividend Warrants. Members holding shares in physical form, who wish to avail NECS facility, are requested to send their NECS mandate in the prescribed form to Karvy Computershare Private Limited (RTA), in the event they have not done so earlier. Members holding shares in electronic form are requested to give the NECS mandate to their respective DPs directly. Please note that Members who do not provide details of bank accounts with banks having Core Banking Facility, as required by Reserve Bank of India (RBI), will receive their dividend by physical warrants.

The NECS Mandate Form can be obtained from Karvy Computershare Private Limited (RTA).

NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Adoption of the other non-mandatory requirements is being reviewed by the Company from time to time.

MAINTAINING NON-EXECUTIVE CHAIRMAN'S OFFICE

Not Applicable as the Chairman is an Executive Director.

REMUNERATION COMMITTEE

The information pertaining to Remuneration Committee is already provided in this Report.

SHAREHOLDER RIGHTS

The Company's quarterly and half yearly results are published in the prominent newspapers and also uploaded on its website (www.ace-cranes.com).

Therefore, no individual communications are sent to the shareholders in this regard.

TRAINING OF BOARD MEMBERS

As regards training of Board members, it is submitted that the Directors on the Board are seasoned professionals having wide range of expertise in diverse fields. They keep themselves abreast with the latest developments in the field of Management, Technology and Business Environment through various symposiums, seminars, etc.

The Company believes in maintaining its Accounts in a transparent manner and aims at receiving unqualified report from the Auditors on the financial statements of the Company.

ADDRESS FOR CORRESPONDENCE

Action Construction Equipment Limited	
Corporate Office Dhudhola Link Road, Dhudhola Dist. Palwal (Haryana) Phone: + 91-1275-280111 Fax No.: + 91-1275-280133 Email Id: cs@ace-cranes.com	Registered Office 5th Floor, TDI Centre, Jasola, New Delhi-110025 Phone: + 91-011-40549900 Fax No.: + 91-011-40549922 Email Id: cs@ace-cranes.com

UNIT LOCATIONS

The following are the Unit locations of the Company:-

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

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

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), I hereby declare that all the Board of Directors and Senior Management personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended 31st March, 2014.

Vijay Agarwal
Chairman & Managing Director

Place: Faridabad
 Date: 21st May, 2014

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 Financial 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, 2014 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 Financial Officer

Place: Faridabad
Dated: 21st May, 2014

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, 2014 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: 21st May, 2014

Auditor's Report to the Members

Report on the Financial Statements

We have audited the accompanying financial statements of Action Construction Equipment Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the

manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) 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 : 21st May, 2014

Annexure to the Auditors' Report

THE ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE OUR REPORT OF EVEN DATE TO THE MEMBERS OF ACTION CONSTRUCTION EQUIPMENT LIMITED FOR THE YEAR ENDED 31st March, 2014

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
(c) No substantial parts of fixed assets have been disposed off during the year.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken/granted any loans, secured or unsecured from/to companies, firms or other parties listed 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 is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods and services. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. a) In our opinion and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
b) Where each of such transaction is in excess of Rs 5 lacs in respect of any party, the transaction have been made at a price which is prima facie reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not, nor we are required, carried out any detailed examination of such accounts and records.
9. (a) According to information and explanation given to us, in respect of statutory dues, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding undisputed statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.
(b) The disputed statutory dues aggregating Rs.5,363.61 lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Annexure to the Auditors' Report (Contd.)

Name of Statute	Name of the disputed dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute are pending
Income-Tax Act 1961	Income Tax	2,839.00	2007-08 to 2010-11	Referred back to Assessing Officer by ITAT
The Central Excise Act, 1944	Excise Duty	3.76	2006-2007	CESTAT
The Central Excise Act, 1944	Excise Duty	5.37	2009-2010	CESTAT
The Central Excise Act, 1944	Excise Duty	607.44	2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011	CESTAT
The Central Excise Act, 1944	Excise Duty	4.19	2011-2012	Commissioner (Appeals)
The Central Excise Act, 1944	The demand is on account of Section 11D of Act from Bazpur Unit, area base exemption.	829.60	2008-09 to 2013-14	Director General of Central Excise and Intelligence
The Service Tax Under Finance Act 1994	Service Tax	1.85	2010-2011	CESTAT
The Haryana Vat Act 2003	Local Area Development Tax	17.29	2004-2005 & 2005-2006	Joint Commissioner
The West Bengal Vat Act 2003	Local Sales Tax	13.00	2011-2012	High Court
The West Bengal Vat Act 2003	Local Sales Tax	832.37	2006-2007 to 2011-2012	Commercial Tax (Review Board)
Customs Act 1962	Custom Duty	3.81	2010-2011	CESTAT
Customs Act 1962	Custom Duty	205.93	2008-2009 to 2009-2010	Commissioner of Custom

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. In our opinion and according to information given by the management, we report that the term loans were applied for the purpose for which the loans were obtained.
17. In our opinion and according to information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. In our opinion and according to information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year and there are no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. In our opinion and according to the information and explanations given to us, we report that no fraud on or by the Company has been 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 : 21st May, 2014

Balance Sheet as at 31st March, 2014

Rs. in Lacs

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders Funds			
Share Capital	1	1,978.80	1,978.80
Reserves and Surplus	2	28,822.98	28,361.83
		30,801.78	30,340.63
Non-Current Liabilities			
Long-Term Borrowings	3	3,946.08	2,323.80
Deferred Tax Liabilities (Net)	4	453.28	450.08
Other Long Term Liabilities	5	317.18	236.79
Long Term Provisions	6	120.78	134.65
		4,837.32	3,145.32
Current Liabilities			
Short-Term Borrowings	7	10,203.07	12,617.63
Trade Payables		11,407.87	9,964.80
Other Current Liabilities	8	4,714.96	5,608.41
Short-Term Provisions	9	221.96	456.34
		26,547.86	28,647.18
TOTAL		62,186.96	62,133.13
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible assets	10	26,617.02	24,862.70
Intangible assets		200.50	250.63
Capital Work in Progress		210.92	952.77
		27,028.44	26,066.10
Non-current investments	11	578.71	552.65
Long term loans and advances	12	6,439.87	7,134.91
Other non-current assets	13	105.84	54.58
		7,124.42	7,742.14
Current Assets			
Current Investments	14	883.35	1,083.71
Inventories	15	16,054.48	14,335.23
Trade Receivables	16	6,827.81	8,334.00
Cash & cash equivalents	17	1,365.49	1,656.25
Short-term Loans and Advances	18	2,902.97	2,915.70
		28,034.10	28,324.89
TOTAL		62,186.96	62,133.13

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

RAJAN CHHABRA
Partner
Membership No. 088276

Place : Faridabad
Date : 21st May, 2014

Rajan Luthra
CFO & Company Secretary

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

Subhash Chander Verma
Independent Director

Sorab Agarwal
Executive Director

Statement of Profit & Loss for the Year Ended 31st March, 2014

Rs. in Lacs

Particulars	Notes	Year ended 31st March, 2014	Year ended 31st March, 2013
Revenue from operations (Net)	19	61,493.42	66,784.98
Other Income	20	665.68	537.90
Total Revenue		62,159.10	67,322.88
Expenses			
Cost of Materials Consumed	21	46,411.82	46,994.42
Purchase of Stock-in-Trade		114.64	499.42
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(2,036.35)	776.60
Employee Benefit Expenses	23	4,645.14	4,868.44
Selling & Distribution Expenses	24	1,590.13	2,221.96
Financial Costs	25	1,041.49	1,045.27
Depreciation and Amortization Expenses		1,527.00	1,361.35
Other Expenses	26	8,353.51	8,451.18
Total Expenses		61,647.38	66,218.64
Profit Before tax		511.72	1,104.24
Tax Expense			
Current tax		106.21	224.83
Deferred tax		3.21	158.02
Profit for the year		402.30	721.39
Earning per equity share (Face Value Rs 2.00 each)			
Basic (Rs.)		0.41	0.73
Diluted (Rs.)		0.41	0.73

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

RAJAN CHHABRA
Partner
Membership No. 088276

Place : Faridabad
Date : 21st May, 2014

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

Cash Flow Statement for the year ended 31st March, 2014

Rs. in Lacs

PARTICULARS	Year Ended 31st March, 2014	Year Ended 31st March, 2013
A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax as per Statement of Profit & Loss	511.72	1,104.24
Adjustments For :		
Interest Expenses	1,041.49	1,045.27
Depreciation and Amortisation Expenses	1,527.00	1,361.35
Interest Income	(322.67)	(321.52)
Profit on Sale of Fixed Assets	(17.41)	(10.18)
Loss on Sale of Fixed Assets	16.88	2.60
Revaluation Reserve Income	(4.27)	(4.49)
Foreign Currency Translation Reserve	178.88	92.58
Miscellaneous Expenses written off	1.01	1.18
	2,420.91	2,166.79
Operating Profit Before Working Capital Changes	2,932.63	3,271.03
Adjustments For :		
Trade & Other Receivable	1,506.19	221.12
Inventories	(1,719.25)	(759.37)
Trade & Other Payable	477.57	1,636.65
Loans & Advances	628.61	452.22
Provision of Income Tax & Wealth Tax for earlier year adj.	-	(99.28)
	893.12	1,451.34
Cash generated from Operations	3,825.75	4,722.37
Direct Taxes Paid	(139.47)	(489.84)
	<u>(139.47)</u>	<u>(489.84)</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	3,686.28	4,232.53
B) CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets Including CWIP	(2,795.88)	(4,304.52)
Sale of Fixed Assets	307.05	77.42
(Purchase)/ Sale of Investments	174.29	(592.85)
Interest Income	322.67	321.52
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(1,991.87)	(4,498.43)
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds From Secured Loans	(659.90)	1,113.46
Interest Paid	(1,041.49)	(1,045.27)
Dividend & Tax thereon	(231.50)	(229.98)
NET CASH FLOW FROM FINANCING ACTIVITIES	(1,932.89)	(161.79)
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(238.48)	(427.70)
OPENING BALANCE OF CASH & CASH EQUIVALENTS	1,706.77	2,134.47
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	1,468.29	1,706.77

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

RAJAN CHHABRA
Partner
Membership No. 088276

Vijay Agarwal
Chairman & Managing Director

Subhash Chander Verma
Independent Director

Place : Faridabad
Date : 21st May, 2014

Rajan Luthra
CFO & Company Secretary

Sorab Agarwal
Executive Director

Notes to the Financial Statements

1. Share Capital

Particulars	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (Rs. in Lacs)	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (Rs. in Lacs)
Authorised Capital : Equity Shares of Rs. 2/- Each	12,25,00,000	2,450.00	12,25,00,000	2,450.00
Issued, Subscribed and Paid up Capital : Equity Shares of Rs.2/- Each fully paid up	9,89,40,000	1,978.80	9,89,40,000	1,978.80
A) Reconciliation of number of Equity Shares outstanding As at beginning and at the end of the year	9,89,40,000	1,978.80	9,89,40,000	1,978.80

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

Particulars	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (%age)	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (%age)
Mr. Vijay Agarwal / Mrs. Mona Agarwal	3,39,88,707	34.35%	3,39,88,707	34.35%
Mrs. Mona Agarwal / Mr. Vijay Agarwal	2,66,37,807	26.92%	2,65,86,328	26.87%

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

The Equity 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		As At	
	31st March, 2014		31st March, 2013	
Capital Reserves				
At the beginning and at the end of the year		571.96		571.96
Revaluation Reserve				
At the beginning of the year	5,735.55		5,740.04	
Less: Depreciation	4.27		4.49	
At the end of the year		5,731.28		5,735.55
Securities Premium Account				
At the beginning and at the end of the year		8,532.73		8,532.73
Foreign Currency Translation Reserve				
At the beginning of the year	336.47		243.90	
Add: Translation of foreign currency loans	214.97		116.97	
Less: Transferred to Statement of Profit & Loss	36.09		24.39	
At the end of the year		515.35		336.48
General Reserves				
At the beginning of the year	8,715.00		8,515.00	
Add: Transfer from Surplus in Statement of Profit & Loss	100.00		200.00	
At the end of the year		8,815.00		8,715.00
Surplus in Statement of Profit & Loss				
At the beginning of the year	4,470.11		4,180.23	
Add: Profit for the year	402.30		721.39	
Less: Appropriation of profit				
Proposed Dividend	98.94		197.88	
Tax on Dividend	16.81		33.63	
Transfer to General Reserve	100.00		200.00	
At the end of the year		4,656.66		4,470.11
TOTAL		28,822.98		28,361.83

Notes to the Financial Statements

3. Long-Term Borrowings

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Secured		
Term loans from Banks		
Foreign Currency Loan	1,591.09	2,056.60
Rupee Term Loan	3,167.23	947.06
	4,758.32	3,003.66
Less : Current Maturity of Long Term Borrowings	812.24	679.86
TOTAL	3,946.08	2,323.80

Terms of Repayment

- a) Foreign Currency Loan - Repayable in 16 equal instalments of USD 156250 & USD 125000 each, starting after 15 months from the date of disbursement i.e. 30th June 2011 & 1st Sep 2011 respectively with interest rate of USD LIBOR + 2.65%
- b)
 - i. Rupee Loan - Repayable in 118 equated monthly instalments, (including interest @ 10.75%) starting from 10.04.2012
 - ii. Rupee Loan from Axis Bank Ltd. - Repayable in 12 quarterly instalment of Rs. 2.08 crores each, last being Rs. 2.12 crores starting after one year from the date of first disbursement and carry an interest of 11.25% p.a.

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)
 - i) Exclusive Charge on the assets financed out of this loan.
 - ii) Exclusive Charge by way of equitable mortgage over factory land situated at Kashipur, Uttarakhand.

4. Deferred Tax Liabilities (Net)

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Deferred Tax Liability		
Difference between book and tax depreciation	499.08	486.60
	499.08	486.60
Deferred Tax Assets		
Expenditure disallowed U/s 43B	45.80	50.92
Expenditure deductible on Payment Basis	-	(14.40)
	45.80	36.52
TOTAL	453.28	450.08

5. Other Long Term Liabilities

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Security Deposits	317.18	236.79
TOTAL	317.18	236.79

Notes to the Financial Statements

6. Long Term Provisions

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Provision for Employee Benefits	120.78	134.65
TOTAL	120.78	134.65

7. Short Term Borrowings

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Secured Loans from Banks		
Cash Credit	2,498.81	1,144.73
Buyers Credit	4,704.26	7,422.90
Working Capital Demand Loan	3,000.00	4,050.00
TOTAL	10,203.07	12,617.63

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 and rupee term 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, 2014	As At 31st March, 2013
Current maturities of long term borrowing	812.24	679.86
Unpaid dividends	12.18	12.22
Advances from Customers	1,160.72	1,438.56
Other payables		
- Statutory Liabilities	359.30	409.21
- Other Payable*	2,370.52	3,068.56
TOTAL	4,714.96	5,608.41

*Other payable includes credit balances of employees, expenses payable etc.

9. Short-Term Provisions

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Provision for Taxation	106.21	224.83
Proposed Dividend	98.94	197.88
Provision for Dividend Distribution Tax	16.81	33.63
TOTAL	221.96	456.34

Notes to the Financial Statements

10. Fixed Assets

Rs. in Lacs

Particulars	Gross Block				Depreciation			Net Block		
	As at 01.04.2013	Additions	Sale during the year	As at 31.03.2014	As at 01.04.2013	For the Year	On Deletions/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Land	11,058.44	199.82	-	11,258.26	-	-	-	-	11,258.26	11,058.44
Factory Building	5,183.49	666.38	-	5,849.87	1,301.93	398.65	-	1,700.58	4,149.29	3,881.56
Office Building	5,703.16	782.31	-	6,485.47	711.13	187.40	-	898.53	5,586.94	4,992.03
Plant and Machinery	5,374.97	1,375.42	254.32	6,496.07	1,501.14	555.73	20.44	2,036.43	4,459.64	3,873.83
Furnitures & Fixtures	607.30	8.21	3.26	612.25	270.45	61.42	0.95	330.92	281.33	336.85
Office Equipment	260.28	9.01	0.29	269.00	92.93	23.94	0.10	116.77	152.23	167.35
Motor Vehicles	871.65	433.48	152.62	1,152.51	534.21	151.67	82.46	603.42	549.09	337.44
Computer	305.00	5.40	-	310.40	231.92	30.36	-	262.28	48.12	73.08
Electric Equipment & Fittings	233.15	10.82	-	243.97	91.03	20.82	-	111.85	132.12	142.12
	29,597.44	3,490.85	410.49	32,677.80	4,734.74	1,429.99	103.95	6,060.78	26,617.02	24,862.70
Capital work-in-progress	952.77	387.85	1,129.70	210.92	-	-	-	-	210.92	952.77
	30,550.21	3,878.70	1,540.19	32,888.72	4,734.74	1,429.99	103.95	6,060.78	26,827.94	25,815.47
Intangible Assets										
Computer Software	547.94	6.22	-	554.16	336.91	85.90	-	422.81	131.35	211.03
Technical Know how	68.28	40.66	-	108.94	28.68	11.11	-	39.79	69.15	39.60
	616.22	46.88	-	663.10	365.59	97.01	-	462.60	200.50	250.63
Total	31,166.43	3,925.58	1,540.19	33,551.82	5,100.33	1,527.00	103.95	6,523.38	27,028.44	26,066.10
Previous Year	26,994.40	5,466.72	1,294.69	31,166.43	3,801.59	1,361.35	62.61	5,100.33	26,066.10	23,192.81

Notes:

- 1) 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.
- 2) Addition during the year includes Rs.146.38 lacs (Previous year Rs.122.23 lacs) on account of foreign exchange fluctuation in the value of foreign currency loan taken to finance these assets.

11. Non-current Investments

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
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 (Rs.1 per Equity Share paid up) in Action Developers Ltd (at cost)	10.00	10.00
Other Investments		
6 Year National Saving Certificates	0.10	0.60
Investment in Partnership Firm*	286.60	286.57
2750000 - Units(P.Y. 2500000- Units - Reliance Fixed Horizon Fund XXII Series 35-Growth Plan) Reliance Fixed Horizon Fund XXV Series 12 - Growth Plan of Rs.10/- each	281.43	254.90
TOTAL	578.71	552.65

* Company has 90% share in the partnership firm M/s Namu 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, 2014	As At 31st March, 2013
Unsecured Considered Good		
Capital Advances	2,895.65	3,883.56
Loans and Advances to Related Parties		
- Frested Ltd	2,502.44	2,115.51
Other loans and advances		
- Advance Tax	998.25	1,083.61
- Advance to Employees	43.53	52.23
TOTAL	6,439.87	7,134.91

13. Other Non Current Assets

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Misc. Expenditure to the extent not Written off	3.04	4.05
Non Current Fixed Deposits (Refer Note 17)	102.80	50.53
TOTAL	105.84	54.58

14. Current Investments

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Nil (P.Y. 2500000 - Units) 759 Kotak FMP Series 84 - Growth of Rs. 10/- each	-	275.19
5524000 - Units (P.Y 5524000 - Units) - Reliance Fixed Horizon Fund XXIII Series 4 - Growth Plan of Rs. 10/- each	605.87	552.40
2500000 - Units (P.Y 2500000 - Units) - 779 - Kotak FMP Series 98 - Growth of Rs. 10/- each	277.48	256.12
TOTAL	883.35	1,083.71

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, 2014	As At 31st March, 2013
Raw material and Components	12,367.49	12,842.83
Work in progress	2,018.36	69.72
Finished Goods	1,160.03	1,072.32
Raw material in Transit	508.60	350.36
TOTAL	16,054.48	14,335.23

Notes to the Financial Statements

16. Trade Receivables

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Outstanding for a period exceeding six months from the date they become due for payment		
Unsecured, Considered Good	1,847.68	1,246.40
Doubtful	-	-
	<u>1,847.68</u>	<u>1,246.40</u>
Less: Provisions for Doubtful Debts	-	-
	<u>1,847.68</u>	<u>1,246.40</u>
Others		
Unsecured, Considered Good	4,980.13	7,087.60
TOTAL	6,827.81	8,334.00

17. Cash and Cash Equivalents

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Balance with Scheduled banks		
Current Account	43.88	29.32
Unpaid Dividend Account	12.18	12.22
Cash in Hand	73.33	106.18
Fixed Deposit		
Fixed Deposit Receipts	1338.90	1,559.06
Less : Fixed Deposit Receipts - having maturity over 12 months	<u>102.80</u>	<u>50.53</u>
Fixed deposits having maturity period with in 12 months	<u>1236.10</u>	<u>1,508.53</u>
TOTAL	1365.49	1,656.25

18. Short Term Loans and Advances

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Balance with Excise Authorities	465.28	445.65
Sales tax Recoverable	90.07	121.97
Advance to Suppliers	1,984.42	1,928.66
Security Deposits	214.90	233.77
Others	148.30	185.65
TOTAL	2,902.97	2,915.70

Notes to the Financial Statements

19. Revenue from Operations

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Sale of Products	64,251.62	69,279.77
Other Operating Revenues	605.71	676.74
	64,857.33	69,956.51
Less: Excise Duty	3,363.91	3,171.53
TOTAL	61,493.42	66,784.98

Other Operating Revenues :

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Service Charges Received	81.56	467.73
Commission Received	-	42.94
Hiring Charges Received	497.88	160.59
Duty Draw Back Received	26.27	5.48
TOTAL	605.71	676.74

20. Other Income

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Interest Received	322.67	321.52
Rent Received	121.56	57.00
Profit on Sale of Assets	17.41	10.18
Revaluation Reserve Income	4.27	4.49
Return on Long Term Investment	99.44	83.45
Other Non-operating Income	100.33	61.26
TOTAL	665.68	537.90

21. Cost of Material Consumed

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Opening Stock	13,193.19	11,655.36
Add: Purchases (Net of Return)	46,209.36	49,031.67
	59,402.55	60,687.03
Less: Closing Stock	12,876.09	13,193.19
Less: Purchase of Stock-in-Trade	114.64	499.42
TOTAL	46,411.82	46,994.42

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, 2014	Year Ended 31st March, 2013
Finished Goods		
Opening Stock	1,072.32	1,894.80
Closing Stock	1,160.03	1,072.32
	(87.71)	822.48
Work in Progress		
Opening Stock	69.72	23.84
Closing Stock	2,018.36	69.72
	(1,948.64)	(45.88)
TOTAL	(2,036.35)	776.60

23. Employee Benefit Expenses

Rs. in Lacs

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Salaries, Wages & Bonus	3,884.34	4,023.40
Contribution to Provident and other Funds	130.36	155.22
Staff Welfare Expenses	208.88	236.92
Directors' Remuneration	421.56	452.90
TOTAL	4,645.14	4,868.44

24. Selling & Distribution Expenses

Rs. in Lacs

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Selling Expenses	1,151.06	1,673.17
Commission on Sales	439.07	548.79
TOTAL	1,590.13	2,221.96

25. Financial Cost

Rs. in Lacs

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Interest on Working Capital Facilities	744.43	742.86
Interest on Term Loans	93.99	81.27
Interest on Other Loans	203.07	221.14
TOTAL	1,041.49	1,045.27

Notes to the Financial Statements

26. Other Expenses

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Manufacturing Expenses		
Manufacturing Expenses	2,525.61	2,499.24
Power & Fuel	442.32	411.08
Repair & Maintenance		
- Plant & Machinery	168.07	163.79
- Building	59.26	97.71
Freight & Forwarding Charges	1,535.09	1,997.06
SUB TOTAL	4,730.35	5,168.88
Other Administrative Expenses		
Rent	165.15	171.50
Rate Fees & Taxes	76.11	30.92
Insurance	23.38	40.04
Traveling & Conveyance	973.39	962.81
Communication Expenses	177.85	150.11
Auditor's Remuneration	12.70	9.18
Vehicle Expenses	73.25	74.59
Exchange Rate Difference (Net)	961.43	742.24
Miscellaneous Expenses	1,159.90	1,100.91
TOTAL	8,353.51	8,451.18

Auditor's Remuneration Includes

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Audit Fee	8.25	7.75
Taxation Matters & Certification	4.45	1.43
TOTAL	12.70	9.18

Notes to the Financial Statements

27. Additional Notes to the Financial Statements

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 the 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 regarded 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 difference 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 plans are 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 value. The recoverable value 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 assets 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

- The Board of Director's has recommended a final dividend of Rs. 0.10/- (5%) per Equity Share, subject to approval of the Share Holders in the forthcoming Annual General Meeting.
- The Ministry of Science & Technology (Department of Scientific and Industrial Research) vide its letter no. TU/IV-RD/3115/2013 dated 26.11.2013 has renewed the recognition already provided to our In-House R&D centres. The expenditure incurred towards In-House Research & Development activity is as under:

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
(a) Capital Expenditure	72.19	73.47
(b) Revenue Expenditure	573.19	848.57
Total	645.38	922.04

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

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Bank Guarantees	1,220.95	898.31
Letter of Credits	1,900.71	1,897.24
Claim against the Company, not acknowledge as Debts	558.98	697.07
Sales Tax, Excise & Income Tax Matters, pending before Assessing / Appellate Authorities	5,363.61	3,980.85
Total	9,044.25	7,473.47

Capital Commitment: Estimated amount of contracts pending to be executed on capital account and not provided for Rs.703.71 lacs (Previous Year Rs.619 lacs).

Notes to the Financial Statements

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

6. a) Remuneration paid to Whole-time Directors:

					Rs. in Lacs
S. No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Other Benefits and Perquisites	TOTAL
1.	Sh. Vijay Agarwal, Chairman & Managing Director	252.00	–	15.40	267.40
2.	Smt. Mona Agarwal, Wholetime Director	126.00	–	8.60	134.60
3.	Sh. Sorab Agarwal, Executive Director	33.60	–	2.40	36.00
4.	Smt. Surbhi Garg, Executive Director	16.80	–	1.00	17.80
TOTAL		428.40	–	27.40	455.80

- b) The above mentioned expenses for Rs.455.80 lac (Previous Year Rs. 455.82 lacs) is towards director remuneration . This amount is in excess of permissible remuneration determined under section XIII of the Companies Act, 1956. Management had filed an application with the Central Government on 14th March 2013 for approval of payment of the salary for paying same remuneration as paid in the past to Mr. Vjay Agarwal, Chairman & Managing Director and Mrs. Mona Agarwal, Whole time Director of the Company. Company has received approval for Mr Vijay Agarwal vide SRN No. B70175369/2013-CL-VII dated 21.11.2013 under section 310 for payment of increased remuneration of Rs 235.06 lacs for financial year 2012-13 and Rs 267.40 lacs for financial year 2013-14 & approval the payment to Mrs. Mona Agarwal vide SRN No. B70093851/2013-CL-VII dated 06-11-2013 for payment of increased remuneration of Rs 135.96 lacs per annum for a period of 2 (two) years w.e.f. 01.04.2012 to 31.03.2014. Company has recovered Rs. 32.34 lacs in F.Y. 2013-14 (against total Director remuneration of Rs. 455.80 lacs of current year) which was excess paid in F.Y. 2012-13 from permissible limit of Rs. 235.06 lacs from Mr. Vijay Agarwal.

Notes to the Financial Statements

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

7. 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, 2014	Year Ended 31st March, 2013
1. Segment Revenue		
A) Cranes	36,023.56	39,229.84
B) Material Handling/Construction Equipment	6,917.42	10,840.54
C) Agri Equipment	17,946.73	16,037.85
TOTAL	60,887.71	66,108.23
Less: Inter Segment Revenue	-	-
Net Sales / Income from Operations	60,887.71	66,108.23
2. Segment Results		
A) Cranes	2,462.27	2,030.68
B) Material Handling/Construction Equipment	(459.41)	(106.28)
C) Agri Equipment	800.67	1,453.03
TOTAL	2,803.53	3,377.43
Less: Interest	1,041.49	1,045.27
Less Other Unallocable Expenditure	1,250.32	1,227.92
Profit Before Tax	511.72	1,104.24
3. Capital Employed		
A) Cranes	34,464.42	34,256.30
B) Material Handling/Construction Equipment	5,300.92	5,730.45
C) Agri Equipment	263.50	232.91
TOTAL	40,028.84	40,219.66

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

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 Company		Key Management Personnel	Total
		ACE TC Rentals Pvt Ltd.	Namo Metals	VMS Equipment (Firm)	VMS Equipment Pvt. Ltd.	FRESTED Ltd, CYPRUS	SC Forma SA Romania		
Purchase of Goods	2013-14	-	-	-	-	-	-	-	-
	2012-13	-	-	-	-	-	-	-	-
Sales of Goods	2013-14	598.66	-	1,013.83	1,678.74	-	-	-	3291.23
	2012-13	945.57	-	484.84	-	-	-	-	1430.41
Remuneration Paid	2013-14	-	-	-	-	-	-	455.80	455.80
	2012-13	-	-	-	-	-	-	455.82	455.82
Licence Fee Paid	2013-14	-	-	-	-	-	-	57.42	57.42
	2012-13	-	-	-	-	-	-	54.78	54.78
Rent Received	2013-14	0.96	-	0.40	0.19	-	-	-	1.55
	2012-13	0.96	-	-	-	-	-	-	0.96
Interest Received	2013-14	-	-	-	-	163.61	-	-	163.61
	2012-13	-	-	-	-	147.65	-	-	147.65
Investment in Equity	2013-14	-	0.04	-	-	-	-	-	0.04
	2012-13	-	9.40	-	-	-	-	-	9.40
Loan to Subsidiary	2013-14	-	-	-	-	223.32	-	-	223.32
	2012-13	-	-	-	-	116.97	-	-	116.97

9. 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	
	2013-14	2012-13	2013-14	2012-13
1. Loan and Advances in the nature of loans:				
a. To Subsidiary Companies :				
FRESTED LIMITED, CYPRUS	2,502.44	2,115.51	2,502.44	2,115.51
SC FORMA SA, ROMANIA	-	-	-	-
ACTION DEVELOPERS LTD., INDIA	-	-	-	-
b. To Companies in which Directors are interested	FRESTED LIMITED, 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	-	-	-	-
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.)

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

(Rs. in Lacs)

a) Particulars	Minimum Lease Payments	
	2013-14	2012-13
Payable within one year	108.58	100.08
Payable after one year but within 5 years	101.37	66.29

- b) There are no transactions in the nature of Sub Lease.
 c) Payments recognised in the Statement of Profit & Loss for the year ended 31st March, 2014 is Rs.165.15 Lacs (P.Y. Rs.171.50 Lacs).

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

EMPLOYEE BENEFITS

- a) **Expenses recognised in the Statement of Profit & Loss** (Rs. in Lacs)

Particulars	2013-14	2012-13
a) Current Service Cost	45.82	50.30
b) Interest Cost	16.94	12.39
c) Employee Contribution	-	-
d) Actuarial (Gain)/Loss	(31.37)	(5.98)
e) Past Service Cost	-	-
g) Settlement Cost	(15.23)	(14.77)
Total Expenses, debited to Statement of Profit & Loss	16.16	41.94

- b) **Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2014** (Rs. in Lacs)

Particulars	2013-14	2012-13
a) Present Value of defined Benefit Obligation at the end of the year	206.94	198.19
b) Fair Market Value of Plan Assets with LIC at the end of the year	197.25	167.56
Net Asset/(Liability)	(9.69)	(30.63)

- c) **Change in the obligation during the year** (Rs. in Lacs)

Particulars	2013-14	2012-13
a) Present Value of Defined benefit obligation at the beginning of the year	198.19	160.40
b) Current Service Cost	45.82	50.30
c) Interest Cost	16.94	12.39
d) Settlement Cost	-	-
e) Actuarial (Gain)/Loss	(29.90)	(6.20)
f) Benefit Payment	(24.11)	(18.70)
Present Value of Defined benefit obligation at the end of the year	206.94	198.19

Notes to the Financial Statements

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

d) Change in the Assets during the year ended March 31, 2014 (Rs. in Lacs)

Particulars	2013-14	2012-13
a) Plan assets at the beginning of the year	167.56	166.27
b) Actuarial (Gain)/Loss	1.47	(0.22)
c) Contribution	37.10	1.86
d) Benefit Payment	(24.11)	(15.11)
e) Return on the Plan Assets	15.23	14.76
Plan assets at the end of the year	197.25	167.56

e) Actuarial Assumption

a) Discounted Rate	9.10% p.a.
b) Mortality Rate	IAL (2006-08) Ultimate
c) Withdrawal Rate	1% to 3% depending on Age.
d) Salary Escalation	11.00%
e) Retirement Age	58

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

12. CIF Value of Imports (Rs. in Lacs)

Particulars	2013-14	2012-13
Raw Materials, Spare Parts & Finished Products	10,459.80	12,756.36

13. I) Capacity & Production:

Particulars	Unit	Licensed Capacity		Installed Capacity		Production No. of Equipment	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
a) Cranes	Nos.	N.A	N.A	7500	7500	2474	2726
b) Material Handling/ Construction Equipment	Nos.	N.A	N.A	1300	1300	632	850
c) Agri Equipments	Nos.	N.A	N.A	6000	6000	4242	3749
Total				14800	14800	7348	7325

Notes to the Financial Statements

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

II) Turnover

Particulars	2013-14		2012-13	
	Qty. in Nos.	Rs. in Lacs	Qty. in Nos.	Rs. in Lacs
a) Cranes	2473	36,023.56	2751	39,229.84
b) Material Handling / Construction Equipment	637	6,917.42	871	10,840.54
c) Agri Equipment	4217	17,946.73	3821	16,037.85
d) Excise Duty		3,363.91		3,171.53
Total	7327	64,251.62	7443	69,279.76

14. Details of Raw Material Consumed:

S.No.	Items	Qty. in Nos.		Value (Rs. in Lacs)	
		2013-14	2012-13	2013-14	2012-13
1	Engine	6363	6623	5,715.61	5,746.78
2	Others			40,810.85	41,747.06
	Total			46,526.46	47,493.84

15. Raw Material Consumed - Imported & Indigenous:

(Rs. in Lacs)

Particulars	2013-14		2012-13	
	Value	%age	Value	%age
Imported	9,749.84	21%	10,591.16	22%
Indigenous	36,776.62	79%	36,902.68	78%
Total	46,526.46	100%	47,493.84	100%

16. Earning in Foreign Exchange:

(Rs. in Lacs)

Particulars	2013-14	2012-13
Export of Goods (F.O.B. Value)	1,111.14	1,059.37
Commission Received	–	42.94
Total	1,111.14	1,102.31

17. Expenditure in Foreign Currency:

(Rs. in Lacs)

Particulars	2013-14	2012-13
Foreign Traveling Expenses	70.01	62.50
Subscription	0.58	–
Sales Promotion	–	3.70
Freight	179.72	288.13
Retainership	30.71	25.19
Interest on ECB Loan/Buyers Credit	181.05	81.27
Commission Paid	1.34	–
Office Maintenance	13.42	–
Exhibition Expenses	33.79	–
Advertisement & Publication	1.02	–
Total	511.64	460.79

Notes to the Financial Statements

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

18. 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	2013-14	2012-13
Profit attributable to Equity Shareholders of the Company - (Rs in Lacs)	402.30	721.39
Weighted average no. of Equity Shares of Rs. 2 each (Basic)	9,89,40,000	9,89,40,000
Weighted average no. of Equity Shares of Rs. 2 each (Diluted)	9,89,40,000	9,89,40,000
EPS (In Rupees)- Basic	0.41	0.73
EPS (In Rupees)- Diluted	0.41	0.73

- 19 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.
- 20 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.
- 21 Previous years figures have been regrouped to make them comparable with current year figures wherever necessary.
- 22 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

RAJAN CHHABRA
Partner
Membership No. 088276

Place : Faridabad
Date : 21st May, 2014

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

Auditor's Report to the Members

Report on the Financial Statements

We have audited the accompanying Consolidated financial statements of Action Construction Equipment Limited ("the Company"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

We have not audited the financial statements of foreign subsidiaries namely FRESTED LIMITED, CYPRUS and SC FORMA, SA, ROMANIA whose financial statements reflect total assets of Rs.198.95 lacs and Rs.528.50 lacs as at March 31, 2014, total Revenue/(Expenditure) of Rs.NIL/(168.71) lacs and Rs 166.70 lacs / (62.31) lacs respectively and Cash inflows/(outflows) Rs.386.93 lacs/(Rs.387.19) lacs and Rs.223.65 lacs/(236.28) lacs respectively for the year ended on March 31, 2014 respectively. These statements have been audited by other auditors and our report in so far as it relates to the amounts included in respect of the subsidiaries is based solely on these statements submitted to us by the management.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit/ loss of the group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

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

Rajan Chhabra
Partner
Membership No.088276

Place: Faridabad
Date : 21st May, 2014

Consolidated Balance Sheet as at 31st March, 2014

Rs. in Lacs

Particulars	Notes	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders Funds			
Share Capital	1	1,978.80	1,978.80
Reserves and Surplus	2	26,738.56	26,576.76
Minority Interest		40.03	30.57
		28,757.39	28,586.13
Non-Current Liabilities			
Long-Term Borrowings	3	3,946.08	2,323.80
Deferred Tax Liabilities (Net)	4	453.28	450.08
Other Long Term Liabilities	5	317.18	236.79
Long Term Provisions	6	120.78	134.65
		4,837.32	3,145.32
Current Liabilities			
Short-Term Borrowings	7	10,203.07	12,617.63
Trade Payables		11,699.06	10,305.64
Other Current Liabilities	8	4,731.95	5,630.55
Short-Term Provisions	9	221.96	456.34
		26,856.04	29,010.16
TOTAL		60,450.75	60,741.61
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	26,988.22	25,234.80
Intangible Assets		431.03	481.16
Capital Work in Progress		425.78	1,151.95
		27,845.03	26,867.91
Non-Current Investments	11	281.53	255.50
Long term Loans and Advances	12	3,937.43	5,019.40
Other Non-Current Assets	13	119.08	65.82
		4,338.04	5,340.72
Current Assets			
Current Investments	14	883.35	1,083.71
Inventories	15	16,250.18	14,501.45
Trade Receivables	16	6,851.06	8,348.34
Cash and Cash Equivalents	17	1,376.70	1,680.40
Short-term Loans and Advances	18	2,906.39	2,919.08
		28,267.68	28,532.98
TOTAL		60,450.75	60,741.61

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 : 21st May, 2014

Rajan Luthra
CFO & Company Secretary

Sorab Agarwal
Executive Director

Consolidated Statement of Profit & Loss for the Year Ended 31st March, 2014

Particulars	Notes	Rs. in Lacs	
		Year Ended 31st March, 2014	Year Ended 31st March, 2013
Revenue from Operations (Net)	19	61,631.81	66840.30
Other Income	20	530.54	457.99
Total Revenue		62,162.35	67298.29
Expenses			
Cost of Materials Consumed	21	46,418.34	47006.82
Purchase of Stock-in-Trade		114.64	499.42
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	22	(2,036.35)	776.60
Employee Benefit Expenses	23	4,653.40	4876.26
Selling & Distribution Expenses	24	1,590.14	2222.06
Financial Costs	25	1,041.49	1045.27
Depreciation and Amortization Expenses		1,527.90	1364.63
Other Expenses	26	8,405.56	8515.23
Total Expenses		61,715.12	66306.29
Profit Before tax		447.23	992.00
Tax Expense			
Current tax		106.21	224.83
Deferred tax		3.21	158.02
Profit after Tax before Minority Interest & Share in Result of Associates		337.81	609.15
Minority Interest		120.30	131.26
Share of Loss of Associates		0.03	-
Profit for the year		458.14	740.41
Earning per equity share (Face Value Rs 2.00 each)			
Basic (Rs.)		0.34	0.62
Diluted (Rs.)		0.34	0.62

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

RAJAN CHHABRA
Partner
Membership No. 088276

Place : Faridabad
Date : 21st May, 2014

Rajan Luthra
CFO & Company Secretary

For and on behalf of the Board of Directors

Vijay Agarwal
Chairman & Managing Director

Subhash Chander Verma
Independent Director

Sorab Agarwal
Executive Director

Consolidated Cash Flow Statement for the year ended 31st March, 2014

Rs. in Lacs

Particulars	Year Ended 31st March, 2014	Year Ended 31st March, 2013
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax as per Statement of Profit & Loss	447.23	992.00
Adjustments For :		
Interest Expenses	1,041.49	1,045.27
Depreciation and Amortisation Expense	1,527.90	1,364.63
Interest Income	(159.27)	(173.86)
Profit on Sale of Fixed Assets	(45.67)	(10.18)
Loss on Sale of Fixed Assets	16.88	2.60
Foreign Currency Translation Reserve	(62.27)	(98.14)
Miscellaneous Expenses written off	1.01	0.89
	2,320.07	2,131.21
Operating Profit Before Working Capital Changes	2,767.30	3,123.21
Adjustments For :		
Trade & Other Receivable	1,497.28	217.53
Inventories	(1,748.73)	(757.82)
Trade & Other Payable	422.78	1,606.06
Loans & Advances	1,015.49	720.66
Provision of Income Tax & Wealth Tax for earlier year adj.	–	(99.28)
	1,186.82	1,687.15
Cash generated from Operations	3,954.12	4,810.36
Direct Taxes Paid	(139.47)	(489.84)
	3,814.65	4,320.52
NET CASH FLOW FROM OPERATING ACTIVITIES		
B) CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets Including CWIP	(2,811.56)	(4,315.03)
Sale of Fixed Assets	335.31	145.51
(Purchase)/Sale of Investments	174.33	(583.45)
Interest Income	159.27	173.86
Change in Minority Interest	9.46	1.00
	(2,133.19)	(4,578.11)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		
C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds From Secured Loans	(659.90)	1,113.45
Interest Paid	(1,041.49)	(1,045.27)
Dividend & Tax thereon	(231.50)	(229.98)
	(1,932.89)	(161.80)
NET CASH FLOW FROM FINANCING ACTIVITIES		
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	(251.43)	(419.39)
OPENING BALANCE OF CASH & CASH EQUIVALENTS	1,730.93	2,150.32
CLOSING BALANCE OF CASH & CASH EQUIVALENTS	1,479.50	1,730.93

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

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 : 21st May, 2014

Rajan Luthra
CFO & Company Secretary

Sorab Agarwal
Executive Director

Notes to the Consolidated Financial Statement

1. Share Capital

Particulars	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (Rs. in Lacs)	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (Rs. in Lacs)
AUTHORISED CAPITAL				
Equity Shares of Rs. 2/- each	12,25,00,000	2,450.00	12,25,00,000	2,450.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
Equity Shares of Rs. 2/- each, fully paid	9,89,40,000	1,978.80	9,89,40,000	1,978.80
A) Reconciliation of number of Shares outstanding				
At the beginning and at the end of the year	9,89,40,000	1,978.80	9,89,40,000	1,978.80

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

Particulars	As at 31st March, 2014 (No. of Shares)	As at 31st March, 2014 (%age)	As at 31st March, 2013 (No. of Shares)	As at 31st March, 2013 (%age)
Mr. Vijay Agarwal / Mrs. Mona Agarwal	3,39,88,707	34.35%	3,39,88,707	34.35%
Mrs. Mona Agarwal / Mr. Vijay Agarwal	2,66,37,807	26.92%	2,65,86,328	26.87%

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

The Equity 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, 2014		31st March, 2013	
Capital Reserves				
At the beginning and at the end of the year		571.96		571.96
Revaluation Reserve				
At the beginning of the year	6050.58		6,055.07	
Less: Depreciation	4.27		4.49	
At the end of the year		6046.31		6,050.58
Securities Premium Account				
At the beginning and at the end of the year		8532.73		8,532.73
Foreign Currency Translation Reserve				
At the beginning of the year	(313.43)		(266.56)	
Add: Translation of foreign currency loans	(140.23)		(22.48)	
Less: Transferred to Statement of Profit & Loss	36.09		24.39	
At the end of the year		(489.75)		(313.43)
General Reserves				
At the beginning of the year	8715.00		8,515.00	
Add: Transfer from Surplus in Statement of Profit & Loss	100.00		200.00	
At the end of the year		8815.00		8,715.00
Surplus in Statement of Profit & Loss				
At the beginning of the year	3019.92		2,711.02	
Add: Profit for the year	458.14		740.41	
Less: Appropriation of profit				
Proposed Dividend	98.94		197.88	
Tax on Dividend	16.81		33.63	
Transfer to General Reserve	100.00		200.00	
At the end of the year		3262.31		3,019.92
TOTAL		26738.56		26,576.76

Notes to the Consolidated Financial Statement

3. Long Term Borrowings

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Secured		
Term loans from Banks		
Foreign Currency Loan	1,591.09	2,056.60
Rupee Term Loan	3,167.23	947.06
	4,758.32	3,003.66
Less: Current Maturity of Long Term Borrowings	812.24	679.86
TOTAL	3,946.08	2,323.80

Terms of Repayment

- a) Foreign Currency Loan - Repayable in 16 equal instalments of USD 156250 & USD 125000 each, starting after 15 months from the date of disbursement i.e. 30th June 2011 & 1st Sep 2011 respectively with interest rate of USD LIBOR + 2.65%.
- b) i. Rupee Loan - Repayable in 118 equated monthly instalments, (including interest @ 10.75%) from 10.04.2012.
- ii. Rupee Loan from Axis Bank Ltd. - Repayable in 12 quarterly instalment of Rs. 2.08 crores each, last being Rs. 2.12 crores starting after one year from the date of first disbursement and carry an interest of 11.25% p.a.

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) i. Exclusive Charge on the assets financed out of this loan.
- ii. Exclusive Charge by way of equitable mortgage over factory land situated at Kashipur, Uttarakhand.

4. Deferred Tax Liabilities (Net)

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Deferred Tax Liability		
Difference between Book and Tax depreciation	499.08	486.60
	499.08	486.60
Deferred Tax Assets		
Expenditure disallowed U/s 43B	45.80	50.92
Expenditure deductible on Payment Basis	-	(14.40)
	45.80	36.52
TOTAL	453.28	450.08

5. Other Long Term Liabilities

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Security Deposits	317.18	236.79
TOTAL	317.18	236.79

Notes to the Consolidated Financial Statement

6. Long Term Provisions

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Provision for Employee Benefits	120.78	134.65
TOTAL	120.78	134.65

7. Short Term Borrowings

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Secured Loans from Banks		
Cash Credit	2,498.81	1,144.73
Buyers Credit	4,704.26	7,422.90
Working Capital Demand Loan	3,000.00	4,050.00
TOTAL	10,203.07	12,617.63

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 and rupee term loan) on pari passu basis and First charge by 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, 2014	As At 31st March, 2013
Current maturities of long term borrowing	812.24	679.86
Unpaid dividends	12.18	12.22
Advance from Customers	1,160.72	1,438.56
Other payables		
- Statutory Liabilities	365.94	418.43
- Other Payable*	2,380.87	3,081.48
TOTAL	4,731.95	5,630.55

*Other payable include credit balances of employees, expenses payable etc.

9. Short Term Provisions

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Provision for Taxation	106.21	224.83
Proposed Dividend	98.94	197.88
Provision for Dividend Distribution Tax	16.81	33.63
TOTAL	221.96	456.34

Notes to the Consolidated Financial Statement

10. Fixed Assets

Rs. in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2013	Additions	Sale during the year	As at 31.03.2014	As at 01.04.2013	For the Year	On Deletions/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Tangible Assets										
Land	11,255.42	199.82	-	11,455.24	-	-	-	-	11,455.24	11,255.42
Factory Building	6,301.37	666.38	-	6,967.75	2,262.49	399.41	-	2,661.90	4,305.85	4,038.88
Office Building	5,721.32	782.31	-	6,503.63	711.51	187.52	-	899.03	5,604.60	5,009.81
Plant and Machinery	5,902.49	1,375.42	304.61	6,973.30	2,028.64	555.75	70.73	2,513.66	4,459.64	3,873.85
Furnitures & Fixtures	607.46	8.21	3.26	612.41	270.61	61.42	0.95	331.08	281.33	336.85
Office Equipment	260.28	9.01	0.29	269.00	92.93	23.94	0.10	116.77	152.23	167.35
Motor Vehicles	886.56	433.48	152.62	1,167.42	549.12	151.67	82.46	618.33	549.09	337.44
Computer	311.35	5.40	-	316.75	238.27	30.36	-	268.63	48.12	73.08
Electric Equipment & Fitting	233.15	10.82	-	243.97	91.03	20.82	-	111.85	132.12	142.12
	31,479.40	3,490.85	460.78	34,509.47	6,244.60	1,430.89	154.24	7,521.25	26,988.22	25,234.80
Capital work-in-progress	1,151.95	403.53	1,129.70	425.78	-	-	-	-	425.78	1,151.95
	32,631.35	3,894.38	1,590.48	34,935.25	6,244.60	1,430.89	154.24	7,521.25	27,414.00	26,386.75
Intangible Assets										
Computer Software	547.94	6.22	-	554.16	336.91	85.90	-	422.81	131.35	211.03
Technical Know how	68.28	40.66	-	108.94	28.68	11.11	-	39.79	69.15	39.60
Good will	230.53	-	-	230.53	-	-	-	-	230.53	230.53
	846.75	46.88	-	893.63	365.59	97.01	-	462.60	431.03	481.16
Total	33,478.10	3,941.26	1,590.48	35,828.88	6,610.19	1,527.90	154.24	7,983.85	27,845.03	26,867.91
Previous Year	29,496.24	5,477.19	1,495.33	33,478.10	5,618.77	1,364.63	373.21	6,610.19	26,867.91	23,877.47

Notes:

- 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.
- Addition during the year includes Rs. 146.38 lacs (Previous year Rs.122.23 lacs) on account of foreign exchange fluctuation in the value of foreign currency loan taken to finance these assets.

11. Non-Current Investments

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Investment in Government Securities		
6 Year National Saving Certificates	0.10	0.60
Other Investments		
2750000 - Units (P.Y. 2500000 - Units - Reliance Fixed Horizon Fund XXII Series 35- Growth Plan) - Reliance Fixed Horizon Fund XXV Series 12- Growth Plan of Rs.10/- each	281.43	254.90
TOTAL	281.53	255.50

12. Long-Term Loans and Advances

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Unsecured Considered Good		
Capital Advances	2,895.65	3,883.56
Other loans and advances		
- Advance Tax	998.25	1,083.61
- Advance to Employees	43.53	52.23
TOTAL	3,937.43	5,019.40

Notes to the Consolidated Financial Statement

13. Other Non-Current Assets

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Misc. Expenditure to the extent not Written off	16.28	15.29
Non Current Fixed Deposits (Refer Note 17)	102.80	50.53
TOTAL	119.08	65.82

14. Current Investments

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Nil (P.Y. 2500000 - Units) 759 Kotak FMP Series 84 - Growth of Rs.10/- each	–	275.19
5524000 - Units (P.Y. 5524000 - Units) - Reliance Fixed Horizon Fund XXIII Series 4 - Growth Plan of Rs.10/- each	605.87	552.40
2500000 - Units (P.Y. 2500000 - Units) - 779 - Kotak FMP Series 98 - Growth of Rs.10/- each	277.48	256.12
TOTAL	883.35	1,083.71

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, 2014	As At 31st March, 2013
Raw material and Components	12,563.19	13,009.05
Work in Progress	2,018.36	69.72
Finished Goods	1,160.03	1,072.32
Raw material in Transit	508.60	350.36
TOTAL	16,250.18	14,501.45

16. Trade Receivables

Rs. in Lacs

Particulars	As At 31st March, 2014	As At 31st March, 2013
Outstanding for a period exceeding six months from the date they become due for payment		
Unsecured, Considered Good	1,864.92	1,254.41
Doubtful	–	–
	1,864.92	1,254.41
Less: Provisions for Doubtful Debts	–	–
	1,864.92	1,254.41
Others		
Unsecured, Considered Good	4,986.14	7,093.93
TOTAL	6,851.06	8,348.34

Notes to the Consolidated Financial Statement

17. Cash and Cash Equivalents

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Balance with Scheduled banks		
Current Account	54.96	53.34
Unpaid Dividend Account	12.18	12.22
Cash in Hand	73.46	106.31
Fixed Deposit		
Fixed Deposit Receipts	1,338.90	1,559.06
Less : Fixed Deposit Receipts - having maturity over 12 months	102.80	50.53
Fixed deposits having maturity period with in 12 months	1,236.10	1,508.53
TOTAL	1,376.70	1,680.40

18. Short Term Loans and Advances

Particulars	Rs. in Lacs	
	As At 31st March, 2014	As At 31st March, 2013
Balance with Excise Authorities	465.28	445.65
Sales Tax Recoverable	90.07	121.97
Advance to Suppliers	1,984.42	1,928.66
Security Deposits	215.77	234.63
Others	150.85	188.17
TOTAL	2,906.39	2,919.08

19. Revenue from Operations

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Sale of Products	64,390.01	69,335.09
Other Operating Income	605.71	676.74
	64,995.72	70,011.83
Less: Excise Duty	3,363.91	3,171.53
TOTAL	61,631.81	66,840.30

Other Operating Revenues:

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Service Charges Received	81.56	467.73
Commission Received	–	42.94
Hiring Charges Received	497.88	160.59
Duty Draw Back Received	26.27	5.48
TOTAL	605.71	676.74

Notes to the Consolidated Financial Statement

20. Other Income

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Interest Received	159.27	173.86
Rent Received	121.56	57.00
Profit on Sale of Assets	45.67	10.18
Revaluation Reserve Income	4.27	4.49
Return on Long Term Investment	99.44	83.45
Other Non-operating Income	100.33	129.01
TOTAL	530.54	457.99

21. Cost of Material Consumed

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Opening Stock	13,359.41	11,755.09
Add: Purchases (Net of Return)	46,245.36	49,110.56
	59,604.77	60,865.65
Less: Closing Stock	13,071.79	13,359.41
Less: Purchase of Stock-in-Trade	114.64	499.42
TOTAL	46,418.34	47,006.82

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

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Finished Goods		
Opening Stock	1,072.32	1,894.80
Closing Stock	1,160.03	1,072.32
	(87.71)	822.48
Work in Progress		
Opening Stock	69.72	23.84
Closing Stock	2,018.36	69.72
	(1948.64)	(45.88)
TOTAL	(2036.35)	776.60

23. Employee Benefit Expenses

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Salaries, Wages & Bonus	3,890.46	4,029.08
Contribution to Provident and other Funds	132.50	157.36
Staff Welfare Expenses	208.88	236.92
Directors' Remuneration	421.56	452.90
TOTAL	4,653.40	4,876.26

Notes to the Consolidated Financial Statement

24. Selling & Distribution Expenses

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Selling Expenses	1,151.07	1,673.27
Commission on Sales	439.07	548.79
TOTAL	1,590.14	2,222.06

25. Financial Cost

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Interest on Working Capital Facilities	744.43	742.86
Interest on Term Loans	93.99	81.27
Interest on Other Loans	203.07	221.14
TOTAL	1,041.49	1,045.27

26. Other Expenses

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Manufacturing Expenses		
Manufacturing Expenses	2,525.61	2,499.24
Power & Fuel	445.55	413.86
Repair & Maintenance		
- Plant & Machinery	168.07	163.79
- Building	59.26	97.71
Freight & Forwarding Charges	1,535.09	1,997.06
SUB TOTAL	4,733.58	5,171.66
Other Administrative Expenses		
Rent	165.15	171.50
Rate Fees & Taxes	76.11	30.92
Insurance	23.41	40.04
Traveling & Conveyance	974.26	962.93
Communication Expenses	179.01	152.10
Auditors' Remuneration	16.84	12.69
Vehicle Expenses	73.25	74.59
Exchange Rate Difference (Net)	962.85	741.98
Penalties to State Budget & Others	1.88	12.39
Miscellaneous Expenses	1,199.22	1,144.43
TOTAL	8,405.56	8,515.23

Auditor's Remuneration includes

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Audit Fee	12.39	11.26
Taxation Matters & Certification	4.45	1.43
TOTAL	16.84	12.69

Notes to the Consolidated Financial Statement

27. Additional Notes To The Consolidated Financial Statements

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.

Pursuant to the order No.9885 dated 21st 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 Limited w.e.f. 1st Oct, 2011. 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 shareholders of M/s ACE Steelfab Pvt Ltd to effect the amalgamation.

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.

Notes to the Consolidated Financial Statement

27. Additional Notes To The Consolidated Financial Statement (Contd.)

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.

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, 2014	31st March, 2013
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 and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs 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.

Notes to the Consolidated Financial Statement

27. Additional Notes To The Consolidated Financial Statement (Contd.)

- (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 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 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.

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 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 difference 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, ex gratia etc. and are recognised in the period in which the employee renders the related service.

b) Post Employment benefits;

(i) Defined Contribution Plans:

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

(ii) Defined Benefits Plans:

The employee's gratuity fund scheme, long term compensated absences are company's defined benefit plans. The present value of the obligation under such defined benefit plans are 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.

Notes to the Consolidated Financial Statement

27. Additional Notes To The Consolidated Financial Statement (Contd.)

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 assets 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.

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 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.

Notes to the Consolidated Financial Statement

27. Additional Notes To The Consolidated Financial Statement (Contd.)

C) OTHER NOTES

1. Contingent Liabilities, not provided for:

Particulars	Rs. in Lacs	
	As at 31st March, 2014	As at 31st March, 2013
Bank Guarantees	1,220.95	898.31
Letter of Credits	1,900.71	1,897.24
Claim against the Company, not acknowledge as Debts	558.98	697.07
Sales Tax, Excise & Income Tax Matters, pending before Assessing / Appellate Authorities	5,363.61	3,980.85
TOTAL	9,044.25	7,473.47

2. a) Remuneration paid to Whole-time Directors :

S.No.	Names of the Directors	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Rs. in Lacs	
				Other Benefits and Perquisites	TOTAL
1.	Sh. Vijay Agarwal, Chairman & Managing Director	252.00	–	15.40	267.40
2.	Smt. Mona Agarwal, Wholetime Director	126.00	–	8.60	134.60
3.	Sh. Sorab Agarwal, Executive Director	33.60	–	2.40	36.00
4.	Smt. Surbhi Garg, Executive Director	16.80	–	1.00	17.80
	TOTAL	428.40	–	27.40	455.80

- b) The above mentioned expenses for Rs.455.80 lac (Previous Year Rs. 455.82 lacs) is towards director remuneration. This amount is in excess of permissible remuneration determined under section XIII of the Companies Act, 1956. Management had filed an application with the Central Government on 14th March 2013 for approval of payment of the salary for paying same remuneration as paid in the past to Mr. Vjay Agarwal, Chairman & Managing Director and Mrs. Mona Agarwal, Whole time Director of the Company. Company has received approval for Mr Vijay Agarwal vide SRN No. B70175369/2013-CL-VII dated 21.11.2013 under section 310 for payment of increased remuneration of Rs 235.06 lacs for financial year 2012-13 and Rs 267.40 lacs for financial year 2013-14 & approval the payment to Mrs. Mona Agarwal vide SRN No. B70093851/2013-CL-VII dated 06-11-2013 for payment of increased remuneration of Rs 135.96 lacs per annum for a period of 2 (two) years w.e.f. 01.04.2012 to 31.03.2014. Company has recovered Rs. 32.34 lacs in F.Y. 2013-14 (against total Director remuneration of Rs. 455.80 lacs of current year) which was excess paid in F.Y. 2012-13 from permissible limit of Rs. 235.06 lacs from Mr. Vijay Agarwal.

Notes to the Consolidated Financial Statement

27. Additional Notes To The Consolidated Financial Statement (Contd.)

3. 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

Particulars	Rs. in Lacs	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
1. Segment Revenue		
a) Cranes	36,023.56	39,229.84
b) Material Handling/Construction Equipment	6,917.42	10,840.54
c) Agri Equipment	17,946.73	16,037.85
d) Subsidiaries Business	138.39	55.33
Total	61,026.10	66,163.56
Less: Inter Segment Revenue	-	-
Net Sales/Income from Operations	61,026.10	66,163.56
2. Segment Results		
a) Cranes	2,462.27	2,030.68
b) Material Handling/Construction Equipment	(459.41)	(106.28)
c) Agri Equipment	800.67	1,453.03
d) Subsidiaries Business	(64.49)	(112.24)
Total	2,739.04	3,265.19
Less: Interest	1,041.49	1,045.27
Less: Other Unallocable Expenditure	1,250.32	1,227.92
Profit Before Tax	447.23	992.00
3. Capital Employed		
a) Cranes	34,464.42	34,256.30
b) Material Handling / Construction Equipment	5,300.92	5,730.45
c) Agri Equipment	263.50	232.91
d) Subsidiaries Business	(2,412.68)	(2,111.31)
Total	37,616.16	38,108.35

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.

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

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 Company		Key Management Personnel	Total
		ACE TC Rentals Pvt Ltd.	Namo Metals	VMS Equipment (Firm)	VMS Equipment Pvt. Ltd.	FRESTED Ltd, CYPRUS	SC FORMA SA, Romania		
Purchase of Goods	2013-14	-	-	-	-	-	-	-	-
	2012-13	-	-	-	-	-	-	-	-
Sales of Goods	2013-14	598.66	-	1,013.83	1,678.74	-	-	-	3,291.23
	2012-13	945.57	-	484.84	-	-	-	-	1,430.41
Remuneration Paid	2013-14	-	-	-	-	-	-	455.80	455.80
	2012-13	-	-	-	-	-	-	455.82	455.82
Licence Fee Paid	2013-14	-	-	-	-	-	-	57.42	57.42
	2012-13	-	-	-	-	-	-	54.78	54.78
Rent Received	2013-14	0.96	-	0.40	0.19	-	-	-	1.55
	2012-13	0.96	-	-	-	-	-	-	0.96
Interest Received	2013-14	-	-	-	-	163.61	-	-	163.61
	2012-13	-	-	-	-	147.65	-	-	147.65
Investment in Equity	2013-14	-	0.04	-	-	-	-	-	0.04
	2012-13	-	9.40	-	-	-	-	-	9.40
Loan to Subsidiary	2013-14	-	-	-	-	223.32	-	-	223.32
	2012-13	-	-	-	-	116.97	-	-	116.97

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

Rs. in Lacs

a) Particulars	Minimum Lease Payments	
	2013-14	2012-13
Payable within one year	108.58	100.08
Payable after one year but within 5 years	101.37	66.29

- b) There are no transactions in the nature of Sub Lease.
c) Payments recognised in the consolidated statement of profit and Loss for the year ended 31st March, 2014 is Rs.165.15 Lacs (P.Y. Rs. 171.50 Lacs).

Notes to the Consolidated Financial Statement

27. Additional Notes To The Consolidated Financial Statement (Contd.)

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

EMPLOYEE BENEFITS

a) Expenses recognised in the Statement of Profit & Loss

(Rs. in Lacs)

Particulars	2013-14	2012-13
a) Current Service Cost	45.82	50.30
b) Interest Cost	16.94	12.39
c) Employee Contribution	-	-
d) Actuarial (Gain)/Loss	(31.37)	(5.98)
e) Past Service Cost	-	-
f) Settlement Cost	(15.23)	(14.77)
Total Expenses, debited to Statement of Profit & Loss	16.16	41.94

b) Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2014

(Rs. in Lacs)

Particulars	2013-14	2012-13
a) Present Value of defined Benefit Obligation at the end of year	206.94	198.19
b) Fair Market Value of Plan Assets with LIC at the end of year	197.25	167.56
Net Asset/(Liability)	(9.69)	(30.63)

c) Change in the obligation during the year ended 31st March, 2014

(Rs. in Lacs)

Particulars	2013-14	2012-13
a) Present Value of Defined benefit obligation at the beginning of year	198.19	160.40
b) Current Service Cost	45.82	50.30
c) Interest Cost	16.94	12.39
d) Settlement Cost	-	-
e) Actuarial (Gain)/Loss	(29.90)	(6.20)
f) Benefit Payment	(24.11)	(18.70)
Present Value of Defined benefit obligation at the end of year	206.94	198.19

d) Change in the Assets during the year ended 31st March, 2014

(Rs. in Lacs)

Particulars	2013-14	2012-13
a) Plan assets at the beginning of year	167.56	166.27
b) Actuarial (Gain)/Loss	1.47	(0.22)
c) Contribution	37.10	1.86
d) Benefit Payment	(24.11)	(15.11)
e) Return on the Plan Assets	15.23	14.76
Plan Assets at the end of year	197.25	167.56

e) Actuarial Assumption

a) Discounted Rate	9.10% p.a.
b) Mortality Rate	IAL (2006-08) Ultimate
c) Withdrawal Rate	1% to 3% depending on Age.
d) Salary Escalation	11.00%
e) Retirement Age	58

Notes to the Consolidated Financial Statement

27. Additional Notes To The Consolidated Financial Statement (Contd.)

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

7. 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	2013-14	2012-13
Profit attributable to Equity Shareholders of the Company - (Rs in Lac)	337.81	609.15
Weighted average no. of Equity Shares of Rs. 2 each (Basic)	9,89,40,000	9,89,40,000
Weighted average no. of Equity Shares of Rs. 2 each (Diluted)	9,89,40,000	9,89,40,000
EPS (In Rupees)- Basic	0.34	0.62
EPS (In Rupees)- Diluted	0.34	0.62

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

- R & D expenditure - Rs. 13.24 Lacs.
 - Life Time Club Membership - Rs. 3.04 Lacs (being amortized over a period of ten years, commencing from 2007-08)
- 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.
 - 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.
 - Previous years figures have been regrouped to make them comparable with current year figures wherever necessary.
 - 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
RAJAN CHHABRA Partner Membership No. 088276	Vijay Agarwal Chairman & Managing Director
Place : Faridabad Date : 21st May, 2014	Subhash Chander Verma Independent Director
	Rajan Luthra CFO & Company Secretary
	Sorab Agarwal Executive Director

Statement Pursuant to section 212 of the Companies Act, 1956 as at 31st March, 2014

		Rs. in Lacs		
		Frested Limited Cyprus	SC Forma SA Romania	Action Developers Limited, India
a	Capital	0.78	200.07	10.00
b	Reserves & Surplus	(2314.01)	(388.10)	(3.35)
c	Total Assets (Non Current Assets + Current Assets)	198.95	528.50	7.06
d	Total Liabilities (Debts+Current Liabilities)	2512.38	297.83	0.41
e	Details of Investment (except in case of investment in subsidiaries)	-	-	-
f	Turnover (including other income)	-	166.70	-
g	Profit/(Loss) Before Taxation	(168.71)	104.39	(0.14)
h	Provision for Taxation	-	-	-
l	Profit/(Loss) After Taxation	(168.71)	104.39	(0.14)
j	Proposed Dividend	-	-	-
k	Exchange rate used (in Rs.)	59.90	18.60	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, 2014.

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.

Corporate Profile

BOARD OF DIRECTORS

- **Vijay Agarwal**
Chairman and Managing Director
- **Mona Agarwal**
Whole - time Director
- **Sorab Agarwal**
Executive Director
- **Surbhi Garg**
Executive Director
- **Girish Narain Mehra (IAS Retd.)**
Independent Director
- **Subhash Chander Verma**
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.
- State Bank of India
- Indusind Bank

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 CENTRES

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

www.ace-cranes.com

If undelivered, please return to :

ACE


Action Construction Equipment Ltd.

Dudhola Link Road, Dudhola. Distt. Palwal - 121102, Haryana, India
www.ace-cranes.com



FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Action Construction Equipment Ltd
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A
5.	To be signed by- <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the company• Audit Committee Chairman	 <p>The table cell for item 5 contains four handwritten signatures and two circular stamps. The first signature is in blue ink and is partially obscured by a blue circular stamp that reads "Action Construction Equipment Ltd" and "ACE". Below it is a signature in black ink, also partially obscured by a red circular stamp that reads "RAJAN CHANDRA" and "FARIDABAD" and "REGISTERED ACCOUNTANTS CO.". At the bottom, there are two more signatures in black ink, one of which is a long horizontal line.</p>