



ACE

28th ANNUAL REPORT 2021-2022



LIFTING INDIA'S GROWTH >>>





CONTENTS

Chairman's Speech	03
Management Discussion and Analysis Report	05
Board's Report	15
Corporate Governance Report	59
Certificate regarding compliance of conditions of Corporate Governance	80
Auditor's Report on Standalone Financial Statements	81
Standalone Balance Sheet	91
Standalone Statement of Profit and Loss	92
Standalone Cash Flow Statement	94
Notes to the Standalone Financial Statements	96
Auditor's Report on Consolidated Financial Statements	146
Consolidated Balance Sheet	153
Consolidated Statement of Profit and Loss	154
Consolidated Cash Flow Statement	156
Notes to the Consolidated Financial Statements	158
Notice to the Shareholders (28 th AGM)	209

Chairman's Speech



Dear Members,

Last financial year the world, all economies and businesses continued to face the ripple effects of the slowly waning Covid-19 pandemic. The variants of Covid-19 pandemic got weaker and all countries carefully resumed life to pre-Covid days. But the disruption caused by the pandemic did not wane as fast as the effects of the pandemic. Thankfully, due to the political stability and prudent initiatives taken by our government, India continues to be the most promising and resilient economy in the world amid these challenges.

Despite a testing FY 2021-22, your Company outperformed across all financial parameters by achieving its highest ever revenue and profit. At a consolidated level comparing with FY21, our Total Income grew by 32% to INR 1,630 Crores, EBITDA grew by 24% to INR 167 Crores and Profit after Tax grew by 32% to INR 105 Crores. During the year the Company was able to showcase volume and value growth, maintain margins and improve its balance sheet position further. Our balance sheet was strengthened further by the faith instilled by our investors, when the Company was able to raise around INR 135 crores through the Qualified Institutional Placement route.

In the past financial year the government emphasis on both the infrastructural development as well as efforts to create a manufacturing hub for the world gained further momentum. Infrastructure development is critical for the Indian economy, if we are to achieve the PM's dream of a \$5 Trillion economy. The sector is responsible for propelling India's overall development and hence enjoys intense focus from the Government for initiating policies that would ensure the time-bound creation of world-class infrastructure in the country. In FY22, various government initiatives were undertaken such as the National Infrastructure Pipeline, National Monetisation Pipeline, Bharatmala Pariyojana. Also a INR 100 lakh Crore master plan was made for multi-modal connectivity with the goal of developing infrastructure to lower

logistic costs. All these developments auger very well for your Company in the coming years.

Apart from the Infrastructure sector, the construction and real estate sector also saw a good revival in the past financial year and the outlook for this sector is bright for the Agriculture segment, the Ministry of Agriculture enhanced the budget in Fiscal Budget 2022. To boost farmer incomes and agricultural economy, the Indian government released funds in June 2021 for farm mechanisation, with the goal to double farm income. The manufacturing sector continued to emerge as one of the high growth sectors in India. Prime Minister of India, Mr. Narendra Modi, launched the 'Make in India' and 'Atmanirbhar Bharat' programs to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. Initiatives such as these coupled with increasing investments from foreign investors have created growth opportunities like never before.

ACE has been the flagbearer of innovative and world-class equipment, which has resulted in the Company being rewarded with a strong brand reputation and repeat business, resulting in a consistent growth track record. The Company's agility and versatility to satisfy a diverse range of sectors for wide applications is our biggest strength. Our equipment is used in sectors like Infrastructure, Construction, Power Projects, Ports & Shipyards, Dams, Metro Rail, Roads, Mining, Steel Industry, Engineering Industry, Railways, Cement, Petroleum, Defence, Chemicals & Fertilizer Plants, Warehousing, Logistics, Building Construction, and many more. We are dedicated to provide our customers with the latest technology and new products through our R&D & Engineers. Our efficient sales and product support aim to satisfy our customers across all our products.

We continue to be very confident about the company's medium-to long-term prospects and believe that the foundation is firmly in place. The company has made significant strides in recent years to strengthen the operations, product mix, procedures, and controls that make up the foundation of its business. I have a strong conviction that the Company is about to enter a multi-year growth cycle given the anticipated economic expansion of India in the upcoming years.

In conclusion, I would like to sincerely thank all our stakeholders for their continued trust and support and we will continue to grow our business by offering innovative products and solutions and exploring new avenues for future growth.

With best wishes,

Sincerely,
Vijay Agarwal
Chairman and Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

❖ INDUSTRY STRUCTURE AND DEVELOPMENTS

• GLOBAL ECONOMY OVERVIEW

Compounding the damage from the COVID-19 pandemic, the Russian invasion of Ukraine has magnified the slowdown in the global economy, which is entering what could become a protracted period of feeble growth and elevated inflation, according to the World Bank's latest Global Economic Prospects report. This raises the risk of stagflation, with potentially harmful consequences for middle- and low-income economies alike.

Global growth is expected to slump from 5.7 percent in 2021 to 2.9 percent in 2022- significantly lower than 4.1 percent that was anticipated in January. It is expected to hover around that pace over 2023-24, as the war in Ukraine disrupts activity, investment, and trade in the near term, pent-up demand fades, and fiscal and monetary policy accommodation is withdrawn. As a result of the damage from the pandemic and the war, the level of per capita income in developing economies this year will be nearly 5 percent below its pre-pandemic trend.

"The war in Ukraine, lockdowns in China, supply-chain disruptions, and the risk of stagflation are hampering growth. For many countries, the recession will be hard to avoid," said World Bank President David Malpass.

Among emerging market and developing economies, growth is also projected to fall from 6.6 percent in 2021 to 3.4 percent in 2022-well below the annual average of 4.8 percent over 2011-2019.

Sources: <https://www.worldbank.org/en/news/press-release/2022/06/07/stagflation-risk-rises-amid-sharp-slowdown-in-growth-energy-markets>.

• INDIAN ECONOMY OVERVIEW

Just when uncertainties associated with the COVID-19 pandemic were declining, the Russia-Ukraine crisis escalated. Consequently, India's growth outlook appears to have clouded. Crude oil prices are lingering above US\$100 per barrel, and wheat and cereal prices have gone up several times-all of which are critical imports from the two warring nations. India also partly meets its fertilizer needs from the region. For India, which has been battling inflation for a while now, this situation is making matters worse. Higher fuel and fertilizer prices will reduce government revenues and increase subsidy costs. Furthermore, capital outflows and rising import bills will weigh on the current account balance and currency valuation.



Despite the external shocks, India's underlying economic fundamentals are strong and despite the short-term turbulence, the impact on the long-term outlook will be marginal. Growth will be strong from October 2022 onwards. Growth-enhancing policies and schemes, increased infrastructure spending, rising exports, rapid digitization, and spill-over effects of geopolitical developments will likely aid in growth.

With economic momentum resuming, and the long-term advantages of supply-side reforms in the works, the Indian economy is poised to grow at a considerable pace. According to IMF's World Economic Outlook (October 2021 edition), India's nominal GDP, measured in nominal USD market exchange rate is estimated at USD 3,515 Bn in 2023 (FY24), accounting for 3.3% of global GDP and making it the sixth largest economy in the world. When measured in purchasing power parity (PPP) terms, India is estimated to be the third largest economy at PPP USD 12,387 Bn in 2023.

FY23 is expected to be the first normal year after the onslaught of COVID-19 which virtually eliminated a meaningful increase in economic output during the two-year period up to FY21. India's per capita nominal GDP is estimated to grow by 16% in FY22 to INR 16,95,743 (USD 2,282.34) after suffering a contraction of 2.4% in FY21.

Sources: <https://www2.deloitte.com/in/en/pages/about-deloitte/articles/the-tough-get-going.html>.

<https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>.

❖ CONSTRUCTION EQUIPMENTS INDUSTRY

Increasing public & private infrastructure, FDI reforms for the construction sector, highway projects and a growing

economy has led to the global surge in the construction equipment market in India. Earthmoving equipment accounts for close to 50 % of India's construction equipment market. Backhoe loaders, which comprise tractors, front shovel/bucket backhoes, and small backhoes, account for 60 % of the earthmoving equipment. The government in India has recently invested in the infrastructure sector. Considerable investment in the development of infrastructure in India is supposed to upsurge the demand for different kinds of construction equipment.

India is expected to become the world's third largest construction market by 2022. India will require investment worth ₹ 50 trillion (US\$ 777.73 billion) across infrastructure by 2022 for a sustainable development in the country.

India Construction Equipment Market is expected to reach US\$ 4940 Mn. by 2026, at a CAGR of 5.2% during the forecast period.

- **Robust demand:** India is expected to become the world's third-largest construction market by 2022.
- **Increasing Investments:** Huge investments in infrastructure (e.g., Reliance Digital Fibre Infrastructure Trust Investment of US\$ 1 billion) have provided momentum to overall PE/VC investments in India. Prime Minister Mr. Narendra Modi announced a ₹ 100 lakh crore master plan for multi-modal connectivity in October 2021, with the goal of developing infrastructure to lower logistic costs and improve the economy.
- **Policy support:** In March 2021, the Parliament passed a bill to set up the National Bank for Financing Infrastructure and Development (NaBFID) to fund infrastructure projects in India.
- **Attractive opportunities:** In November 2021, India, the US, Israel and the UAE established a new quadrilateral economic forum to focus on infrastructure development projects in the region and strengthen bilateral cooperation. The initiative 'Infrastructure for Resilient Island States' (launched in November 2021) will give India a huge opportunity to contribute to the betterment of other vulnerable countries in the world.

India Crane Market Size by Volume to Reach 15,665 Units by 2027. The India crane market is expected to grow at a CAGR by volume of over 5.56% during the period 2021–2027. The India crane market size by revenue is expected to reach USD 1.3 billion by 2027. Indian government has planned to invest in various projects such as "National Infrastructure Pipeline (NIP)", renewable energy, and transport development projects.



The economic package of USD 1.4 trillion is allocated for the redevelopment and skill development programs in 2021-2022. The Government's stronger emission control policy, shift to prefabricated construction and rise in capital expenditure in the infrastructure industry are likely to drive the Indian crane market during the forecast period. By switching to intelligent systems driven by IoT and data analysis for service, networking and sustainability, the crane market is transitioning to a more innovative industry providing significant growth opportunities for OEMs in the market.

India Crane Market – Segmentation

- The market for mobile cranes is mostly driven by high-end urban and infrastructural development projects. Mobile cranes are a desirable addition to many projects because of their capacity to maneuver job sites and hoist high loads. In addition, there is a lot of continuing building work in many small and big towns around India, which helps to support the market. Purchases by rental companies also contributed to the market expansion.
- The construction segment accounted for over 55% of the overall Indian crane market in 2020. The civil engineering sector in India is continually developing. The market is being boosted by the Smart India initiative.
- The less than 20 tons category of cranes is largely used for landscaping, excavating, demolishing, disaster management, and material handling in cities and farms. Therefore, construction projects will drive up the demand for these cranes. The less than 20 tons crane-lifting capacity market in India is expected to reach USD 548.8 million by 2027.

• MATERIAL HANDLING

The severe growth in sectors such as retail, e-commerce, manufacturing, warehousing and logistics has boosted the development in the demand for forklifts in MHE. Forklifts have a major role in trades to handle tools movement from one place to another. From a category outlook, the whole range of forklifts can be segmented by 3 classes i.e. Light duty, Medium duty, and Heavy duty. Light-duty forklifts are leading sales volumes in India as there have been numerous SME firms operating in the nation. However, a trend of medium-duty forklifts is expected to be seen during the forecast period.

New developing product types of electric forklifts are attaining thrust in the country. Electric forklifts are now offered with many extraordinary attachments for precise applications with a lesser cost of ownership. Consumers have started choosing electric forklifts over diesel forklifts.

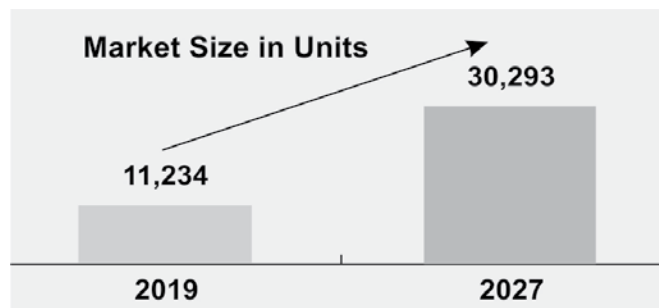
The rising pull of the forklift market has drawn the attention from a lot of Multinational Corporation. Most of these firms are watching to enter the Indian market over partnerships, M&A, strategic alliances etc. An expansion is sure to happen in the segment & that will be a win-win for the application industry sector as the application industry will get to understand inventions in new product launches.

Also, demand for forklifts from the rental segment has been rising at a fast pace. The development of the rental segment has been more hostile than it had been the last few years back. Earlier, the rental segment was restricted with small rental firms which were domestic. Their fleet was applied to create a provisional plan to meet maximum loads & stop-gap preparations to meet the delivery program until the acquired equipment could be organized. But now, the situation is changing owing to OEMs offering whole solutions to the industry, with rental services.

Forklifts of Medium capacity are the key selling sector & donate to almost 85 % of the entire necessities. Though

this sector will endure to be the key development driver, a substantial growth in heavy-duty forklifts sector is expected, owing to a rise in import/export actions & exponential development in ICDs.

The Indian forklift Market is expected to grow from 11234 units in 2019 to 30293 units in 2027 at a CAGR of 13.2 % during the forecast period.



Sources: <https://www.maximizemarketresearch.com/market-report/india-forklift-market/29716/>

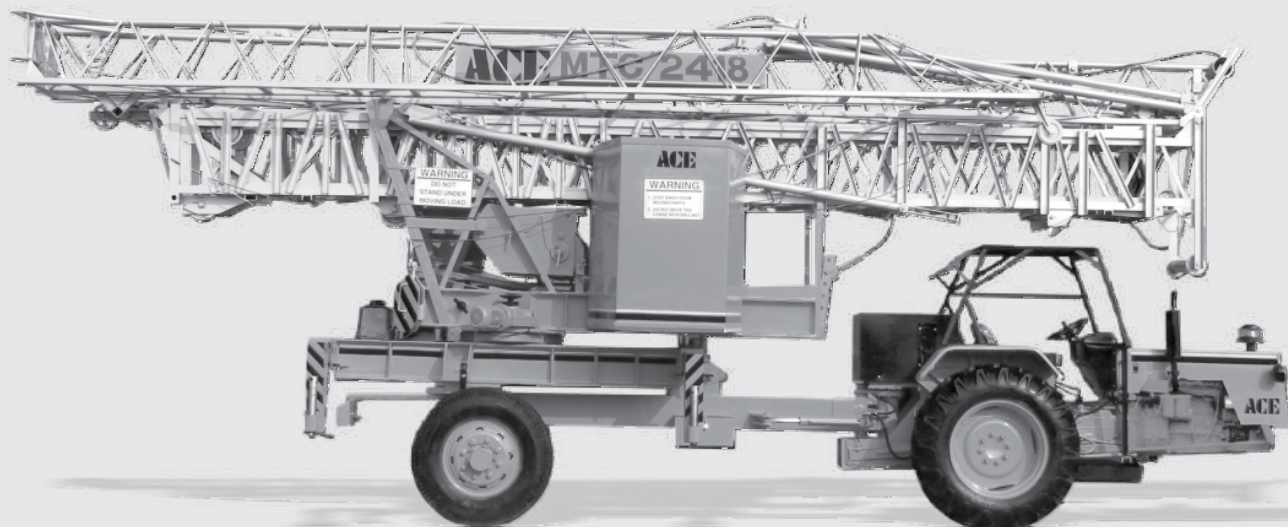
❖ AGRICULTURE EQUIPMENT

Over the last few years, there has been considerable progress in agriculture mechanization. A significant proportion of farmers in the country have already started moving from using animate sources to mechanical equipment to power their farming activities. Mechanical equipment for various farm operations like tillage, sowing, irrigation, plant protection and threshing, etc., are generally being used by the farming community. As a result of increasing farm mechanization trends, the agricultural equipment market has witnessed strong growth in the past few years. This market is currently being driven by a number of factors such as easy availability of credit, government incentives, increasing agricultural productivity, emergence of contract farming, increasing rural incomes, etc.

Indian Agricultural Equipment Market Drivers:

- **Labour Shortage**: Labour shortage has been a major reason that has driven farmers towards farm mechanization. For instance, the National Rural Employment Guarantee Agency (NREGA) has had in many places a ripple effect- labour shortage leading to farm mechanization. As a result, the demand for farm machines in these states has witnessed a significant increase.
- **Ease of Financing**: In recent years, a number of banks and microfinance institutions have been set all across rural India. This has provided farmers an easy availability of credit to purchase farm machinery.
- **Government Incentives**: Incentives in the form of subsidies, low import duties on agricultural machinery and easy financing schemes by the Indian government have also been a major driver of the farm equipment market in India.





- **Rising incomes** : As a result of strong economic growth and agricultural productivity, the income levels of rural households have been continuously increasing over the last few years. Rising incomes have enabled farmers to significantly increase their spending on agriculture mechanization.
- **Large Untapped Market** : Despite strong growth in recent years, the penetration of tractors and a number of related equipment still remains relatively low. This is expected to leave a lot of room for future growth.
- **Emergence of Contract Farming** : The emergence of contract farming is also expected to give a strong boost to the agricultural equipment market in India. We expect contract farming to enable farmers to get the benefit of technology, training and financing with the contractor's support. This is expected to facilitate the adoption of mechanized farming practices.

The Indian agricultural equipment market reached a value of INR 926 Billion in 2021. Looking forward, IMARC Group expects the market to reach INR 1,689 Billion by 2027, exhibiting a CAGR of 10.6% during 2022-2027.

Sources: <https://www.imarcgroup.com/farm-agricultural-equipments-industry-india>.

❖ OUTLOOK

• INFRASTRUCTURE

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads, and urban infrastructure development.

The infrastructure sector has become the biggest focus area for the Government of India. India plans to spend US\$ 1.4 trillion on infrastructure during 2019-23 to have a sustainable development of the country. The Government has suggested an investment of ₹ 5,000,000 crore (US\$ 750 billion) for railways infrastructure from 2018-30.

India and Japan have joined hands for infrastructure development in India's Northeast states and are also setting up an India-Japan Coordination Forum for Development of Northeast to undertake strategic infrastructure projects for the region.

Some of the recent Government initiatives are as follows:

1. The initiative 'Infrastructure for Resilient Island States' (launched in November 2021) will give India a huge opportunity to contribute to the betterment of other vulnerable countries in the world.
2. As a part of the Gati Shakti National Master Plan, the government is planning to launch geospatial digital platform to facilitate planning and monitoring of projects

