Press Release

February 4, 2011

CARE ASSIGNS PR1+ RATING TO THE PROPOSED COMMERCIAL PAPER ISSUE OF ACTION CONSTRUCTION EQUIPMENT LTD

Instrument	Amount (Rs. cr)	Ratings[1]	Remarks
Commercial Paper Issue*	30	'PR1+' [PR One Plus]	Assigned

***Carved out of sanctioned working capital limits**

Rating Rationale

The rating factors in ACE's dominant position in the 'pick and carry' crane segment, its pan Indian presence through wide distribution network, diversified customer base and track record of profitable operations. The rating also draws strength from favourable capital structure and healthy liquidity scenario backed by comfortable cash balances. These rating strengths far outweigh ACE's moderate profitability margins coupled with significant dependence on the prospects of infrastructure sector and cyclicality inherent in the construction business.

Going forward, ability of the company to improve profitability margins and maintain low debt level while controlling its operating cycle shall be key rating sensitivities.

Company Profile

Action Construction Equipment Ltd (ACE), incorporated on January 13, 1995 is engaged in manufacturing of cranes, material handling/construction equipments and tractors. It has four manufacturing facilities in Ballabhgarh (Faridabad), Dudholla (Faridabad) and Kashipur (Uttaranchal). It has pan India network of 85 sales & service dealer outlets and offices which provide pre-sales and after sales service. ACE serves around 9000 companies and has an established client base.

During FY10 (A), the company had registered an income of Rs.434cr with a PBDILT and PAT of Rs.42cr and Rs.24cr respectively.

During H1FY11 (UA), ACE has posted an income of Rs.285cr with PBDILT and PAT of Rs.25cr and Rs.17cr respectively.

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[1] *Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications.*

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