



NOTICE

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

Day, Date: Thursday, 30th September, 2010
Time: 1:00 p.m.
Venue: MPCU SHAH AUDITORIUM, Shree Delhi Gujarati Samaj Marg, Delhi-110054,

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, audited Profit & Loss Account for the year ended 31st March, 2010, Board's Report and addendum thereto, Auditors' Report.
2. To appoint a Director in place of Mr. Sorab Agarwal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Girish Narian Mehra (IAS Retd.), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s. Rajan Chhabra & Co., Chartered Accountants, retiring Auditors as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-
“**RESOLVED THAT** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, Maj. Gen. (Retd.) Dr. K.C. Agarwal, who was appointed as an Additional Director of the company and who under Section 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the company has received notice in writing from one of the members, pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Maj. Gen. (Retd.) Dr. K.C. Agarwal for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
6. To consider re-appointment of Mr. Vijay Agarwal, Chairman and Managing Director of the Company and pass the following resolution(s), as **Special Resolution(s)**, with or without modification(s):-

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 268, 269, 309, 310, 311, 316, 317, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory amendments, modifications, or re-enactments thereof, and subject to the approval of the Central Government and such other approvals, if required, in this regard, the consent of the Shareholders be and is hereby accorded to re-appoint Mr. Vijay Agarwal as Chairman and Managing Director of the Company from 1st October, 2010 till 30th September, 2015, on the terms and conditions as recommended by the Remuneration Committee and approved by Board of Directors of the Company and as set out in the explanatory statement which forms part of this resolution.

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

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

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

- a) In case of adequate profits the total remuneration payable in any financial year by way of salary, perquisites and other allowances shall not exceed the overall limit of five percent (5%) of the net profits of the company as applicable to each of the Managing/Whole-time Directors of the Company and/or ten percent (10%) of the net profits of the Company for all the Managing/Whole-time Directors in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII including any statutory amendments, modifications, or re-enactments thereof, as may be made thereto and for the time being in force or to the remuneration specifically approved by the Central Government.

- b) In case, the Company has no profits or its profits are inadequate, CMD shall be entitled to remuneration by way of salary, perquisites and other allowances as per the limits specified under Section II Part II of Schedule XIII of the Companies Act and subject to the approval of Central Government and other authorities, if required, and subject to the fulfillment of conditions specified therein for payment of such remuneration."

7. To consider re-appointment of Mrs. Mona Agarwal, Whole-time Director of the Company and pass the following resolution(s), as **Special Resolution(s)**, with or without modification(s):-

"RESOLVED THAT pursuant to the provisions of Sections 198, 268, 269, 309, 310, 311, 316, 317, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory amendments, modifications, or re-enactments thereof, and subject to the approval of the Central Government and such other approvals, if required, in this regard, the consent of the Shareholders be and is hereby accorded to re-appoint Mrs. Mona Agarwal as Whole-time Director of the Company from the 1st October, 2010 till 30th September, 2015, on the terms and conditions as recommended by the Remuneration Committee and approved by Board of Directors of the Company and as set out in the explanatory statement which forms part of this resolution.

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

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

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to vary the remuneration of Mrs. Mona Agarwal, Whole-time Director of the Company, within the limits of the following:-

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

8. To consider re-appointment of Mr. Sorab Agarwal, Executive Director of the Company and pass the following resolution(s), as **Special Resolution(s)**, with or without modification(s):-

"RESOLVED THAT pursuant to the provisions of Sections 198, 268, 269, 309, 310, 311, 316, 317, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory amendments, modifications, or re-enactments thereof, and subject to the approval of the Central Government and such other approvals, if required, in this regard, the consent of the Shareholders be and is hereby accorded to re-appoint Mr. Sorab Agarwal as Executive Director of the Company from 1st October, 2010 till 30th September, 2015, on the terms and conditions as recommended by the Remuneration Committee and approved by Board of Directors of the Company and as set out in the explanatory statement which forms part of this resolution.

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

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

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to vary the remuneration of Mr. Sorab Agarwal, Executive Director of the Company, within the limits of the following:-

- a) In case of adequate profits the total remuneration payable in any financial year by way of salary, perquisites and other allowances shall

not exceed the overall limit of five percent (5%) of the net profits of the company as applicable to each of the Managing/Whole-time Directors of the Company and/or ten percent (10%) of the net profits of the Company for all the Managing/Whole-time Directors in accordance with the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII including any statutory amendments, modifications, or re-enactments thereof, as may be made thereto and for the time being in force or to the remuneration specifically approved by the Central Government.

- b) In case, the Company has no profits or its profits are inadequate, ED shall be entitled to remuneration by way of salary, perquisites and other allowances as per the limits specified under Section II Part II of Schedule XIII of the Companies Act and subject to the approval of Central Government and other authorities, if required, and subject to the fulfillment of Conditions specified therein for payment of such remuneration.

9. To consider ESOS Scheme-2010 of the Company and pass following resolution(s), as **Special Resolution(s)**, with or without modification(s):-

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory amendment or enactment thereof)(the “Act”) and in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, (including any statutory amendment or enactment thereof), (the “Guidelines”) and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities and bodies and subject to such conditions as may be prescribed by them while granting such approvals, consents, permissions and sanctions, the Board of Directors of the Company(the “Board”)(“which term shall be deemed to include any committee thereof”) be and is hereby authorised on behalf of the Company to create, offer, grant and allot an aggregate of upto 10,00,000(Ten Lac) options to the employees and Directors including Independent Director (as defined under the Guidelines, whether existing or future) of the Company and each option convertible into one equity shares of the face value of Rs.2/- each on payment of such exercise price as may be decided by the Board and as per terms and conditions framed by the Board with regard to the Employee Stock Option Scheme-2010(“ESOS 2010), salient features of which are set out in explanatory statement to the notice.

RESOLVED FURTHER THAT the Non-Executive Directors including Independent Directors should be allotted a maximum of 1,00,000(One Lac) options under ESOS 2010, whether allotted in one financial year or more, which should be within the overall limit of the options, that can be granted by the Company under ESOS-2010.

RESOLVED FURTHER THAT subject to the terms & conditions stated herein, the equity shares allotted pursuant to the aforesaid resolution shall in all respect rank pari passu inter se with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and hereby authorised to issue and allot equity shares as and when the options are exercised in accordance with the terms and conditions of the said ESOS-2010.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, as described above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such issue(s) or allotment(s) including to amend or modify any of the terms of such issue or allotment, as it may, in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members, subject to the condition that such modification/amendment shall always be in accordance with the provisions of the said applicable Acts and Guidelines.”

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

“RESOLVED THAT pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the Authorised Share Capital of the Company of Rs. 20,00,00,000 (Rupees Twenty Crore) divided into 10,00,00,000 (Ten Crore) equity shares of Rs. 2 (Rupees Two) each be and is hereby increased to Rs. 24,00,00,000 (Rupees Twenty Four Crore) divided into 12,00,00,000 (Twelve Crore) equity shares of Rs. 2 (Rupees Two) each.

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

“V. The Authorised Share Capital of the Company is Rs. 24,00,00,000 (Rupees Twenty Four Crore) divided into 12,00,00,000 (Twelve Crore) equity shares of Rs. 2 (Rupees Two) each”

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

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

“RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and Chapter VII of the Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations, 2009(“ICDR Regulations”) and the rules/regulations/guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (GOI), the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and/or prescribed by the Listing Agreements entered into by the Company with the Stock Exchanges on which the Company's shares are listed, or any other relevant authority from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as might be required and subject to such conditions as may be prescribed while granting such approvals, consents, permissions and sanctions, which

the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) is hereby authorized to accept, the Board be and is hereby authorized to create, issue, offer and allot in one or more tranches, equity shares of the Company (herein after referred as the "Shares"), to Reliance Capital Limited, under preferential issue through documents or in such manner and on such terms and conditions as may be determined by the Board in its absolute discretion, provided that the aggregate number of equity shares of the Company shall not exceed 30,00,000 fully paid equity shares of the face value of Rs. 2 each, ranking pari-passu with the existing equity shares of the Company.

RESOLVED FURTHER THAT the equity shares shall be issued at a price (the "Issue Price") that will be subject to a minimum price ("the Floor Price") as determined in accordance with Chapter VII of the Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements Regulations 2009) and the relevant date for the purpose of determination of the Floor Price shall be 30 days prior to the date of passing of this resolution by shareholders of the Company i.e. 31st August, 2010.

RESOLVED FURTHER THAT subject to applicable statutory provisions, guidelines, notifications, circulars, rules and regulations, the Board be and is hereby authorised to decide, modify, alter and amend the terms of issue of the equity shares, as the Board may deem fit and expedient.

RESOLVED FURTHER THAT to give effect to the aforesaid resolution, the Board be and is hereby authorised to delegate all or any of the powers or authorities herein conferred to any committee of Directors or any Director(s) or any officer(s) of the Company, or to advisor, consultant, agent or intermediary and for the purpose of giving effect to this resolution, the Board acting on its own or through a committee of Directors of the Company, be and is hereby authorised to do all such act(s), deed(s) and thing(s) as may be deemed necessary and to settle any or all questions/matters arising with respect to the offer, issue and allotment (including deciding the terms and conditions for the same), execute all such deeds, documents, agreements and writings as may in its absolute discretion deem necessary or desirable for the purpose of giving effect to the aforesaid resolution, take such further steps as are required for the allotment of the said equity shares to be issued and allotted as aforesaid, to take such other steps that are incidental and ancillary in this regard; and to do, make or accept such alterations, modifications without being required to seek any further consent or approval of the Members and that they shall be deemed to have given their approval thereto expressly by the authority of the resolution."

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING**
2. Members/Proxy should bring the Attendance Slip duly filled in, for attending the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, with regard to the special business is attached herewith.
4. The Equity Shares of the Company are listed on the National Stock Exchange of India Limited (NSE) & Bombay Stock Exchange Limited (BSE).
5. The Register of Members and Share Transfer Book("Books") were closed from Friday, the 3rd September, 2010 to Monday, 6th September, 2010 (days are inclusive) for the purpose of Clause 16 of the Listing Agreement, wherein the Books should be closed at least once a year.
6. For effecting change of Address/Bank details/Electronic Clearing Service (ECS) Mandate, if any, Members are requested to notify the same to the following:-
 - a. if shares are held **in physical mode**, to the Company and/or Registrar and Share Transfer Agent (R&T Agent) of the Company, i.e. M/s. Karvy Computershare Private Limited, 'Karvy House', 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034. Members must quote their Folio No. in all correspondence with the Company/R&T Agent.
 - b. If shares are held **in electronic form**, to their Depository Participant (DP). The Company/R&T Agent will not entertain requests for noting change of Address/Bank details/ECS Mandate, if any.
7. Members holding shares in physical form may avail Nomination facility by giving the particulars of their nomination in the prescribed form to the Registrar and Share Transfer Agent.
8. Members holding shares **in electronic form** may kindly note that their Bank Account details and 9-digit MICR Code of their Bankers, as noted in the records of their Depository, shall be used for the purpose of overprinting on Dividend Warrants, or remittance of dividend through Electronic Clearing Service (ECS), wherever applicable. It is, therefore, necessary that the Members should ensure that their correct bank details and/or 9-digit MICR Code number are noted in the records of the DP. Kindly ensure that the ECS mandate is correctly recorded with your DP so that no ECS rejection takes place.

Reserve Bank of India (RBI) is providing Electronic Clearing Service (ECS) facility for payment of dividend in selected cities. Members holding shares in physical mode and who are desirous of availing this facility may give the details of their bank account i.e. 9-digit MICR Code in the format prescribed for this purpose (which can be obtained from the Registrar and Share Transfer Agent) along with photocopy of a cheque or a blank cancelled cheque relating to the bank account.
9. Members seeking any information on the accounts are requested to write to the Company at least ten days in advance so as to enable the Management to keep the information ready, in reply to the same at the Annual General Meeting.
10. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking reappointment at the forthcoming Annual General Meeting is given in the annexure forming part of the Notice.

11. Members are requested to:-

- (i) Bring their copy of Annual Report and attendance Slip at the venue of the meeting.
- (ii) Quote their Folio/DP & Client Id No. in all correspondence with the Company/ R&T Agent.
- (iii) Note that briefcase, bag, eatables etc. **will not be allowed** to be taken inside the venue of the meeting for security purposes and shareholders will be required to take care of their belongings.
- (iv) Note that **no gifts** will be distributed at the Annual General Meeting.
- (v) Note that **shareholders present in person or through registered proxy** shall only be entertained.
- (vi) The attendance slips/proxy form should be **signed** as per the specimens signatures registered with the R&T Agent/Depository Participant (DP). Please carry photo ID card for identification/verification purposes.

By Order of the Board

For Action Construction Equipment Limited

Sd/-

(Ashish K Bhatt)
Company Secretary

Place: New Delhi

Date: 4th September, 2010

EXPLANATORY STATEMENT

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

The following Explanatory Statement sets out all the material facts relating to the Special Business under Item No. 5 to 11 of the accompanying Notice.

In Respect of Item No. 5: Maj. Gen.(Retd.) Dr. K.C. Agarwal was appointed as additional director on the Board of the Company on 21st January, 2010 and will hold office only upto the date of the forthcoming Annual General Meeting. Earlier also, he was occupying the position of Independent Director in the Company, but has to resign due to his personal assignments.

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

Dr. K.C. Agarwal does not have any shareholding in the Company as on 31st March, 2010. He does not have Directorship in any other Company apart from Action Construction Equipment Ltd.(ACE) Except, Dr. K.C. Agarwal, no other Director is interested in the Resolution, relating to his appointment.

Thus, the Board of Directors recommend passing of the resolution(s) at item No. 5

In Respect of Item No. 6 : Mr. Vijay Agarwal is Chairman and Managing Director of the Company, has over 38 years of experience in material handling and heavy engineering industry. He has done B.E. (Mechanical) & MBA from FMS, Delhi and is looking after overall management and planning of the Company. While he held top positions in different reputed Industrial organizations for a period of 20 years, he started ACE in the year 1995. Due to his vast experience in his field and continuous efforts, the company has achieved overwhelming success in a short span of 15 years

Under his able guidance only, the Company, from a mere turnover of Rs. 8 crores in the FY year 1995-96, posted a turnover of Rs. 429 crore in FY2008-09 and Rs. 427 crore in FY 2009-10. Profit of the Company rose from a mere Rs.14 Lac in FY 1995-96 to a peak Rs. 36 Crores in the FY 2007-08, Rs. 23 Crores in FY 2008-09 and Rs. 24 Crores in FY 2009-10. It was due to his persistence and never tiring efforts, that the Company is able to achieve the unexpected profits and growth in yesteryears. He has single handedly mentored the Company and has proved to be a guiding light throughout all these years of the Company's journey. Under his unmatched guidance, the Company was able to win many award and accolades, were able to obtain various certifications for the products of the Company.

Thus it is proposed to re-appoint Mr. Vijay Agarwal as Chairman and Managing Director on the following remuneration. The Shareholders are further informed that the remuneration of Mr. Vijay agarwal, Chairman and Managing Director of the Company can be varied by Board of Directors, subject to the conditions as laid down in the resolution itself:

Detailed Remuneration of Mr. Vijay Agarwal

- (a) **Salary :** Rs. 15,00,000/- per month
- (b) **Commission:** 1% of the amount of net profits calculated as per Section 198 & 349 of the Companies Act, 1956 for the financial year of the Company
- (c) **Ex-Gratia:**Ex-Gratia shall be equivalent to one month salary
- (d) **Perquisites:**
 - (i) **Housing:** Residential Accommodation or House Rent allowance @ 40 % of the Salary
Expenses pertaining to gas, electricity, water and other utilities will be borne and reimbursed by the Company.

- (ii) **Medical Reimbursement** : Reimbursement of actual Medical expenses incurred in India and/or abroad and including hospitalisation, nursing home and surgical charges for himself and family.
- (iii) **Leave Travel Concession**.: Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken in India or abroad.
- (iv) **Club Membership** : Subscription or reimbursement of Membership fee for clubs in India or abroad including admission and life membership fees, subject to a maximum of two clubs.
- (v) **Personal Accident Insurance** :Personal Accident Insurance policy for an amount, the annual premium of which shall not exceed Rs. 20,000 p.a.
- (vi) **Contribution to Provident, Superannuation and Annuity Fund**: The Company's contribution to above funds shall be as per rules framed by the Company in this behalf.
- (vii) **Gratuity**: Gratuity at the rate of half month's salary for each completed year of service.
- (viii) **Leave** : Entitled to leave with full pay or encashment thereof as per the rules of the Company.
- (ix) **Other facilities**: The Company shall provide free of cost, conveyance and communicating facilities (whether in the form of Telephone, Telex or other communication facilities) to the CMD at his residence and if the same is paid by CMD, to provide for reimbursement thereof.

Mr. Vijay Agarwal holds 29538550 Nos. of shares in the Company. He is also a Director in the following Companies:-

1. ACE Steelfab(Pvt.) Ltd.
2. ACE TC Rentals(Pvt.) Ltd.
3. Action Developers Ltd.
4. Frested Ltd. Cyprus
5. SC Forma SA, Romania.

Mr. Vijay Agarwal is a member of Audit committee in ACE. Apart from this, he does not have membership in any other committee.

The resolution(s) passed by Remuneration Committee and approved by the Board of Directors of the Company in its meeting held on 27th May, 2010 are open to shareholders inspection, on all business days, at its registered office, between 10:30 a.m. to 12:30 p.m.

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

The Board of Directors thus recommends passing of resolution(s) as set out in item No.6 to this Notice.

In Respect of Item No. 7 : Mrs. Mona Agarwal, (55), is the wife of Mr. Vijay Agarwal. She looks after the Administration & HR wing of the Company since 1995. Under her guidance, the company's administrative affairs are being handled in a professional manner. She has helped the company to formulate effective and motivating HR Policies.

Thus it is proposed to re-appoint Mrs. Mona Agarwal as Whole-time Director on the following remuneration. The Shareholders are further informed that the remuneration of Mrs. Mona Agarwal, Whole-time Director of the Company can be varied by remuneration committee, subject to the conditions as laid down in the resolution itself :-

Detailed Remuneration of Mrs. Mona Agarwal

- (a) **Salary** : Rs. 7,50,000/- per month
- (b) **Commission** : 1% of the amount of net profits calculated as per Section 198 & 349 of the Companies Act, 1956 for the financial year of the Company
- (c) **Ex-Gratia**: Ex-Gratia shall be equivalent to one month salary
- (d) **Perquisites**:
 - (i) **Housing** : Residential Accommodation or House Rent allowance @ 40 % of the Salary
Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
 - (ii) **Medical Reimbursement** : Reimbursement of actual Medical expenses incurred in India and/or abroad and including hospitalization, nursing home and surgical charges for herself and family.
 - (iii) **Leave Travel Concession**.: Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken in India or abroad.
 - (iv) **Club Membership** : Subscription or reimbursement of Membership fee for clubs in India or abroad including admission and life membership fees, subject to a maximum of two clubs.
 - (v) **Personal Accident Insurance** :Personal Accident Insurance policy for an amount, the annual premium of which shall not exceed Rs. 20,000 p.a.
 - (vi) **Contribution to Provident, Superannuation and Annuity Fund** : The Company's contribution to above funds shall be as per rules framed by the Company in this behalf.
 - (vii) **Gratuity**: Gratuity at the rate of half month's salary for each completed year of service.

(viii) **Leave** : Entitled to leave with full pay or encashment thereof as per the rules of the Company.

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

Mrs. Mona Agarwal holds 25132650 Nos. of shares in the Company. She is also a Director and Member in the following Companies:-

1. ACE Steelfab(Pvt.) Ltd.
2. ACE TC Rentals(Pvt.) Ltd.
3. Action Developers Ltd.
4. Frested Ltd. Cyprus
5. SC Forma SA, Romania.

Mrs. Mona Agarwal, is not a member of any Committee, in any Company.

The resolution(s) passed by Remuneration Committee and approved by the Board of Directors of the Company in its meeting held on 27th May, 2010 are open to shareholders inspection, on all business days, at its registered office, between 10:30 a.m. to 12:30 p.m.

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

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

In respect of Item No. 8 : Mr. Sorab Agarwal, (33), is the son of Mr. Vijay Agarwal. He has done B.E. (Mechanical) and is looking after the Marketing functions of the Company. Mr. Sorab Agarwal has been associated with the company since the last 12 years and under his marketing capability, the Company has ventured into new territories and increased market share considerably. He has played a major role in setting up all India competent Sales & Service network, aimed at achieving target oriented results. He takes care for brand building of the Company.

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

Detailed Remuneration of Mr. Sorab Agarwal

- (a) **Salary** : Rs. 2,00,000/- per month
- (b) **Commission**: 1% of the amount of net profits calculated as per Section 198 & 349 of the Companies Act, 1956 for the financial year of the Company
- (c) **Ex-Gratia**: Ex-Gratia shall be equivalent to one month salary
- (d) **Perquisites**:
 - (i) **Housing**: Residential Accommodation or House Rent allowance @ 40 % of the Salary.
Expenses pertaining to gas, electricity, water and other utilities will be borne/ reimbursed by the Company.
 - (ii) **Medical Reimbursement** : Reimbursement of actual Medical expenses incurred in India and/or abroad and including hospitalisation, nursing home and surgical charges for himself and family.
 - (iii) **Leave Travel Concession**.: Reimbursement of all the expenses (like travel fare, lodging, boarding, conveyance and other expenses) incurred for self and family during the leave travel holiday periods, whenever undertaken in India or abroad.
 - (iv) **Club Membership** : Subscription or reimbursement of Membership fee for clubs in India or abroad including admission and life membership fees, subject to a maximum of two clubs.
 - (v) **Personal Accident Insurance** : Personal Accident Insurance policy for an amount, the annual premium of which shall not exceed Rs. 20,000 p.a.
 - (vi) **Contribution to Provident, Superannuation and Annuity Fund** : The Company's contribution to above funds shall be as per rules framed by the Company in this behalf.
 - (vii) **Gratuity** : Gratuity at the rate of half month's salary for each completed year of service.
 - (viii) **Leave**: Entitled to leave with full pay or encashment thereof as per the rules of the Company.
 - (ix) **Other facilities** : The Company shall provide free of cost, conveyance and communicating facilities (whether in the form of Telephone, Telex or other communication facilities) to Mr. Sorab Agarwal at his residence and if the same is paid by him, to provide for reimbursement thereof.

Mr. Sorab Agarwal holds 2235050 Nos. of shares in the Company. He is also a Director and Member in the following Companies:-

1. ACE Steelfab(Pvt.) Ltd.
2. ACE TC Rentals(Pvt.) Ltd.
3. Action Developers Ltd.

He is a member of Shareholder's/ Investor's Grievance Committee, in the Company.

The resolution(s) passed by Remuneration Committee and approved by the Board of Directors of the Company in its meeting held on 27th May, 2010 are open to shareholders inspection, on all business days, at its registered office, between 10:30 a.m. to 12:30 p.m.

Except Mr. Vijay Agarwal, CMD, Mrs. Mona Agarwal, Whole-Time Director and Mr. Sorab Agarwal, Executive Director of the Company, no other director is concerned or interested in the resolution(s) as set out in Item No.8.

The Board of Directors thus recommends passing of resolution(s) as set out in item No.8 to this Notice.

In respect of Item No. 9 : The Compensation Committee of Directors has approved Stock Option Scheme for the Corporate Financial year 2010-2011 ("ESOS 2010"), in accordance with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines"). The same has been approved by the Board of Directors subject to the further approval of the shareholders. The salient features of the Scheme are as under:-

- (a) **Number of Options :** The number of options to be granted shall not exceed 50,000 (Fifty thousand only) options per employee and 10,00,000 (Ten lac) options in aggregate.
- (b) **Vesting Period :** Vesting to commence after a period of one year from the date of grant of options & may extend up to five years from the date of grant.
Vesting may occur in one or more tranches, subject to the terms & conditions of vesting, as may be determined by the Board
- (c) **Entitlement of Shares :** The employees shall be entitled to subscribe for 1(one) equity share of the face value of Rs. 2/- each for each option granted.
- (d) **Exercise Period and Process of Exercise:**
 - (i) The options can be exercised within a period of 7(seven) years from the date of vesting in one or more tranches subject to the minimum number as the Committee may decide at the time of grant.
 - (ii) The employee shall fill up the prescribed application form for exercise of option along with the payment by way of Cheque/Demand Draft in favour of the company at respective location of the employee.
 - (iii) All application received upto 5th from the end of each quarter i.e. quarter ending 31st March, 30th June, 30th September and 31st December shall be processed and equity shares in respect thereof either in physical mode or dematerialized mode as desired by the employee shall be allotted within one month from the end of each quarter.
 - (v) The options granted to the employees are not transferable.
- (e) **Exercise Price :** The exercise price shall be the average of the daily closing price of equity shares, one week prior to immediately preceding the date on which option are granted. However, the Board ("including any Committee") would be authorised to revise the exercise price.
- (f) **Lock-in period:** There will be no Lock-in period once the shares are allotted.
- (g) **Lapse of Options:** The options, whether vested or not, and which are not exercised, are bound to lapse on happening of any of the below three conditions:-
 - On expiry of the last date of the exercise period;
 - On termination of the employee because of misconduct;
 - In case of resignation, upon cessation of employment.
- (h) **Appraisal Process :** Respective Unit heads and the functional heads shall carry out the appraisal process as per the guidelines given to them by Human Resource Department (HRD) of the company with due weightage to the qualification, experience, subject knowledge, performance, length of service, potentials etc. Based on the appraisal made by the Unit heads/functional heads, the HRD would submit its recommendation to the Compensation Committee of Directors for the grant of options.
- (i) **Accounting Policy :** The company shall confirm to the accounting policies specified in the aforesaid Guidelines of SEBI or any other policy as may be prescribed under the law in respect of the accounting of such options.
- (j) **Adjustments in case of Corporate Action (e.g.) Split/Rights/Bonus issue, merger and sale of division etc. :** A fair and reasonable adjustment in the manner as provided in the said Guidelines shall be made to the number of options and to the exercise price in case of Corporate Actions (e.g. Split/rights/bonus issue, merger, sale of division etc.) by the company between date of grant of options and exercise of the options. The Board would be authorised to do such adjustments.
- (k) **Valuation of Options :** The Company shall use any of the methods as specified in the Guidelines and which are deemed appropriate by the Board or Committee thereof.
- (l) **Employee Compensation Cost :** The company shall calculate the employee compensation cost by any of the methods specified in the Guidelines and which are deemed appropriate by the Board or Committee thereof.
The difference between the employees compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of options, shall be disclosed in Directors' report and the impact of this difference on profits and EPS of the Company shall also be disclosed in Annual Report.
- (m) **Options to be granted to Non-Executive Directors including Independent Director :** The total options to be granted to Non-Executive Directors including Independent Director should not exceed 1,00,000 (One Lac) shares in aggregate under ESOS 2010, whether allotted in a single financial year or more than one financial years.

The Compensation Committee of Directors will monitor the administration and superintendence of ESOS once approved by the shareholders. The Committee shall be authorised to settle any dispute that may arise with respect to interpretation of any of the provisions of

ESOS or in implementation thereof.

Approval of the shareholders is being sought for the ESOS-2010 for all the eligible employees of the company.

As the ESOS of shares would entail further issue of shares to the persons other than the existing shareholders of the company, the consent of the members is being sought pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956.

The Board of Directors recommends the passing of Special Resolutions at Item No. 9 of the Notice.

Such of the Directors, whether in full-time employment of the Company or not, who are eligible to participate in ESOS-2010 may be deemed to be concerned or interested in the Resolution at Item No. 9. No other directors are in any way concerned or interested in the aforesaid resolution.

In respect of Item No. 10 : The Company, in order to meet its growth objectives and to strengthen its financial position, may be required to generate long term resources by issuing securities. It is therefore deemed appropriate to increase the Authorised Share Capital of the Company from Rs. 20 crore to Rs. 24 crore and for that purpose, the Memorandum of Association of the Company are proposed to be suitably altered as set out at Item No. 10 of the accompanying Notice.

The provisions of the Companies Act, 1956 require the Company to seek the approval of the Members for increase in the authorised share capital and for the alteration of capital clause of the Memorandum of Association of the Company.

The Board of Directors accordingly recommend the resolutions set out at Item No. 10 of the accompanying Notice for the approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolutions.

In respect of Item No. 11 : The Item No. 11 of the Notice relates to issue of preferential equity shares to Reliance Capital Limited("RCL") , not exceeding 30,00,000 in Nos. at a minimum price as calculated in accordance with Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations, 2009("ICDR Regulations "). The relevant date for calculation of price of equity shares would be the date 30 days prior to the date, when the resolution is passed by the shareholders i.e. 31st August, 2010

1. Objects of the Issue:

- To invest in existing/ expansion/ setting up additional plants/ new projects under operations which are being implemented by the Company/ through subsidiaries/ associate companies.
- General Corporate purposes.

2. Proposal of the Promoters, directors or key managerial personnel of the issuer to subscribe to the offer:-

No Promoter, director or key managerial personnel would be subscribing to the offer.

3. The Shareholding pattern of the issuer before and after the preferential issue.

The pre-issue and tentative post-issue Shareholding pattern would be as follow:-

S. No.	Description	*Pre-Issue Shareholding		Post issue Shareholding	
		No. of Shares	%	No. of Shares	%
1	Promoter and Promoter Group	59402306	66.09	59402306	63.95
2.	Mutual Funds/Financial Institutions/ Banks	10739656	11.95	**13739656	**14.79
3.	Foreign Institutional Investors	4539587	5.05	4539587	4.89
4.	Bodies Corporate	3162822	3.52	3162822	3.40
5.	Individuals	10994125	12.23	10994125	11.84
6.	NRI	803842	0.89	803842	0.87
7.	Trusts	2850	0.00	2850	0.00
8.	Clearing Members	239812	2.27	239812	0.26
	Total	89885000	100	92885000	100

* As on 30th June, 2010

** Including allotment of 30,00,000 preferential shares to Reliance Capital Ltd. Post allotment Shareholding of RCL would be 3.23%

4. Details of proposed allottees , the percentage of post preferential issue capital

As stated, the entire preferential allotment would be made to Reliance Capital Ltd. RCL did not have any pre-preferential shareholding in the Company. Their post-preferential shareholding would be 3.23% of the entire share capital of the Company.

Pursuant to the allotment, there would no change in the control of the Company

5. Pricing of Securities

The Company would allot the preferential warrants at a price not less than computed as per Regulation 76 of ICDR Regulations and the relevant date for the same shall be as per Regulation 71 of the ICDR Regulations i.e. 30 days prior when the resolution by shareholders is passed i.e. 31st August, 2010.

The Company will re-compute the price of the preferential warrants in terms of the provisions of these regulations where it is required to do so and if the amount payable on account of re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked in till the time such amount is paid by the allottees.

6. Completion of Allotment of preferential issue.

The allotment of preferential issue shall be completed within 15 days from the date of passing the resolution for preferential allotment or if any approval or permission by any regulatory authority or the Central Government for allotment is pending, the period of fifteen days shall be counted from the date of order on such application or the date of approval or permission, as the case may be.

7. Lock-in of Preferential Allotment

The shares allotted pursuant to preferential allotment would be locked in for a period of one year from the date of their allotment. None of the Directors of the Company is in anyway, concerned or interested in the above resolution.

The Certificate from statutory Auditors that the issue has been made in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("ICDR Regulations") would be placed before the Shareholders in General Meeting.

By Order of the Board of Directors
Sd/-
Ashish K Bhatt
Company Secretary

Place: New Delhi

Date : 4th September, 2010

Annexure to Items 2, 3 and 5 to 8 of the Notice.

Statement required in respect of resolution No.2, 5, 6, 7 and 8 i.e. Brief Profile and other details of Maj. Retd. (Gen.) Dr. K.C. Agarwal, Mr. Vijay Agarwal, Mrs. Mona Agarwal and Mr. Sorab Agarwal have already been covered under the respective explanatory statement, relating to the resolutions of their appointment

Brief profile of Mr. Girish Narain Mehra (IAS Retd.) is produced below.

Mr. Girish Narain Mehra (IAS Retd.) is a Independent Director in the Company. He retired from Indian Administrative Services (IAS) with 37 years of experience He held important assignments such as Chief Secretary (U.P.), Director General, Tourism and Secretary to Govt. of India in various departments. He retired as India's high commissioner to Canada. Presently, he is a director on the Boards of various prominent listed Companies. Details regarding his directorship in other Companies in produced below.

Directorship held in Other Companies	Member ship held in Committee of these Companies	
1. Amrit Corp Limited	Audit Committee	Chairman
	Shareholders/ Investors Grievance Committee	Member
2. ABC Paper Limited	Audit Committee	Chairman
3. UP Hotels Limited	-	-
4. Bharat Seats Limited	Audit Committee	Chairman
	Shareholders/ Investors Grievance Committee	Member
5. Usha Breco Limited	Audit Committee	Chairman
6. Subros Limited	Audit Committee	Chairman
	Shareholders/ Investors Grievance Committee	Member

Mr. Girish Narain Mehra is holding 10240 equity shares of the Company as on 31st March, 2010