ACTION CONSTRUCTION EQUIPMENT LIMITED

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COURT CONVENED MEETING OF THE UNSECURED CREDITORS (OF THE VALUE OF RS. 1 LAC AND ABOVE)

Day	**SATURDAY**
Date	**JULY 04, 2015**
Time	**01:00 P.M.**
Venue	**ARAVALI GOLF CLUB, NEW INDUSTRIAL TOWNSHIP (NIT), FARIDABAD, HARYANA-121001**

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IN THE HIGH COURT for the states of PUNJAB AND HARYANA AT CHANDIGARH
(ORDINARY ORIGINAL COMPANY JURISDICTION)
COMPANY PETITION NO. 61 OF 2015

IN THE MATTER OF:

The Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force

AND

IN THE MATTER OF:

SECTIONS 391 TO 394 AND OTHER APPLICABLE PROVISONS OF THE COMPANIES ACT, 1956 including any statutory modifications or re-enactments thereof for the time being in force

AND

IN THE MATTER OF

THE SCHEME OF AMALGAMATION OF:

ACE TC RENTALS PRIVATE LIMITED having its registered office at Jajru Road, 25 Mile Stone, Delhi Mathura Road, Ballabgarh-121004, Haryana through its authorized representative Mr. Rajan Luthra

...TRANSFEROR COMPANY / PETITIONER COMPANY NO. 1

WITH

ACTION CONSTRUCTION EQUIPMENT LIMITED having its registered office at Dudhola Link Road, Dudhola, District, Palwal, Haryana-121102 through its authorized representative Mr. Rajan Luthra

....TRANSFEREE COMPANY /PETITIONER COMPANY NO. 2

NOTICE CONVENING MEETING OF THE UNSECURED CREDITORS (OF THE VALUE OF RS. 1 LAC AND ABOVE) OF ACTION CONSTRUCTION EQUIPMENT LIMITED

To

The Unsecured Creditors (of the Value of Rs 1 lac and above) of Action Construction Equipment Limited (the "Petitioner Company No. 2")

TAKE NOTICE that by an order made on May 5, 2015, the Hon'ble High Court for the States of Punjab & Haryana at Chandigarh (the "Order"), has directed that a meeting of the Unsecured Creditors of the value of Rs 1 lac and above of the Petitioner Company No. 2 be held at Aravali Golf Club, New Industrial Township (NIT), Faridabad, Haryana 121001 on Saturday, the July 04, 2015 at 1 P.M. for the purpose of considering, and if thought fit, approving, with or without modification(s), the following resolution relating to the proposed Scheme of Amalgamation between ACE TC Rentals Private Limited (the "Transferor Company") and the Petitioner Company No. 2 (which is the transferee company) and their respective shareholders and creditors (the "Scheme").

"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/or under the corresponding provisions of the Companies Act, 2013, the rules, circulars and notifications thereunder (including any statutory modification or re-enactment thereof) as may be applicable and relevant provisions of applicable laws, and subject to the approval of the Hon'ble High Court for the States of Punjab & Haryana at Chandigarh, the Scheme of Amalgamation (the "Scheme"), between ACE TC Rentals Private Limited (the "Transferor Company") and Action Construction Equipment Limited (the "Transferee Company") and their respective shareholders and creditors, for the Transferor Company to be amalgamated with the Transferee Company, be and is hereby approved and agreed to, with/without any modifications and/or conditions, if any, which may be required and/or imposed by the Hon'ble High Court for the States of Punjab & Haryana at Chandigarh while sanctioning the Scheme, or by any other authorities under applicable law.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the Transferee Company (herein referred to as the "Board", which term shall be deemed to include any committee or any person(s) which the Board may constitute or nominate to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, or to carry out such modifications/directions as may be required and/or imposed by the Hon'ble High Court of while sanctioning the Scheme, or by any other authorities under applicable law."

TAKE FURTHER NOTICE that in pursuance of the said Order, a meeting of the Unsecured Creditors (of the value of Rs 1 lac and above) of the Petitioner Company No. 2 will be held at Aravali Golf Club, New Industrial Township (NIT), Faridabad, Haryana-121001 on Saturday, the July 04, 2015 at 1:00 P.M. which you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised signatory, is deposited at the registered office of the Petitioner Company No. 2, at Dudhola Link Road, Dudhola, District, Palwal, Haryana-121102 not later than 48 (forty eight) hours before the meeting.

The Hon'ble High Court for the States of Punjab & Haryana at Chandigarh has appointed Mr. Raman Walia, Advocate as Chiarman and Mr. Kartik Gupta, Advocate as Co-Chairman of the said meeting.

A copy of each of the Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956 read with Section 102 of the Companies Act, 2013, the other enclosures as indicated hereinabove, the Form of Proxy and Attendance Slip is enclosed.

Dated this 25th day of May 2015.

Sd/-
Raman Walia
Advocate
Chairman appointed for the meeting

Notes:

1. Only Unsecured Creditors having claim of Rs 1 lac and above of the Petitioner Company No. 2 may attend and vote (either in person or by proxy) at the said unsecured creditors meeting. A unsecured creditor of the Petitioner Company No. 2 entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a unsecured creditor of the Petitioner Company No. 2.
2. The authorized representative of a body corporate which is a Unsecured Creditor of the Petitioner Company No. 2 may attend and vote at the meeting, provided a certified copy of the resolution of the board of directors or other governing body of the body corporate authorizing such representative to attend and vote at the meeting on behalf of such body corporate is deposited at the registered office of the Petitioner Company No. 2 not later than 48 (forty eight) hours before the meeting.
3. All alterations made in the form of proxy should be initialed.
4. An Unsecured Creditor or his proxy is requested to bring a copy of the notice to the meeting, and produce at the entrance of the meeting venue, the attendance slip duly completed and signed.

IN THE HIGH COURT for the states of PUNJAB AND HARYANA AT CHANDIGARH
(ORDINARY ORIGINAL COMPANY JURISDICTION)
COMPANY PETITION NO. 61 OF 2015

IN THE MATTEROF:

The Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force

AND

IN THE MATTER OF:

SECTIONS 391 TO 394 AND OTHER APPLICABLE PROVISONS OF THE COMPANIES ACT, 1956 including any statutory modifications or re-enactments thereof for the time being in force

AND

In the matter of

THE SCHEME OF AMALGAMATION OF:

ACE TC RENTALS PRIVATE LIMITED having its registered office at Jajru Road, 25 Mile Stone, Delhi Mathura Road, Ballabgarh-121004, Haryana through its authorized representative Mr. Rajan Luthra

...TRANSFEROR COMPANY / PETITIONER COMPANY NO. 1

WITH

ACTION CONSTRUCTION EQUIPMENT LIMITED having its registered office at Dudhola Link Road, Dudhola, District, Palwal, Haryana-121102 through its authorized representative Mr. Rajan Luthra

...TRANSFEREE COMPANY /PETITIONER COMPANY NO. 2

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE OF THE COURT CONVENED MEETING OF THE UNSECURED CREDITORS (OF THE VALUE OF RS 1 LAC AND ABOVE) OF ACTION CONSTRUCTION EQUIPMENT LIMITED,

1. Pursuant to an order dated May 05, 2015, passed by the Hon'ble High Court for the States of Punjab & Haryana at Chandigarh, in Company Petition No. 61 of 2015 (the "Order"), a meeting ("Court Convened Meeting") of the Unsecured Creditors (of the value of Rs 1 lac and above) of Action Construction Equipment Limited (the "Transferee Company", which is the Petitioner Company No. 2 herein) is being convened at Aravali Golf Club, New Industrial Township (NIT), Faridabad, Haryana 121001 on Saturday the July 04, 2015 at 1 P.M. for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme of Amalgamation between the ACE TC Rentals Private Limited (the "Transferor Company") and the Transferee Company and their respective shareholders and creditors (the "Scheme") for the amalgamation of the Transferor Company into the Transferee Company. A copy of the Scheme, setting out the terms and conditions on which the amalgamation is proposed, which has been approved by the Board of Directors of the Transferee Company at its meeting held on February 5, 2015, is enclosed as **Annexure-1** to this Explanatory Statement which is an annexure to the notice convening the meeting.

2. In terms of the said Order, the quorum for the Court Convened Meeting shall be 2 Unsecured Creditors (of the value of Rs 1 lac and above) of the Transferee Company present in person. Further in terms of the said Order, the Hon'ble High Court for the States of Punjab & Haryana at Chandigarh has appointed Mr. Raman Walia as Chairman and Mr. Kartik Gupta as Co-Chairman for the purposes of the Court Convened Meeting.

3. This explanatory statement explaining the terms of the Scheme is being furnished as required under Section 393 of the Companies Act, 1956 (the "Act"), read with Section 102 of the Companies Act, 2013.

4. In accordance with the provisions of Section 391 of the Companies Act, 1956 and the Court order dated May 5, 2015, the Scheme shall be acted upon only if a majority in number representing minimum 75% in value of the Unsecured Creditors (of the value of Rs 1 lac and above) of the Transferee Company, present and voting **at the Court Convened Meeting**, in person or by proxy, approve the Scheme.

Particulars of the Transferee Company

5. The Transferee Company, namely Action Construction Equipment Limited, having CIN L74899HR1995PLC053860 was incorporated on January 13, 1995 within the meaning of the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi & Haryana, under the name and style of Action Construction Equipments Private Limited. The name of the Company was changed to Action Construction Equipments Limited w.e.f. October 04, 2005. Further the name of the company was changed to its present name Action Construction Equipment Limited w.e.f. March 23, 2006.

6. The equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited.

7. The Transferee Company is presently engaged in the business of material handling and manufacturing of construction equipment having significant market share in mobile cranes segment. The company also deals in mobile/ fixed tower cranes, loaders, vibratory rollers, truck mounted cranes, crawler cranes, forklifts, tractor and other construction equipment.

8. The registered office of the Transferee Company/Petitioner Company No 2 is presently situated at Dudhola Link Road, Dudhola, Palwal, Haryana-121102.

9. The authorized, issued, subscribed and paid-up share capital of the Transferee Company as on May 08, 2015 * is as under:

PARTICULARS	AMOUNT (Rs)
AUTHORISED CAPITAL	
10,00,00,000 Equity Shares of Rs 2/- each	**20,00,00,000.00**
3,02,50,000 8% Redeemable Cumulative Preference Shares of Rs. 10/- each	**30,25,00,000.00**
Total	**50,25,00,000.00**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
9,89,40,000 Equity Shares of Rs 2/- each	**19,78,80,000.00**

* Members of the Transferee Company have approved the increase of authorized share capital on May 08, 2015 and the same will be effective subject to applicable regulatory compliances including filing of returns with the Registrar of Companies.

However, till the increase in the authorised share capital as approved by the members on May 08, 2015 becomes effective the authorized, issued and paid-up share capital of the Transferee Company is as under:

PARTICULARS	AMOUNT (Rs)
AUTHORISED CAPITAL	
12,25,00,000 Equity Shares of Rs 2/- each	**24,50,00,000.00**
Total	**24,50,00,000.00**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
9,89,40,000 Equity Shares of Rs 2/- each	**19,78,80,000.00**

Subsequent to May 08, 2015 there has been no change in the share capital of the Transferee Company.

Particulars of the Transferor Company

10. The Transferor Company, having CIN U45500HR2006PTC053861, was incorporated on December 11, 2006 within the meaning of the Companies Act, 1956 with the Registrar of Companies, Delhi & Haryana, New Delhi under the name and style of 'ACE TC RENTALS PRIVATE LIMITED. The equity shares of the Transferor Company are not listed.

11. The Transferor Company has its registered office at Jajru Road, 25th Mile Stone, Delhi Mathura Road, Ballabgarh-121004, Haryana.

12. The Transferor Company is presently engaged in the business of renting, leasing, letting and dealing in all types of cranes and construction equipment, material handling and earthmoving equipment, loaders, vibratory rollers, truck mounted cranes, crawler cranes, forklifts other construction equipment.

13. The authorized, issued, subscribed and paid-up share capital of the Transferor Company as on May 08, 2015 is as follows:

PARTICULARS	AMOUNT (Rs)
AUTHORISED CAPITAL	
50,00,000 Equity Shares of Rs 10/- each	**5,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
30,00,000 Equity Shares of Rs 10/- each	**3,00,00,000**

Subsequent to May 08, 2015 there has been no change in the share capital of the Transferor Company.

13. The authorized, issued, subscribed and paid-up share capital of the Transferor Company as on May 8, 2015 is as follows:

14. Description and Rationale for the Scheme

The Scheme provides for the amalgamation of the Transferor Company with the Transferee Company pursuant to Sections 391 to 394 and other relevant provisions of the Act and any amendments thereto or replacements thereof, as applicable. The Scheme proposes the transfer and vesting of the whole of the undertaking and entire business of the Transferor Company with the Transferee Company and consequent issue of new equity shares and NCPS by the Transferee Company to the equity

shareholders of the Transferor Company, and matters incidental and consequential thereto. Upon the coming into effect of the Scheme, the Transferor Company shall stand dissolved without winding up, and the board of directors of the Transferor Company and any committees thereof, shall, without any further act, instrument or deed, stand dissolved.

15. The amalgamation of the Transferor Company with the Transferee Company would inter alia result in the following benefits:

Both the companies are in similar line of business and consolidation is expected to bring strengths that each company may not necessarily possess individually. In order to optimally utilize the available resources and to achieve synergies in the combined business entity, the Board of Directors of the Transferor Company and the Transferee Company decided to amalgamate the Transferor Company into the Transferee Company. The amalgamation will result in better, efficient and economical management, achieve cost savings, pooling of resources, reduction in administrative and operational expenses and greater control. Without prejudice to the generality of the above, the proposed amalgamation is expected to achieve the following objectives in particular:

(a) To economize on administrative and other expenses;

(b) To increase the efficiency of combined business by pooling of resources and their optimum utilization, thereby availing synergies from combined resources;

(c) The Transferee Company would have diversified product portfolio and merger would facilitate expansion of business offerings;

(d) Improve management focus to respective businesses and facilitate the unified control over operations;

(e) Leverage the operational, capital and corporate synergies and help optimal utilization of resources viz business promotion, managerial pool, etc.;

(f) Reduce overheads, administrative, managerial and other expenditure; and

(g) Facilitate greater integration and provide greater financial strength and stronger balance sheet of the amalgamated entity, which would result in maximizing overall shareholder value and will improve the competitive position of the combined entity.

Salient Features of the Scheme

16. The salient features of the Scheme are as follows:

Definitions

(i) Part- I of the Scheme inter-alia envisages definitions in the following manner:

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings given below:

(a) "**Act**" or **"the Act"** means the Companies Act, 1956 and/or the Companies Act, 2013 (as the context may require) or any statutory amendments thereto or re-enactment thereof for the time being in force;

(b) "Appointed Date" for the purposes of this Scheme means April 01, 2014, or such other date as the Hon'ble High Court may direct;

(c) "Board" or **"Board of Directors"** means the board of directors of the Transferor Company or the Transferee Company, as the case may be, and shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the Board of Directors or such committee of directors;

(d) "Effective Date" shall mean the last of the dates on which the conditions referred to in Clause 18 of the Scheme have been fulfilled. References in this Scheme to the date of the "coming into effect of this Scheme" or "effectiveness of this Scheme" shall mean the Effective date;

(e) "**High Court**" means the Honorable High Court for the States of Punjab and Haryana at Chandigarh having jurisdiction in respect to the Transferor Company and the Transferee Company and shall include National Company Law Tribunal or any other appropriate forum or authority or Court empowered to approve the Scheme as per the law for the time being in force.

(f) "Transferee Company" means Action Construction Equipment Limited, a listed public limited company incorporated under the Act and presently having its registered office at Dudhola Link Road, Dudhola, Distt, Palwal, Haryana – 121102.;

(g) "**Transferor Company**" means ACE TC Rentals Private Limited, a private company incorporated under the provisions of the Act and having its registered office at Jajru Road, 25 Mile Stone, Delhi Mathura Road, Ballabhgarh - 121004, Haryana.

Further, under the Scheme "ATCPL" means Transferor Company and "ACEL" means Transferee Company. All other terms not defined in the explanatory statement shall be as per the Scheme.

Operation of the Scheme

The Scheme shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

Transfer and Vesting of Undertaking

(i) Part- III of the Scheme envisages the transfer and vesting of the Merged Undertaking of the Transferor Company to the Transferee Company in the following manner:

(a) With effect from the Appointed Date, the whole of the Merged Undertaking, comprising inter-alia all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in ACEL as a going concern so as to become as and from the Appointed Date the assets and liabilities of ACEL and to vest in ACEL all the rights, title, interest or obligations of ATCPL therein. With effect from the Effective Date, the Transferee Company shall be liable for ground rent and municipal taxes in relation to such properties subject to such taxes, if any. The mutation of title to the immovable properties shall be made and duly recorded by appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective in accordance with terms hereof in favour of the Transferee Company.

(b) All assets acquired by ATCPL after the Appointed Date and prior to the Effective Date shall also stand transferred to and vested in ACEL upon the coming into effect of the Scheme. Where any of the assets of ATCPL as on the Appointed Date deemed to be transferred to ACEL have been sold or transferred by ATCPL after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of ACEL. As regards transfer of specified movable assets, Clauses 4.3 and 4.4 below provide for the physical mode of effecting transfer.

(c) With effect from the Appointed Date, all debts payable, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of Merged Undertaking/ ATCPL shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to ACEL so as to become as and from the Appointed Date the debts payable, liabilities, contingent liabilities, duties and obligations of ACEL.

(ii) Part III of the Scheme also provides for the conduct of the businesses of the Transferor Company with effect from the Appointed Date up to and including the Effective Date:

(a) Conduct of Business: With effect from the date of approval of the Scheme by the Board of Directors of ATCPL and upto the Effective Date:

i. ATCPL shall carry on its business with reasonable diligence and in the same manner as it had been doing it theretofore.

ii. ATCPL shall not alter or substantially expand the business except with the written concurrence of the Transferee Company.

(b) Contract and deeds: Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, memorandum of understanding, insurance policies, licenses, leases, (including all tenancies, leases, licenses and other assurances in favour of the Transferor Company or powers or authorities granted by or to it),hire-purchase arrangements and other instruments, if any, of whatsoever nature to which the Transferor Company is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto

(c) Legal Proceedings: All legal proceedings of whatsoever nature by or against the Transferor Company pending and/ or arising at the Appointed Date and relating to the Transferor Company or its properties, assets, debts, rights, liabilities, duties and obligations referred to in Clause 2.1 (f), shall be continued and/ or enforced until the Effective Date as desired by the Transferee Company and as and from the Effective Date shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in its name in relation to the Transferor Company in the same manner and to the same extent as would or might have been initiated by the Transferor Company.

(d) Employees: On the coming into effect of the Scheme, all staff and employees of ATCPL in service on such date shall be deemed to have become staff and employees of ACEL without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with ACEL shall not be less favourable than those applicable to them with reference to ATCPL on the Effective Date.

(e) Employee Benefits: Upon the Scheme coming into effect, all staff welfare schemes including the existing Provident Fund, Gratuity Fund and/ or schemes and trusts, including employee's welfare trust, created by ATCPL for its employees shall be transferred to ACEL. ATCPL shall take all steps necessary for the transfer, where applicable, of the Provident Fund, Gratuity Fund and/ or schemes and trusts, including employee's welfare trust, pursuant to the Scheme, to ACEL. All obligations of ATCPL with regard to the said Fund or Funds as defined in the respective trust deed and rules shall be taken over by ACEL from the Effective Date to the end and intent that all rights, duties, powers and obligations of ATCPL in relation to such Fund or Funds shall become those of ACEL and all the rights, duties and benefits of the employees employed in ATCPL under such Funds and Trusts shall be fully protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of ATCPL will be treated as having been continuous for the purpose of the said Fund or Funds.

(f) Treatment of Taxes The Tax Deducted at Source (TDS)/advance tax including MAT credit entitlement, provision for income tax, if any, paid by the Transferor Company under the Income Tax Act, 1961 or any other statute in respect of income of the

Transferor Company assessable for the period commencing from Appointed Date shall be deemed to be the tax deducted from/advance tax paid by the Transferee Company and credit for such TDS/advance tax (including MAT credit) shall be allowed to the Transferee Company notwithstanding that certificates or challans for TDS/advance tax/ MAT are in the name of the Transferor Company and not in the name of the Transferee Company. The income tax, if any, paid by the Transferor Company on or after the Appointed Date, in respect of income assessable from that date, shall be deemed to have been paid by or for the benefit of the Transferee Company. The Transferee Company shall, after the Effective Date, be entitled to file the relevant returns with the authorities concerned for the period after the Appointed Date notwithstanding that the period for filing such return may have elapsed. Further, the Transferee Company shall, after the Effective Date, be entitled to revise the relevant returns, if any, filed by the Transferor Company for any year, if so necessitated or consequent to this Scheme becoming effective; notwithstanding that the time prescribed for such revision may have elapsed.

Issue of New Equity Shares by Transferee Company

(iv) Part III of the Scheme provides for the issue of equity shares by the Transferee Company to the equity shareholders of the Transferor Company:

(A) Upon Scheme becoming effective and without any further application, act or deed, the Transferee Company, in consideration of the transfer and vesting of the Merged Undertaking (with all its assets, liabilities, rights and obligations) of the Transferor Company in the Transferee Company, the Transferee Company shall issue and allot on the proportionate basis to all the members of the Transferor Company as on the Record Date (**"Members"**), or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Transferor Company in the following manner:

(a) 1168 fully paid up equity shares of Rs. 2/- each of the Transferee Company for every 100 fully paid up equity shares of Rs.10/- each of the Transferor Company held by the Members whose names appear in the Register of Members of the Transferor Company (**"New Equity Shares"**) such that the equity shareholding of the Members in the Transferee Company is increased only upto five percent of the post issue paid-up equity share capital of the Transferee Company pursuant to the issue of New Equity Shares i.e. 18490500 New Equity Shares of Rs 2/- (Rupees Two only) each fully paid up of the Transferee Company shall be issued to all the Members in the same proportion as their shareholding in the Transferor Company; and

(b) 30219380 8%, Cumulative Non-Participating Redeemable Preference Shares of Rs 10/- (Rupees Ten only) each fully paid up of the Transferee Company be issued to all the Members whose names appear in the Register of Members of the Transferor Company (**"NCPS"**) in the same proportion as their shareholding in the Transferor Company. The detailed terms and conditions of the NCPS are specified in **Annexure-1** to the Scheme.

Accounting Treatment

Upon the Scheme becoming finally effective, the Transferee Company shall incorporate the assets and liabilities of the Transferor Company in accordance with the Accounting Standard-14 on 'Accounting for Amalgamations' – (wherein the accounting treatment in respect of assets, liabilities and reserves and surplus of the Transferor Company in the books of the Transferee Company will be governed by pooling of interest method) issued by the Institute of Chartered Accountants of India as also notified under the Companies Act, 1956 (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular No. 15/2013 dated September 13, 2013 issued by Ministry of Corporate Affairs) or any other appropriate authority under the Act and more particularly as specified hereunder:

a) Upon the Scheme becoming effective, ACEL shall record the Merged Undertaking vested in it pursuant to the Scheme, at their respective book values as appearing in the financial statements of ATCPL constituting Merged Undertaking at the close of business of the day immediately preceding the Appointed Date in accordance with the Accounting Standard-14 prescribed under section 133 of the Companies Act, 2013 any other applicable provisions of the Act.

b) To the extent that there are inter-corporate loans, investments or balances between and amongst ATCPL and ACEL, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of ACEL for the reduction of any assets or liabilities or other appropriate treatment, as the case may be. It is agreed by ATCPL and ACEL that all the requirements of the Act and any other applicable law with respect to such amounts shall be deemed to have been duly complied with.

c) In so far as the balances in "Reserves and Surplus" of ATCPL is concerned, ACEL shall record the balances, if any, in the Profit and Loss Account or any other reserves in the same form and at the same values as they appear in the financial statements of ATCPL at the close of business of the day immediately preceding the Appointed Date.

d) The aggregate of the excess of the value of the assets over the value of the liabilities of Merged Undertaking vested in ACEL pursuant to this Scheme including value of New Equity Shares and NCPS issued under the Scheme and as recorded in the books of accounts of ACEL, shall be adjusted to the Amalgamation Reserve Account of ACEL which shall be treated as free reserve and available for all purposes including issue of bonus shares and computation of net worth. In case of excess of the value of liabilities over value of assets transferred in the Scheme including value of New Equity Shares and NCPS issued under the Scheme the same shall be adjusted firstly against the Revaluation Reserves of ACEL and then against Securities Premium Account. The reduction of the Securities Premium Account,(if any) of the Transferee Company as per the terms of this Scheme, shall be deemed to be in compliance with Section 100 to 103 of Companies Act, 1956 (including the corresponding applicable provisions of the Companies Act, 2013) and the Transferee Company shall not be required to add "and reduced" as part of its name.

e) In case of any differences in accounting policy between ATCPL and ACEL, the impact of the same till the Appointed Date will be quantified and adjusted in the balance sheet of ACEL in accordance with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 or any other applicable provisions of the Act, to ensure that the financial statements of ACEL reflect the financial position on the basis of consistent accounting policy.

Dissolution of the Transferor Company, Validity of Existing Resolutions and Conditions

On the Scheme coming into effect, the Transferor Company shall, without any further act or deed, stand dissolved without the process of winding up.

The features set out above being only the salient features of the Scheme, the members are requested to read the entire text of the Scheme (annexed herewith as Annexure 1) to get fully acquainted with the provisions thereof and the rationale and objectives of the Scheme.

Approvals and Actions taken in relation to the Scheme

17. The proposal for the amalgamation of the Transferor Company into the Transferee Company in accordance with the Scheme was placed before the Audit Committee of the Board of Directors of the Transferee Company at its meeting held on February 05, 2015. The Audit Committee of the Board of Directors of the Transferee Company took into account the valuation report, dated 30.05.2014, issued by VGR & Co., Chartered Accountants, acting as independent valuers, to the respective Boards of Directors of the Transferor Company and the Transferee Company (the "Valuation Report"). The Valuation Report recommended that the share exchange ratio for the amalgamation of the Transferor Company into the Transferee Company pursuant to the Scheme should be 1168 equity shares of Rs 2 each of the Transferee Company for every 100 equity shares of Rs 10/- each of the Transferor Company (the **"Share Exchange Ratio"**).

    The Audit Committee of the Board of Directors of the Transferee Company also took into account the Fairness opinion, dated 06.06.2014, issued by Quintessence Enterprises Private Limited (the **"Quintessence Fairness Opinion"**), on the Share Exchange Ratio as set out in the Valuation Report. A copy of the Quintessence Fairness Opinion is enclosed as **Annexure 2**. On the basis of its evaluation and independent judgment, the Audit Committee has recommended the Scheme to the Board of Directors of the Transferee Company.

18. The Board of Directors of the Transferee Company, at their meeting dated February 05, 2015, took into account the recommendation of the Share Exchange Ratio as set out in the Valuation Report and the Quintessence Fairness Opinion and the independent recommendations of its Audit Committee.

19. On the basis of their own independent judgment, and having considering the aforementioned reports and opinions together with the benefits of the Scheme, the Board of Directors of the Transferee Company has, at its meeting held on February 5, 2015, come to the conclusion that the Share Exchange Ratio is fair and reasonable and, has approved the Scheme and the Share Exchange Ratio. Separately, the Board of Directors of the Transferee Company, at its meeting held on February 5, 2015, approved the Scheme.

20. The BSE Limited was appointed as the designated stock exchange by the Transferee Company for the purpose of coordinating with the SEBI, pursuant to the SEBI Circulars. The Transferee Company has received observation letters regarding the Scheme from BSE Limited on April 29, 2015 and from the National Stock Exchange of India Limited on April 28, 2015, pursuant to which each of the stock exchanges have respectively conveyed their no objection for filing the Scheme with the High Courts. Copies of the observation letters dated April 29, 2015 and April 28, 2015 are enclosed as **Annexure 3** and **Annexure 4** respectively**.**

21. The Scheme was filed by the Transferor Company and the Transferee Company with the High Court for the states of Punjab& Haryana at Chandigarh on April 30, 2015. The Hon'ble High Court on May 05, 2015 has dispensed with the requirement of convening meetings of the shareholders, secured creditors and the unsecured creditors of the Transferor Company and the Secured Creditors of the Transferee Company and directed convening of the meeting of the Equity Shareholders and the Unsecured Creditors of the value of Rs 1 lac and above of the Transferee Company to seek their approval to the Scheme.

22. As required by the SEBI Circular**s, the Trans**fer**ee Company** has filed the Complaints Report with BSE Limited and National Stock Exchange of India Limited on March 25, 2015. This report indicates that the Transferee Company received no complaints. A copy of the complaints report dated March 25, 2015 is enclosed as **Annexure 5**.

Other Matters

23. The financial position of the Transferee Company will not be adversely affected by the Scheme. The Transferee Company will be able to meet and pay its debts as and when they arise and become due. The rights and interests of the members and the creditors of the Transferor Company or the Transferee Company will not be prejudiced by the Scheme.

24. Pursuant to the Scheme, the equity shares and redeemable preference shares of the Transferee Company that are proposed to be issued to the equity shareholders of the Transferor Company, in the prescribed Share Exchange Ratio are to be listed on the same stock exchanges on which the equity shares of the Transferee Company are listed, i.e., BSE Limited and the National Stock Exchange of India Limited.

25. No investigation proceedings have been instituted or are pending in relation to the Transferee Company under Sections 235 to 251 of the Companies Act, 1956 or under the corresponding provisions under Sections 210 to 229 of the Companies Act, 2013. No winding up petitions have been admitted or filed against the Transferee Company. No proceedings are pending in relation to the Transferee Company.

26. The details of the present directors of the Transferor Company are as follows:

S. No.	Name of Director	DIN	Designation	Date of Birth	No. of Shares held in Transferor Company	No. of Shares held in Transferee Company
1.	Mr. Vijay Agarwal	00057634	Director	13/01/1949	1200000	33988707
2.	Mrs. Mona Agarwal	00057653	Director	18/11/1955	600000	26637807
3.	Mr. Sorab Agarwal	00057666	Director	27/02/1977	600000	3600150
4.	Mrs. Surbhi Garg	01558782	Director	11/01/1978	600000	3247168

27. The details of the present directors of the Transferee Company are as follows:

S. No.	Name of Director	DIN	Designation	Date of Birth	No. of Shares held in Transferor Company	No. of Shares held in Transferee Company
1.	Mr. Vijay Agarwal	00057634	Chairman & Managing Director	13/01/1949	1200000	33988707
2.	Mrs. Mona Agarwal	00057653	Whole-time Director	18/11/1955	600000	26637807
3.	Mr. Sorab Agarwal	00057666	Executive Director	27/02/1977	600000	3600150
4.	Mrs. Surbhi Garg	01558782	Executive Director	11/01/1978	600000	3247168
5.	Mr. Girish Narain Mehra (IAS Retired)	00059311	Independent Director	24/11/1932	Nil	20240
6.	Major General Dr. K. C. Agarwal	00098143	Independent Director	15/07/1941	Nil	Nil
7.	Mr. Subhash Chander Verma	00098019	Independent Director	13/04/1945	Nil	15000
8.	Dr. Amar Singhal	00035903	Independent Director	15/12/1953	Nil	214255

28. None of the Promoters (other than those listed below), Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules framed thereunder) of the Transferee Company and their respective Relatives (as defined under the Companies Act, 2013 and rules framed thereunder) have any interest in the Scheme, except as shareholders in general of the respective companies, the extent of which is as stated below:

S. No.	Names	Shareholding in Transferor Company as on May 05, 2015	Shareholding in Transferee Company as on May 05, 2015
	Promoters of the Transferee Company		
1.	Mr. Vijay Agarwal	1200000	33988707
2.	Mrs. Mona Agarwal	600000	26637807
3.	Mr. Sorab Agarwal	600000	3600150
4.	Mrs. Surbhi Garg	600000	3247168
	Directors of the Transferee Company		
5.	Mr. Girish Narain Mehra (IAS Retired)	Nil	20240
6.	Major General Dr. K. C. Agarwal	Nil	Nil
7.	Mr. Subhash Chander Verma	Nil	15000
8.	Dr. Amar Singhal	Nil	214255
	Key Managerial Personnel (KMP) of the Transferee Company		
9.	Mr. Rajan Luthra, CFO	Nil	3136
10.	Mr. R.S. Jhanwer, Head-Corporate Affairs & Company Secretary	Nil	Nil

29. None of the directors of the Transferor Company or the Transferee Company hold any loans in either Transferor Company or the Transferee Company as on date.

30. The pre-amalgamation shareholding pattern of the Transferor Company and the Transferee Company and the post-amalgamation shareholding pattern of the Transferee Company are as under:

Pre-amalgamation equity shareholding pattern of Transferor Company as on March 31, 2015:

S. No.	Category of Shareholder	Pre-Amalgamation as on 31.03.2015	
		Total Number of Shares	Percentage
(A)	**Promoter and Promoter Group**		
1.	Mr. Vijay Agarwal	12,00,000	40.00
2.	Mrs. Mona Agarwal	6,00,000	20.00
3.	Mr. Sorab Agarwal	6,00,000	20.00
4.	Mrs. Surbhi Garg	6,00,000	20.00
	Sub-Total (A)	30,00,000	100.00
(B)	**Public**	-	-
	Total (A+B)	**30,00,000**	**100.00**

Pre-amalgamation equity shareholding pattern of Transferee Company as on March 31, 2015 and post amalgamation (expected) equity and preference shareholding pattern (as submitted to BSE Limited and the National Stock Exchange of India Limited on April 10, 2015:

Particulars	Pre-Amalgamation as on 31.03.2015		Post-Amalgamation (expected) Equity Shares		Post-Amalgamation (expected) Preference Shares	
CATEGORY OF SHAREHOLDER	**Total Number of Shares**	**Percentage**	**Total Number of Shares**	**Percentage**	**Total Number of Shares**	**Percentage**
PROMOTER AND PROMOTER GROUP						
INDIAN						
Individual /HUF	67525117	68.2486	86015617	73.2481	30219380	100.0000
Central Government/State Government(s)	0	0.0000	0	0.0000	0	0.0000
Bodies Corporate	0	0.0000	0	0.0000	0	0.0000
Financial Institutions / Banks	0	0.0000	0	0.0000	0	0.0000
Others	0	0.0000	0	0.0000	0	0.0000
Sub-Total A(1) :	**67525117**	**68.2486**	**86015617**	**73.2481**	**30219380**	**100.0000**
FOREIGN						
Individuals (NRIs/Foreign Individuals)	0	0.0000	0	0.0000	0	0.0000
Bodies Corporate	0	0.0000	0	0.0000	0	0.0000
Institutions	0	0.0000	0	0.0000	0	0.0000
Qualified Foreign Investor	0	0.0000	0	0.0000	0	0.0000
Others	0	0.0000	0	0.0000	0	0.0000
Sub-Total A(2) :	**0**	**0.0000**	**0**	**0.0000**	**0**	**0.0000**
Total A=A(1)+A(2)	**67525117**	**68.2486**	**86015617**	**73.2481**	**30219380**	**100.0000**
PUBLIC SHAREHOLDING						
INSTITUTIONS						
Mutual Funds /UTI	3147837	3.1816	3147837	2.6806	0	0.0000
Financial Institutions /Banks	72111	0.0729	72111	0.0614	0	0.0000
Central Government / State Government(s)	0	0.0000	0	0.0000	0	0.0000
Venture Capital Funds	0	0.0000	0	0.0000	0	0.0000
Insurance Companies	0	0.0000	0	0.0000	0	0.0000
Foreign Institutional Investors	400000	0.4043	400000	0.3406	0	0.0000
Foreign Venture Capital Investors	0	0.0000	0	0.0000	0	0.0000
Qualified Foreign Investor	0	0.0000	0	0.0000	0	0.0000
Others	0	0.0000	0	0.0000	0	0.0000
Sub-Total B(1) :	**3619948**	**3.6587**	**3619948**	**3.0826**	**0**	**0.0000**

NON-INSTITUTIONS						
Bodies Corporate	6958118	7.0327	6958118	5.9253	0	0.0000
Individuals						
(i) Individuals holding nominal share capital upto Rs.1 lakh	15289603	15.4534	15289603	13.0201	0	0.0000
(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	4721575	4.7722	4721575	4.0207	0	0.0000
Others						
NON RESIDENT INDIANS	651633	0.6586	651633	0.5549	0	0.0000
CLEARING MEMBERS	170506	0.1723	170506	0.1452	0	0.0000
TRUSTS	3500	0.0035	3500	0.0030	0	0.0000
Qualified Foreign Investor	0	0.0000	0	0.0000	0	0.0000
Sub-Total B(2) :	**27794935**	**28.0927**	**27794935**	**23.6693**	**0**	**0.0000**
Total B=B(1)+B(2) :	**31414883**	**31.7514**	**31414883**	**26.7519**	**0**	**0.0000**
Total (A+B) :	98940000	100.0000	117430500	100.0000	30219380	100.0000
Shares held by custodians, against which						
Depository Receipts have been issued						
Promoter and Promoter Group						
Public	0	0.0000	0	0.0000	0	0.0000
GRAND TOTAL (A+B+C) :	**98940000**	**100.0000**	**117430500**	**100.0000**	**30219380**	**100.00**

31. The pre and post amalgamation capital structure of the Transferee Company is as under:

PARTICULARS	**Pre Amalgamation (As on May 08, 2015)* AMOUNT (Rs)**	**PARTICULARS**	**Post Amalgamation (Expected) AMOUNT (Rs)**
AUTHORISED CAPITAL			
10,00,00,000 Equity Shares of Rs 2/- each	**20,00,00,000.00**	**12,50,00,000 Equity Shares of Rs 2/- each**	**25,00,00,000.00**
3,02,50,000 8% Redeemable Cumulative Preference Shares of Rs. 10/- each	**30,25,00,000.00**	**3,02,50,000 8% Redeemable Cumulative Preference Shares of Rs. 10/- each**	**30,25,00,000.00**
Total	**50,25,00,000.00**	**Total**	**55,25,00,000.00**
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
9,89,40,000 Equity Shares of Rs 2/- each	**19,78,80,000.00**	**11,74,30,500 Equity Shares of Rs 2/- each and 3,02,19,380 8% Cumulative Non Participating Redeemable Preference Shares of Rs 10/- each**	**23,48,61,000.00 30,21,93,800.00**
Total	**19,78,80,000.00**	**Total**	**53,70,54,800.00**

* Members of the Transferee Company have approved the increase of authorized share capital on May 08, 2015 and the same will be effective subject to applicable regulatory compliances including filing of returns with the Registrar of Companies, NCT of Delhi & Haryana.

32. The Transferee Company does not have debenture holders or public deposits.

Inspection Documents

33. The following documents will be open for inspection by the unsecured creditors of the Transferee Company at the registered office of the Transferee Company at Dudhola Link Road, Dudhola, District, Palwal, Haryana-121102 between 11.00 a.m. and 3.00 p.m. and the office of its advocates – M/s Veda Legal, Advocates & Solicitors, 24, DDA Flats, Panchsheel Park, New Delhi

-110017 on any working day, except Saturdays and Sundays, up to 1 (one) day prior to the date of the meeting:

(i) Certified copy of the order passed by the Hon'ble High Court for the States of Punjab & Haryana at Chandigarh in Company Petition No. 61 of 2015, dated May 5, 2015 directing the Transferee Company to convene the Court Convened Meeting;

(ii) Memorandum and Articles of Association of the Transferor Company and the Transferee Company;

(iii) Copies of the audited annual reports of the Transferor Company and the Transferee Company for the year ended March 31, 2014, March 31, 2013 and March 31, 2012;

(iv) Copies of the audited financials of the Transferor Company as at December 31, 2014;

(iv) Copies of the unaudited financial results and limited review reports of the Transferee Company for the quarter ended December 31, 2014;

(v) Copy of the valuation report recommending the fair exchange ratio, dated May 30, 2014, prepared by VGR & Co, Chartered Accountants and issued to the respective Boards of Directors of the Transferor Company and the Transferee Company;

(vi) Copy of the Fairness opinion, dated June 06, 2014, issued by Quintessence Enterprises Private Limited to the Board of Directors of the Transferee Company;

(vii) Copy of the complaints report, dated March 25, 2015 submitted by the Transferee Company to BSE Limited and the National Stock Exchange of India Limited;

(viii) Copy of the no-objection certificates issued by BSE Limited and National Stock Exchange of India Limited, dated April 29, 2015 and April 28, 2015 respectively, to the Transferee Company respectively;

(ix) Copy of the Scheme;

A copy of the Scheme, the Explanatory Statement and the Proxy Form may be obtained from the Registered Office of the Transferee Company during ordinary business hours on any working day (except Saturdays and Sundays) up to 1 (one) day prior to the date of the meeting.

Dated this 25th day of May, 2015

Sd/-
Raman Walia
Advocate
Chairman appointed for the meeting

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

Sd/-
R.S. Jhanwer
Head-Corporate Affairs & Company Secretary
M. No. 6846

Action Construction Equipment Limited
CIN: L74899HR1995PLC053860
Registered Office: Dudhola Link Road, Dudhola,
District. Palwal, Haryana-121102

Encl: As indicated herein above

Annexure - 1

SCHEME OF AMALGAMATION

BETWEEN

ACE TC RENTALS PRIVATE LIMITED

(Transferor Company)

AND

ACTION CONSTRUCTION EQUIPMENT LIMITED

(Transferee Company)

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 391-394 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1956 AND THE COMPANIES ACT, 2013

PART I – PREAMBLE, RATIONALE, DEFINITIONS & INTERPRETATION

1.1 PREAMBLE

1.1.1 This Scheme of Amalgamation (hereinafter referred to as the "**Scheme**") provides for the amalgamation of ACE TC Rentals Private Limited (hereinafter referred to as **"Transferor Company"** or **"ATCPL"**) with Action Construction Equipment Limited (hereinafter referred to as **"Transferee Company"** or **"ACEL"**). The Scheme is made pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 including the corresponding provisions of the Companies Act, 2013, if applicable or any statutory modifications or re-enactment thereof.

1.1.2 Action Construction Equipment Limited is a public limited company incorporated under the Companies Act, 1956 having CIN L74899HR1995PLC053860 is listed on BSE and NSE and is presently engaged in the business of material handling and manufacturing of construction equipment having significant market share in mobile cranes segment. The company also deals in mobile/ fixed tower cranes, loaders, vibratory rollers, truck mounted cranes, crawler cranes, forklifts, tractor and other construction equipment.

1.1.3 ACE TC Rentals Private Limited is a company incorporated under the Companies Act, 1956 having CIN U45500HR2006PTC053861 to carry on the business of renting, leasing, letting and dealing in all types of crannes and construction equipment, material handling and earthmoving equipment, loaders, vibratory rollers, truck mounted cranes, crawler cranes, forklifts other construction equipment.

1.1.4 This Scheme is divided into the following parts:

Part I : Preamble, Rationale, Definitions & Interpretation
Part II : Share Capital
Part III : Transfer and vesting of ATCPL into ACEL
Part IV : Other conditions applicable to the Scheme

1.2 RATIONALE OF THE SCHEME

Both the companies are in similar line of business and consolidation is expected to bring strengths that each company may not necessarily possess individually. In order to optimally utilize the available resources and to achieve synergies in the combined business entity, the Board of Directors of the Transferor Company and the Transferee Company decided to amalgamate the Transferor Company into the Transferee Company. The amalgamation will result in better, efficient and economical management, achieve cost savings, pooling of resources, reduction in administrative and operational expenses and greater control. Without prejudice to the generality of the above, the proposed amalgamation is expected to achieve the following objectives in particular:

(A) To economize on administrative and other expenses;

(B) To increase the efficiency of combined business by pooling of resources and their optimum utilization, thereby availing synergies from combined resources;

(C) The Transferee Company would have diversified product portfolio and merger would facilitate expansion of business offerings;

(D) Improve management focus to respective businesses and facilitate the unified control over operations;

(E) Leverage the operational, capital and corporate synergies and help optimal utilization of resources viz business promotion, managerial pool, etc.;

(F) Reduce overheads, administrative, managerial and other expenditure; and

(G) Facilitate greater integration and provide greater financial strength and stronger balance sheet of the amalgamated entity,

which would result in maximizing overall shareholder value and will improve the competitive position of the combined entity.

2. DEFINITIONS AND INTERPRETATION

2.1 In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings given below;

(a) "**Act**" or **"the Act"** means the Companies Act, 1956 and/or the Companies Act, 2013 (as the context may require) or any statutory amendments thereto or re-enactment thereof for the time being in force;

(b) "Appointed Date" for the purposes of this Scheme means April 1, 2014, or such other date as the Hon'ble High Court may direct;

(c) "Board" or **"Board of Directors"** means the board of directors of the Transferor Company or the Transferee Company, as the case may be, and shall, unless it is repugnant to the context or otherwise, include a committee of directors or any person authorized by the Board of Directors or such committee of directors;

(d) "Effective Date" shall mean the last of the dates on which the conditions referred to in Clause 18 of the Scheme have been fulfilled. References in this Scheme to the date of the "coming into effect of this Scheme" or "effectiveness of this Scheme" shall mean the Effective date;

(e) "**High Court**" means the Honorable High Court for the States of Punjab and Haryana at Chandigarh having jurisdiction in respect to the Transferor Company and the Transferee Company and shall include National Company Law Tribunal or any other appropriate forum or authority or Court empowered to approve the Scheme as per the law for the time being in force.

(f) "**Merged Undertaking**" shall mean and include the whole of the businesses and undertakings of ATCPL on a going concern basis, being carried on by ATCPL as on the Appointed Date and shall include (without limitation):

- all the properties and assets whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but without being limited to land and building, all fixed and movable plant & machinery, factory, sheds, offices, truck, car, tractor, forklift, all types of cranes, material handling equipments, earth moving equipments, construction equipment and machinery, bulldozers, all other kinds of machinery, equipments and spares, weight machine, leasehold or freehold, , including all computers and accessories, software and related data, leasehold improvements, capital work-in-progress, vehicles, furniture, fixtures, fittings, office equipment, telephone, facsimile and other communication facilities and equipments, electricals, appliances, accessories, deferred tax assets and investments;
- all liabilities, present and future, including the contingent liabilities;
- all rights and licenses including, all assignments and grants thereof, all permits, clearances and registrations whether under Central, State or other laws, rights (including rights/ obligations under any agreement, contracts, applications, letters of intent, or any other contracts), subsidies, grants, tax credits (including MODVAT/ CENVAT, Service Tax credits), incentives or schemes of central/ state/ local governments, certifications and approvals, regulatory approvals, entitlements, other licenses, environmental clearances, municipal permissions, approvals, consents, tenancies, investments and/ or interest (whether vested, contingent or otherwise), cash balances, bank balances, bank accounts, reserves, deposits, advances, recoverable, receivables, benefit of insurance claims, easements, advantages, financial assets, hire purchase and lease arrangements, assets or equipment rental agreements, the benefits of bank guarantees issued by ATCPL, funds belonging to or proposed to be utilised by ATCPL, privileges, all other claims, rights and benefits (including under any powers of attorney issued by ATCPL or any powers of attorney issued in favour of ATCPL or from or by virtue of any proceeding before a legal, quasi judicial authority or any other statutory authority to which ATCPL was a party), powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, water and other services, provisions, funds; benefits, duties and obligations of all agreements, contracts and arrangements and all other rights and interests;
- all employees on rolls of ATCPL on the date immediately preceding the Effective Date;
- all deposits and balances with Government, Semi-Government, local and other authorities and bodies, customers and other persons, share application money, earnest moneys and/ or security deposits paid or received by ATCPL;
- all books, records, files, papers, product specifications and process information, records of standard operating procedures, computer programs along with their licenses, manuals and backup copies, designs and drawings, other manuals, data catalogues, quotations, sales and advertising materials, and other data and records whether in physical or electronic form;
- all intellectual property rights including all trademarks, trademark applications, trade names, patents and patent applications and all other interests exclusively relating to ATCPL.

  It is intended that the definition of Merged Undertaking under this Clause would enable the transfer of entire business and undertakings including all properties, assets, rights, duties and liabilities of ATCPL into ACEL pursuant to this Scheme.

(g) **"Record Date"** means the date to be fixed by the Board of the Transferor Company in consultation with the Transferee Company, with reference to which the eligibility of the shareholders of the Transferor Company for the purposes of issue and allotment of New Equity Shares of the Transferee Company in terms of the Scheme shall be determined.

(h) **"Registrar of Companies"** means Registrar of Companies, NCT of Delhi and Haryana, having jurisdiction over the transferor and transferee companies.

(i) **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Amalgamation in its present form, with any amendment/modifications approved or imposed or directed by the Board and/or shareholders and/or creditors and/or by the High Court;

(j) **"Share Exchange Ratio"** means the ratio in which the New Equity Shares and NCPS of the Transferee Company are to be allotted to the equity shareholders of the Transferor Company by the Transferee Company as per Clause 5.1 of the Scheme.

(k) **"Stock Exchanges"** shall mean and include the Bombay Stock Exchange Limited ("BSE") and/or National Stock Exchange of India Limited ("NSE");

(l) **"Transferee Company"** means Action Construction Equipment Limited, a listed public limited company incorporated under the Act and presently having its registered office at Dudhola Link Road, Village Dudhola, Distt, Palwal, Haryana – 121102.;

(m) "**Transferor Company**" means ACE TC Rentals Private Limited, a private company incorporated under the provisions of the Act and having its registered office at Jajru Road, 25 Mile Stone, Delhi Mathura Road, Ballabhgarh - 121004, Haryana.

2.2 INTERPRETATION

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be including any statutory amendments thereto or re-enactment thereof. Reference to Companies Act, 1956 shall also mean corresponding provisions of Companies Act, 2013 as applicable.

2.3 COMPLIANCE WITH TAX LAWS

The Scheme proposes to meet the commercial and business interest of the parties as specified hereinbefore. This Scheme, in so far as it relates to the merger and has been also drawn-up to comply with the conditions relating to "Amalgamation" as specified under the tax laws, including section 2(1B), section 47 and section 72A (if applicable) and all other relevant Sections of the Income Tax Act, 1961 or any amendment or reenactment thereto. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect other parts of the Scheme, and the power to make any such amendments shall vest with the Board of Directors of ATCPL and ACEL.

PART II
SHARE CAPITAL

3. CAPITAL STRUCTURE

3.1 The position of the authorized, issued, subscribed and paid up capital of the Transferor Company and the Transferee Company as on March 31, 2014 is as follows:

Name of the Company	Authorized Share Capital	Issued Subscribed and Paid Up Capital
ACE TC Rentals Private Limited ("Transferor Company")	Rs.5,00,00,000/- (Rupees Five Crores only) consisting of 50,00,000 (Fifty Lakhs) equity shares of Rs. 10/- each.	Rs.3,00,00,000/- (Rupees Three Crores only) consisting of 30,00,000 (Thirty Lakhs) equity shares of Rs. 10/- each.
Action Construction Equipment Limited ("Transferee Company")	Rs.24,50,00,000/- (Rupees Twenty Four Crores Fifty Lakhs only) consisting of 12,25,00,000 (Twelve Crores Twenty Five Lakhs) equity shares of Rs. 2/- each.	Rs.19,78,80,000/- (Rupees Nineteen Crores Seventy Eight Lakhsand Eighty Thousand only) consisting of 9,89,40,000 (Nine Crores Eighty Nine Lakhs Forty Thousand) equity shares of Rs. 2/- each.

3.2 It is provided that till the Scheme becomes effective both the companies i.e. Transferor Company and the Transferee Company are free to alter their share capital as required by respective businesses subject to the necessary approvals from their respective Board of Directors and/or shareholders, if required.

PART III
TRANSFER AND VESTING OF ATCPL INTO ACEL

4. TRANSFER OF UNDERTAKING

4.1 With effect from the Appointed Date, the whole of the Merged Undertaking, comprising inter-alia all assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in ACEL as a going concern so as to become as and from the Appointed Date the assets and liabilities of ACEL and to vest in ACEL all the rights, title, interest or obligations of ATCPL therein. With effect from the Effective Date, the Transferee Company shall be liable for ground rent and municipal taxes in relation to such properties subject to such taxes, if any. The mutation of title to the immovable properties shall be made and duly recorded by appropriate authorities

pursuant to the sanction of the Scheme and upon the Scheme becoming effective in accordance with terms hereof in favour of the Transferee Company.

4.2 All assets acquired by ATCPL after the Appointed Date and prior to the Effective Date shall also stand transferred to and vested in ACEL upon the coming into effect of the Scheme. Where any of the assets of ATCPL as on the Appointed Date deemed to be transferred to ACEL have been sold or transferred by ATCPL after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of ACEL. As regards transfer of specified movable assets, Clauses 4.3 and 4.4 below provide for the physical mode of effecting transfer.

4.3 In respect of such of the assets of the Merged Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery, the same may be so delivered, paid over, or endorsed and delivered, by ATCPL shall become the property of ACEL as an integral part of the Merged Undertaking transferred to it. The aforesaid transfer shall be deemed to take effect from the Appointed Date without requiring any deed or instrument of conveyance for the same. Such transfer may not be liable to stamp duty in accordance with law. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of ACEL and the Board of Directors of ATCPL.

4.4 All debts, advance tax, loans and advances recoverable in cash or in kind or for value to be received, deposits, outstanding and receivables of Merged Undertaking/ ATCPL other than the movable assets specified in Clause 4.3 shall on and from the Appointed Date stand transferred to and vested in ACEL without any further actions or deed (although ACEL may, if it deems appropriate, give notice to the third party that the debts, outstanding and receivables do stand transferred to and vested in ACEL), and the debtors shall be obliged to make payments to ACEL on and after the Effective Date.

4.5 With effect from the Appointed Date, all debts payable, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of Merged Undertaking/ ATCPL shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to ACEL so as to become as and from the Appointed Date the debts payable, liabilities, contingent liabilities, duties and obligations of ACEL.

4.6 Where any of the liabilities and obligations, if any, of the Merged Undertaking/ Transferor Company, as on the Appointed Date, transferred to the Transferee Company has been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.

4.7 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations, if any, incurred or undertaken by the Merged Undertaking/ Transferor Company, after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of section 394(2) of the Act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company.

4.8 The transfer and vesting of the Merged Undertaking as aforesaid, shall be subject to the existing securities, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of ATCPL.

Provided however that any reference in any security documents or arrangements (to which ATCPL is a party) to the assets of ATCPL offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Merged Undertaking of ATCPL as are vested in ACEL by virtue of this Scheme, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of ATCPL or any of the assets of ACEL.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of ACEL shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of ATCPL vested in ACEL.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by ATCPL which shall vest in ACEL by virtue of merger of ATCPL into ACEL and ACEL shall not be obliged to create any further or additional security after the Scheme has become operative.

5. CONSIDERATION AND RE-ORGANISATION OF SHARE CAPITAL

5.1 Upon Scheme becoming effective and without any further application, act or deed, the Transferee Company, in consideration of the transfer and vesting of the Merged Undertaking (with all its assets, liabilities, rights and obligations) of the Transferor Company in the Transferee Company, the Transferee Company shall issue and allot on the proportionate basis to all the members of the Transferor Company as on the Record Date (**"Members"**), or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Transferor Company in the following manner:

(A) 1168 fully paid up equity shares of Rs. 2/- each of the Transferee Company for every 100 fully paid up equity shares of Rs.10/- each of the Transferor Company held by the Members whose names appear in the Register of Members of the Transferor Company (**"New Equity Shares"**) such that the equity shareholding of the Members in the Transferee Company is increased only upto five percent of the post issue paid-up equity share capital of the Transferee Company pursuant to the issue of New Equity Shares i.e. 1,84,90,500 New Equity Shares of Rs 2/- (Rupees Two only) each fully paid up of the Transferee Company shall be issued to all the Members in the same proportion as their shareholding in the Transferor Company; and

(B) 3,02,19,380 8%, Cumulative Non-Participating Redeemable Preference Shares of Rs 10/- (Rupees Ten only) each fully paid up of the Transferee Company be issued to all the Members whose names appear in the Register of Members of the Transferor Company (**"NCPS"**) in the same proportion as their shareholding in the Transferor Company. The detailed terms and conditions of the NCPS are specified in Annexure 1.

5.2 In the event of any increase in the issued, subscribed or paid up share capital of the Transferor Company or the Transferee Company or issuance of any instruments convertible into equity shares or restructuring of its equity share capital including by way of share split/consolidation/issue of bonus shares, free distribution of shares or instruments convertible into equity shares or other similar action in relation to share capital of the Transferor Company or the Transferee Company at any time before the Record Date, the Share Exchange Ratio shall be adjusted appropriately to take into account the effect of such issuance or corporate actions and assuming conversion of any such issued instruments convertible into equity shares.

5.3 The New Equity Shares and NCPS, unless otherwise requested by the Members to be issued in depository /physical form, shall be credited in the demat account of the Members of the Transferor Company provided that the Members shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required.

5.4 The Transferee Company in respect of the fractional entitlement arising in terms of Clause 5.1 above shall not be required to issue any fractional New Equity Shares and NCPS.

5.5 The New Equity Shares and NCPS to be issued in terms hereof shall be subject to the Memorandum and Articles of Association of the Transferee Company.

5.6 The New Equity Shares of the Transferee Company to be issued and allotted in lieu of the equity shares of the Transferor Company shall rank, for dividend, voting rights and for all other benefits and in all other respects, pari-passu with the existing equity shares of the Transferee Company with effect from the date of allotment of New Equity Shares.

5.7 All the New Equity Shares and the NCPS so issued and allotted by the Transferee Company shall be listed and/or admitted to trading on the Stock Exchange(s). The Stock Exchanges shall list the said New Equity Shares and NCPS, the issuance of which shall be considered as due compliance of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, to the extent applicable and other applicable provisions of law. The Transferee Company will enter into such arrangements and give such confirmations and/or undertakings and/or file such necessary applications, as may be necessary in accordance with applicable laws or regulations for complying with formalities of the said Stock Exchanges/SEBI.

5.8 The New Equity Shares and NCPS allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are provided by the relevant Stock Exchange(s).

6. ACCOUNTING TREATMENT

6.1 Upon the Scheme becoming finally effective, the Transferee Company shall incorporate the assets and liabilities of the Transferor Company in accordance with the Accounting Standard-14 on 'Accounting for Amalgamations' – (wherein the accounting treatment in respect of assets, liabilities and reserves and surplus of the Transferor Company in the books of the Transferee Company will be governed by pooling of interest method) issued by the Institute of Chartered Accountants of India as also notified under the Companies Act, 1956 (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular No. 15/2013 dated September 13, 2013 issued by Ministry of Corporate Affairs) or any other appropriate authority under the Act and more particularly as specified hereunder:

f) Upon the Scheme becoming effective, ACEL shall record the Merged Undertaking vested in it pursuant to the Scheme, at their respective book values as appearing in the financial statements of ATCPL constituting Merged Undertaking at the close of business of the day immediately preceding the Appointed Date in accordance with the Accounting Standard-14 prescribed under section 133 of the Companies Act, 2013 any other applicable provisions of the Act.

g) To the extent that there are inter-corporate loans, investments or balances between and amongst ATCPL and ACEL, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of ACEL for the reduction of any assets or liabilities or other appropriate treatment, as the case may be. It is agreed by ATCPL and ACEL that all the requirements of the Act and any other applicable law with respect to such amounts shall be deemed to have been duly complied with.

h) In so far as the balances in "Reserves and Surplus" of ATCPL is concerned, ACEL shall record the balances, if any, in the Profit and Loss Account or any other reserves in the same form and at the same values as they appear in the financial statements of ATCPL at the close of business of the day immediately preceding the Appointed Date.

i) The aggregate of the excess of the value of the assets over the value of the liabilities of Merged Undertaking vested in ACEL pursuant to this Scheme including value of New Equity Shares and NCPS issued under the Scheme and as recorded in the books of accounts of ACEL, shall be adjusted to the Amalgamation Reserve Account of ACEL which shall be treated as free reserve and available for all purposes including issue of bonus shares and computation of net worth. In case of excess of the value of liabilities over value of assets transferred in the Scheme including value of New Equity Shares and NCPS issued under the Scheme the same shall be adjusted firstly against the Revaluation Reserves of ACEL and then against Securities Premium Account. The reduction of the Securities Premium Account,(if any) of the Transferee Company as per the terms of this Scheme, shall be deemed to be in compliance with Section 100 to 103 of Companies Act, 1956 (including the corresponding applicable provisions of the Companies Act, 2013) and the Transferee Company shall not be required to add "and reduced" as part of its name.

j) In case of any differences in accounting policy between ATCPL and ACEL, the impact of the same till the Appointed Date will be quantified and adjusted in the balance sheet of ACEL in accordance with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 or any other applicable provisions of the Act, to ensure that the financial statements of ACEL reflect the financial position on the basis of consistent accounting policy.

6.2 For the removal of doubts, it is hereby clarified that there would be no accrual of income including interest or other expenses/ charges in respect of any inter-company loans or balances between ACEL and ATCPL during the period between the Appointed Date and Effective Date. It is also clarified that there would be no accrual of income or expense on account of any other transactions, including inter alia any transactions in the nature of sale or transfer of any goods or services between ACEL and ATCPL, during the period between the Appointed Date and the Effective Date.

6.3 It is hereby clarified that, all transactions during the period between the Appointed Date and Effective Date relating to the Merged Undertaking would be duly reflected in the financial statements of ACEL, upon the coming into effect of this Scheme.

6.4 Notwithstanding anything contained in this Clause 6, the Board of Directors of ACEL is authorized to account for any of these transaction/ balances in any manner whatsoever, as may be deemed fit, in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 or any other applicable provisions of the Act**.**

7. BUSINESS AND PROPERTY IN TRUST FOR TRANSFEREE COMPANY

As and from the Appointed Date and upto and including the Effective Date:

7.1 The Transferor Company shall carry on and be deemed to have carried on its business and activities and shall stand possessed of all its assets and properties referred to in Clause 4 above, in trust for the Transferee Company and shall account for the same to the Transferee Company.

7.2 The Transferor Company shall carry on its business and activities with reasonable diligence and business prudence.

7.3 Any income or profit accruing or arising to the Transferor Company and all costs, charges, expenses and losses or taxes (including deferred tax balances, if any) incurred by the Transferor Company shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes (including deferred tax balances, if any), as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.

8. CONDUCT OF BUSINESS

With effect from the date of approval of the Scheme by the Board of Directors of ATCPL and upto the Effective Date:

8.1 ATCPL shall carry on its business with reasonable diligence and in the same manner as it had been doing it theretofore.

8.2 ATCPL shall not alter or substantially expand the business except with the written concurrence of the Transferee Company.

8.3 ATCPL shall not, without the written concurrence of the Transferee Company, alienate, charge or encumber any of their properties, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of ATCPL.

8.4 ATCPL shall not vary or alter, except in the ordinary course of its business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of ATCPL, the terms and conditions of employment of any of its employees, nor shall it conclude settlement with employees.

8.5 ATCPL shall not revalue their respective assets and liabilities in their balance sheets without the express written consent of ACEL.

8.6 Notwithstanding anything else contained in this Scheme, ACEL or ATCPL may declare any dividend (interim or final) or bonus shares as per applicable law with the consent of Board of Directors of the Transferor Company and the Transferee Company.

8.7 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any shareholder of Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Board of Directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and the Transferee Company, respectively.

8.8 Notwithstanding anything else contained in this Scheme, during the pendency of the Scheme, ATCPL and ACEL are expressly authorized to raise capital for the purpose of funding growth or any other purpose, in any manner as considered suitable by their Board of Directors, whether by means of rights issue, preferential issue, public issue or any other manner whatsoever. Further, such funds may be raised by means of any instrument considered suitable by their respective Board of Directors, including warrants, equity/ equity linked instruments, preference shares, convertible/ non convertible bonds, debentures, debt, etc. Provided that any such capital raising exercise shall be approved in writing by the Board of Directors of ATCPL/ ACEL to preserve the interests of its shareholders.

8.9 With effect from the Effective Date and until such time the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in its name, in so far as may be necessary.

9. CONTRACTS AND DEEDS

9.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, memorandum of understanding,

insurance policies, licenses, leases, (including all tenancies, leases, licenses and other assurances in favour of the Transferor Company or powers or authorities granted by or to it),hire-purchase arrangements and other instruments, if any, of whatsoever nature to which the Transferor Company is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

9.2 The Transferee Company may enter into and/ or issue and/ or execute deeds, writings or confirmations, affidavits, declarations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme. It is clarified that any inter-se contracts between the Transferor Company and the Transferee Company as on the Effective Date shall stand merged and vest in the Transferee Company.

9.3 All subsisting agreements/ arrangements/ licenses/ permissions/ registrations/ applications of the Transferor Company relating to the use of patents, patent applications, trade marks (including logos), brands, copyrights, websites, and / or technology, know-how, designs, process and all other intellectual property and rights, as on the Effective Date shall accrue to and for the benefit of the Transferee Company.

10. MERGER OF AUTHORISED SHARE CAPITAL OF TRANSFEROR COMPANY WITH TRANSFEREE COMPANY

10.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the authorized share capital of each of the Transferor Companies i.e. Transferor Company shall stand transferred to and be added with the authorized preference share capital of Transferee Company, without any liability for payment of any additional fees (including fee to Registrar of Companies) or stamp duty. Further, if required the Transferee Company shall take necessary steps to further increase and/or alter its authorised share capital suitably to enable it to issue and allot shares under the Scheme.

10.2 Consequently, subject to any increase and/or alteration in the authorized share capital of the Transferee Company as may be effected with the approval of its shareholders during the pendency of the Scheme for issue and allotment of shares under the Scheme, upon coming into effect of the Scheme and particularly the Clause 10.1 mentioned herein above, the authorized share capital of the Transferee Company shall be increased and accordingly, the Memorandum and Articles of Association of the Transferee Company shall automatically stand amended and words and figures in Clause V of the Memorandum of Association shall be substituted. It is hereby clarified that the Transferee Company through its Board, if required, would be entitled to make appropriate classification of its authorized share capital and provide suitable clarifications to the Registrar of Companies with regard to the addition of the authorized share capital of the Transferor Company with the Transferee Company in Clause V in its Memorandum of Association to facilitate issue and allotment of shares under the Scheme.

10.3 Upon the Scheme coming into effect and allotment of shares pursuant to the Scheme the share capital of the Transferee Company will be as under:

Particulars	**Amount in Rupees**
Authorised Share Capital	
11,75,00,000 Equity Shares of Rs 2/- each	23,50,00,000
3,05,00,000 8% Redeemable Preference Shares of Rs 10/- each.	30,50,00,000
With power to classify or reclassify the classes or increase or reduce the capital from time to time in accordance with applicable laws with power to subdivide the shares into several classes and to attach thereto respectively preferential, qualified or special rights, privileges or conditions including as to voting or dividend or otherwise and to vary, abrogate or modify the same in such manner as may be permitted by the Act from time to time or as may be provided in the Articles of Association of the Company or any resolution of the Company.	
Issued, Subscribed and Paid-up Capital	
11,74,30,500 Equity Shares of Rs 2/- each.	23,48,61,000
3,02,19,380 8%, Cumulative Non-Participating Redeemable Preference Shares of Rs 10/- each.	30,21,93,800

10.4 The filing fee and stamp duty already paid by the Transferor Company on its Authorized Share Capital, which is being clubbed to the Authorized Share Capital of the Transferee Company and/or the reorganization of the authorised share capital of the Transferee Company in terms of sub-clause hereinabove, shall be deemed to have been paid by the Transferee Company and accordingly, the fee paid by the Transferor Company on its authorized share capital will be eligible for adjustment against the fee on the increased authorized share capital of the Transferee Company so increased or reorganised pursuant to the Scheme.

10.5 All steps for reorganizing share capital of the companies under this Scheme, shall be undertaken as an integral part of this Scheme in accordance with the provisions of Sections 391-394 of the Act read with section 100 to 103 of the Act and shall be deemed to be in compliance of Section 100 to 103 of the Companies Act, 1956 and Sections 5, 13, 14, 42, 52, 61, 62 of the Companies Act, 2013 or other applicable Sections of the Act and no other steps or procedures would need to be undertaken by the concerned companies to give effect to the same. Consequential changes shall also apply with respect to the existing issued, subscribed and paid up capital of the Transferor Company and the Transferee Company.

11. DISSOLUTION OF TRANSFEROR COMPANY

On the Scheme coming into effect, the Transferor Company shall, without any further act or deed, stand dissolved without the process of winding up.

12. LEGAL PROCEEDINGS

12.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/ or arising at the Appointed Date and relating to the Transferor Company or its properties, assets, debts, rights, liabilities, duties and obligations referred to in Clause 2.1 (f), shall be continued and/ or enforced until the Effective Date as desired by the Transferee Company and as and from the Effective Date shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in its name in relation to the Transferor Company in the same manner and to the same extent as would or might have been initiated by the Transferor Company.

12.2 After the Appointed Date, if any proceedings are taken against the Transferor Company, the same shall be defended by and at the cost of the Transferee Company.

13. STAFF, WORKMEN AND EMPLOYEES

13.1 On the coming into effect of the Scheme, all staff and employees of ATCPL in service on such date shall be deemed to have become staff and employees of ACEL without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with ACEL shall not be less favourable than those applicable to them with reference to ATCPL on the Effective Date.

13.2 Upon the Scheme coming into effect, all staff welfare schemes including the existing Provident Fund, Gratuity Fund and/ or schemes and trusts, including employee's welfare trust, created by ATCPL for its employees shall be transferred to ACEL. ATCPL shall take all steps necessary for the transfer, where applicable, of the Provident Fund, Gratuity Fund and/ or schemes and trusts, including employee's welfare trust, pursuant to the Scheme, to ACEL. All obligations of ATCPL with regard to the said Fund or Funds as defined in the respective trust deed and rules shall be taken over by ACEL from the Effective Date to the end and intent that all rights, duties, powers and obligations of ATCPL in relation to such Fund or Funds shall become those of ACEL and all the rights, duties and benefits of the employees employed in ATCPL under such Funds and Trusts shall be fully protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of ATCPL will be treated as having been continuous for the purpose of the said Fund or Funds.

14. TREATMENT OF TAXES

14.1 The Tax Deducted at Source (TDS)/advance tax including MAT credit entitlement, provision for income tax, if any, paid by the Transferor Company under the Income Tax Act, 1961 or any other statute in respect of income of the Transferor Company assessable for the period commencing from Appointed Date shall be deemed to be the tax deducted from/advance tax paid by the Transferee Company and credit for such TDS/advance tax (including MAT credit) shall be allowed to the Transferee Company notwithstanding that certificates or challans for TDS/advance tax/ MAT are in the name of the Transferor Company and not in the name of the Transferee Company. The income tax, if any, paid by the Transferor Company on or after the Appointed Date, in respect of income assessable from that date, shall be deemed to have been paid by or for the benefit of the Transferee Company. The Transferee Company shall, after the Effective Date, be entitled to file the relevant returns with the authorities concerned for the period after the Appointed Date notwithstanding that the period for filing such return may have elapsed. Further, the Transferee Company shall, after the Effective Date, be entitled to revise the relevant returns, if any, filed by the Transferor Company for any year, if so necessitated or consequent to this Scheme becoming effective; notwithstanding that the time prescribed for such revision may have elapsed.

14.2 The wealth tax, if any, paid by the Transferor Company in respect of its assets under the Wealth Tax Act, 1957, on or after the Appointed Date shall be deemed to have been paid by the Transferee Company. The Transferee Company shall, after the Scheme becomes effective, be entitled to file the wealth tax return for the relevant valuation date notwithstanding that the time prescribed for filing such returns may have lapsed. Further the Transferee Company shall, after the Scheme becomes effective, be entitled to revise the wealth tax returns, if any, filed by the Transferor Company for any year if so necessitated or consequent to this Scheme becoming effective; notwithstanding that the time prescribed for such revision may have elapsed.

14.3 Similarly, any other taxes including but not limited to excise duty, CENVAT, cess, service tax, value added tax, sales tax etc. paid by the Transferor Company on or after the Appointed Date, in respect of the period after such date shall be deemed to have been paid by or for the benefit of the Transferee Company. The Transferee Company shall, after the Effective Date, be entitled to file the relevant returns with the authorities concerned for the period after the Appointed Date, notwithstanding that the time prescribed for filing such return may have elapsed. Further, the Transferee Company shall, after the Effective Date, be entitled to revise the relevant returns, if any, filed by the Transferor Company for any year, if so necessitated or consequent to this Scheme becoming effective, notwithstanding that the time prescribed for such revision may have elapsed.

14.4 Without prejudice to generality of the aforesaid, any concessional or statutory forms under the laws of the Central or State Sales Tax or Value Added Tax (VAT), Service Tax or local levies issued or received by the Transferor Company, if any, in respect of period commencing from the Appointed Date shall be deemed to be issued or received in the name of the Transferee Company and benefit of such forms shall be allowable to the Transferee Company in the same manner and to the same extent as would have been available to the Transferor Company.

15. SAVING OF CONCLUDED TRANSACTIONS

15.1 The transfer of Merged Undertaking (including assets, liabilities, rights and obligations) under Clause 4 above and the continuance of proceedings by or against the Transferee Company under Clause 12 herein above shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto as done and executed on behalf of Transferee Company.

15.2 Since each of the permissions, approvals, registrations, consents, sanctions, remissions, special reservations, insurance policy, incentives, concessions and other authorizations of the Transferor Company shall stand transferred by the order of the Hon'ble Court to the Transferee Company, the Transferee Company may file the relevant intimations, for the record of the statutory authorities or any relevant authority or person who shall take them on file, pursuant to the vesting order of the High Court.

PART IV
OTHER CONDITIONS APPLICABLE TO THE SCHEME

16. APPLICATIONS TO HIGH COURT

16.1 The Transferee Company and the Transferor Company shall, with all reasonable dispatch, make applications to the High Court under Section 391 of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the shareholders and/ or creditors of the Transferor Company and the Transferee Company as may be directed by the High Court.

16.2 That the Scheme, in no way, is a Scheme of compromise or arrangement with the creditors as all the creditors of the Transferor Company and the Transferee Company will be paid in the usual course of business and therefore, the present Scheme of Amalgamation will not be affecting the rights of the creditors of the Transferor and Transferee Companies in any manner as the aggregate assets of the Transferor Company and the Transferee Company are more than sufficient to meet the liabilities of all the creditors of the Transferor Company and the Transferee Company in full.

16.3 On the Scheme being agreed to by the requisite majorities of the classes of the shareholders and/ or creditors of the Transferee Company and the Transferor Company as directed by the High Court or their meetings dispensed with, the Transferee Company and the Transferor Company shall, with all reasonable dispatch, apply to the High Court, for sanctioning the Scheme under Sections 391 to 394 of the Act and other provisions of the Act (if any) and for such other order or orders, as the said High Court may deem fit for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

16.4 The Transferee Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or borrower, statutory or regulatory authorities as the case may be that pursuant to the High Court having sanctioned the Scheme, the said person, debtor or borrower shall pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover or realize the same is in substitution of the right of the Transferor Company.

17. MODIFICATION OR CLARIFICATION OR WITHDRAWAL

17.1 The Transferor Company (by their Board of Directors or their committee thereof) and the Transferee Company (by their Board of Directors or their committee thereof) may assent to any modification(s) or amendment(s) in this Scheme which the High Court and/ or any other authority or any other body may deem fit to direct or impose or which may otherwise be considered necessary or desirable for implementing and/ or carrying out the Scheme or which may be considered necessary due to any change in law or other reason; and the Transferor Company (by their Boards of Directors or their committee thereof) and the Transferee Company (by their Boards of Directors or their committee thereof) be and are hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme, or to withdraw the Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the High Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/ or any matters concerning or connected therewith.

17.2 For the purpose of carrying on the business of ATCPL pursuant to the Scheme, ACEL shall, if and to the extent required, apply for and obtain the necessary approvals from the appropriate regulatory authority, if required for the carrying on the business of ATCPL.

17.3 If any part of this Scheme is found to be unworkable, invalid or unenforceable for any reason whatsoever, the same shall not, subject to the decision of the respective Boards of Directors of the Transferor Company and Transferee Company, affect the adoption or validity or interpretation of the other parts and/ or provisions of this Scheme. It is hereby clarified that the Board of Directors of the Transferor Company and Transferee Company may in their absolute discretion, adopt any part of this Scheme or declare the entire Scheme to be null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case each company shall bear its own cost or bear costs as may be mutually agreed. It is made clear that no further approval of shareholders or creditors shall be necessary for giving effect to the provisions contained in this Clause 17.

17.4 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the Board of the Transferor Company and Transferee Company may give and are authorized to determine and give all such directions as

are necessary including directions for settling or removing any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

17.5 No party claiming to have acted or not acted or changed his position in anticipation of this Scheme, will have any cause of action against the Transferor Company or the Transferee Company or any of their directors, officers, if the scheme is not effective for any reason whatsoever, or is withdrawn or modified. The decision of the Board of Directors of the Transferor Company and the Transferee Company shall be final and binding on all the parties.

17.6 The scheme set out herein in its present form or with any modification(s) to be approved or imposed or directed by the High Court, shall be operative from the Appointed Date but shall be effective from the Effective Date.

17.7 Upon the coming into effect of this Scheme:

(a) the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

(b) the borrowing limits of the Transferee Company, shall without further act or deed stand enhanced by an amount being the aggregate limits of the Transferor Company which are being transferred to the Transferee Company pursuant to this Scheme and the Transferee Company will not be required to pass any fresh resolution(s) in this regard.

18 CONDITIONALITY OF THE SCHEME

18.1 This Scheme is conditional upon and subject to all of the following:

(a) the consents by the requisite majority of the shareholders and/ or creditors, if any, of the Transferor Company and Transferee Company to the Scheme, if required and the requisite orders of the Hon'ble High Court sanctioning the Scheme in exercise of the powers vested in it under the Act;

(b) such other sanctions and approvals including sanctions of any government or regulatory authority as may be required by law in respect of the Scheme; and

(c) the certified copies of the High Court order being filed with the Registrar of Companies by the Transferor Company and the Transferee Company.

(d) approval of the scheme by the public shareholders of the Transferee Company in accordance with the provisions of the SEBI Circulars and such approval shall be obtained through resolution passed through postal ballot and e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution and the Scheme shall be acted upon only if the votes cast by the public shareholders in favor of the proposal are more than the number of votes cast by the public shareholders against it.

(e) approval of Scheme by SEBI in terms of the SEBI Circulars and the Stock Exchanges pursuant to Clause 24(f) of the Listing Agreement.

18.2 The approval to this Scheme under Sections 391 and 394 of the Act by the shareholders and/or creditors of the Transferor Company and Transferee Company, shall be deemed to have the approval of the shareholders and/or creditors, as the case may be, for all matters under the applicable provisions of the Act, rules and regulations made there under, including but not limited to Sections 5, 13, 14, 42, 52, 61 and 62 of the Companies Act, 2013 and rules made thereunder.

19 EFFECT OF NON-APPROVALS

In the event any of the said sanctions and approvals referred to in Clause18 above not being obtained and/ or the Scheme not being passed as aforesaid before December 31, 2015 or within such further period or periods as may be agreed upon between Transferee Company by its Directors and the Transferor Company by its Directors (and which the Board of Directors of the Company are hereby empowered and authorised to agree to and extend from time to time without any limitations), this Scheme of Amalgamation shall stand revoked, cancelled and be of no effect and null and void save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as may otherwise arise in law and in such event each party shall bear their respective costs, charges and expenses in connection with the Scheme.

20 COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties (including the stamp duty and/ or transfer charges, if any, applicable in relation to this Scheme), levies, fees and all other expenses, if any (save as expressly otherwise agreed) of ACEL and ATCPL arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by ACEL. These shall be deemed as expenses of the Scheme.

ACE TC RENTALS PRIVATE LIMITED

Sd/-
Authorized Signatory

ACTION CONSTRUCTION EQUIPMENT LIMITED

Sd/-
Authorized Signatory

ANNEXURE 1

Terms and conditions of NCPS

1.	**Issue size, number of preference shares to be issued and nominal value of each share**	3,02,19,380 NCPS of Rs 10/- (Rupees Ten only) each fully paid up.
2.	**Nature of preference shares**	8%, Cumulative Non-Participating Redeemable Preference Shares. The NCPS shall not be entitled to any voting rights vis a vis equity shares even if dividend remains unpaid on NCPS.
3.	**Issue Price**	NCPS will be issued at par value of Rs 10/- each.
4.	**Terms of issue and rate of dividend on each share**	NCPS will be issued and allotted to the shareholders of the Transferor Company as per clause 5 of the Scheme of Amalgamation. NCPS will be entitled to dividend at the rate of 8% per annum per share, payable on a pro rata basis from the date of allotment.
5.	**Terms, manner and modes of Redemption**	The Transferee Company shall have an option to redeem the NCPS either wholly or partly by giving not less than one month notice to the NCPS holders anytime after one year from the date of issue until the maximum redemption period of twenty years from the date of issue of NCPS.
6.	**Non-conversion**	NCPS shall be redeemable at par value and shall be non-convertible throughout their term.
7.	**Listing**	Subject to applicable laws and regulations NCPS will be listed and/or admitted to trading on the relevant Stock Exchanges where the equity shares of the Transferee Company are listed and/or admitted to trading.

QUINTESSENCE ENTERPRISES PRIVATE LIMITED

Adm. Off.: 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills,
Hyderabad - 500 034. Tele/Fax: +91-40-65528262

FAIRNESS OPINION ON THE

SCHEME OF AMALGAMATION

BETWEEN

ACE TC RENTAL PRIVATE LIMITED (ATRPL)

(Transferor Company)

AND

ACTION CONSTRUCTION EQUIPMENT LIMITED (ACEL)

(Transferee Company)

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

1. PURPOSE:

This Scheme of Amalgamation is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and provides for Amalgamation of "**ACE TC RENTAL PRIVATE LIMITED (ATRPL)** with '**ACTION CONSTRUCTION EQUIPMENT LIMITED (ACEL)**

The consequent issue of equity shares by the Transferee Company **ACEL** to the shareholders of the Transferor Company **ATRPL** pursuant to the provisions of sections 391 to 394 and other relevant provisions of the Companies Act, 1956.

The purpose of the Fairness Opinion on the Valuation is to determine whether value at which and the number of shares to be allotted by **ACEL** to the shareholders of **ATRPL** in the event of proposed Amalgamation is Fair.

The company has to submit this Fairness Opinion to the BSE Limited *(BSE)* in accordance with clause 24 (f) of the listing agreement and National Stock Exchange of India Limited (NSE) to obtain the no-objection certificate to go ahead with the scheme.

Quintessence Enterprises Pvt. Ltd. Hyderabad

The methodology used and the valuation arrived at based on the Valuation Report furnished by M/s. VGR & Co., Chartered Accountants, having their office at 3/31, 2nd floor, west Patel Nagar, near West Patel metro station, Delhi, for the proposed Amalgamation of **ACE TC RENTAL PRIVATE LIMITED (ATRPL)** with **ACTION CONSTRUCTION EQUIPMENT LIMITED (ACEL)** and that the share allotment ratio of issuing 1168 shares in **ACEL** for every 100 shares of **ATRPL** is **FAIR.**

We enclose herewith a Valuation Report by M/s. VGR & Co., Chartered Accountants. We hereby give our consent to present and disclose the Fairness Opinion in the general meeting of the shareholders of **ACEL** and **ATRPL** pursuant to Clause 24 (f) of Listing Agreement to the BSE Limited *('BSE')*, National Stock Exchange of India Limited (NSE) and such other authorities in connection with the proposed purpose.

We highly appreciate the co-operation and support received by us from your representatives during preparation of the said Fairness Opinion Report

Thanking you,

Yours faithfully,

For and on behalf of
Quintessence Enterprises Private Limited

Lavanya Chandra

Lavanya Chandra
Executive Director

Quintessence Enterprises Pvt. Ltd. Hyderabad

06/06/2014
Hyderabad

Encl.: (1) Valuation Report by M/s. VGR & Co., Chartered Accountants.

FAIRNESS OPINION ON THE

SCHEME OF AMALGAMATION

BETWEEN

ACE TC RENTAL PRIVATE LIMITED (ATRPL)

(Transferor Company)

AND

ACTION CONSTRUCTION EQUIPMENT LIMITED (ACEL)

(Transferee Company)

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

1. PURPOSE:

This Scheme of Amalgamation is presented under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and provides for Amalgamation of "**ACE TC RENTAL PRIVATE LIMITED (ATRPL)** with '**ACTION CONSTRUCTION EQUIPMENT LIMITED (ACEL)**

The consequent issue of equity shares by the Transferee Company **ACEL** to the shareholders of the Transferor Company **ATRPL** pursuant to the provisions of sections 391 to 394 and other relevant provisions of the Companies Act, 1956.

The purpose of the Fairness Opinion on the Valuation is to determine whether value at which and the number of shares to be allotted by **ACEL** to the shareholders of **ATRPL** in the event of proposed Amalgamation is Fair.

The company has to submit this Fairness Opinion to the BSE Limited *(BSE)* in accordance with clause 24 (f) of the listing agreement and National Stock Exchange of India Limited (NSE) to obtain the no-objection certificate to go ahead with the scheme.

Quintessence Enterprises Pvt. Ltd. Hyderabad

2. RATIONALE OF THE SCHEME

In order to economize the administrative cost and to optimally utilize the available resources and services and to realize the benefit of combined entity, the Board of Directors of the Transferor Company and the Transferee Company have decided to amalgamate the Transferor Company into the Transferee Company. The amalgamation will result in better, efficient and economical management, achieve cost savings, pooling of resources, rationalization of administrative expenses/services and greater control. Without prejudice to the generality of the above, the proposed amalgamation is expected to achieve the following objectives in particular:

a. To consolidate the shareholding of both the Transferor and Transferee Companies;
b. To improve the administrative control;
c. To economize on administrative and other expenses; and
d. To increase in efficiency by pooling of resources and their optimum utilization, thereby availing synergies from combined resources;
e. To jointly develop business and profession in the field of designing, developing, fabrication, processing, repairing, assembling, manufacturing, buying and selling etc. in all kinds of construction machinery, plants, equipments, instruments and appliances etc.

3. MERCHANT BANKER – QUINTESSENCE ENTERPRISE PVT LTD (QEPL)

QEPL formed in 1999, is a Category – I, Merchant Banking company, based in Hyderabad, Andhra Pradesh, having its registered office at 'NANDANAM' 8-2-603/1/VP, Plot No. 8A, Road No. 10, Banjara Hills, Hyderabad – 500034, and Administrative office at 8-2-603/B/33/A/9, B - 201, Zahera Nagar, Road No. 10, Banjara Hills, Hyderabad - 500034. It is SEBI registered with Registration Code INM000011997 valid till 31/07/2017, as Category I Merchant Banker.

ACTION CONSTRUCTION EQUIPMENT LIMITED (ACEL) has appointed us to give a Fairness Opinion on the Valuation arrived at for determining the share allotment ratio for the proposed amalgamation carried out by M/s. VGR & Co., Chartered Accountants, Delhi.

4. BACKGROUND OF COMPANIES

Action Construction Equipment Limited

ACE is a 19 years old enterprise with its full-fledged state of the art production facilities based at industrial townships of Faridabad (Haryana) and Kashipur (Uttranchal). These Plants are fully equipped to produce around 12000 P.A. Construction Equipment and 6000 P.A. Tractors It has its office at 5th, Floor, TDI Tower, Jassola, Delhi.

Quintessence Enterprises Pvt. Ltd. Hyderabad

ACTION CONSTRUCTION EQUIPMENT LIMITED (ACE) is India's leading material handling and construction equipment manufacturing company with major market share in mobile cranes segment. In addition to Mobile Cranes, ACE also offers Mobile / Fixed Tower Cranes, Loaders, Vibratory Rollers, Truck Mounted Cranes, Crawler Cranes, Forklifts, Tractor and other Construction Equipment. ACE has a consolidated presence in all major Infrastructure, Construction, Heavy Engineering and Industrial Projects across the country.
Capital Structure

The company is listed on the BSE Limited and The National Stock Exchange of India Limited

The Capital Structure of "ACTION CONSTRUCTION EQUIPMENT LIMITED" ('Transferee Company') as on the Valuation date i.e. 1st April, 2014 is as under:

ACTION CONSTRUCTION EQUIPMENT LIMITED (ACE)	
Particulars	**(Amount in Rs.)**
Authorized Share Capital 12,25,00,000 Equity Shares of Rs.2/-each	24,50,00,000
Issued, Subscribed and Paid Up Share Capital 9,89,40,000 Equity Shares of Rs.2/- each	19,78,80,000

ACE TC RENTALS PRIVATE LIMITED (ATRPL)

Ace Tc Rentals Private Limited is a private Limited company incorporated on 11th December 2006 having its office at 5th, Floor, TDI Tower, Jassola, Delhi. Its authorized share capital is Rs. 5 Crs and its paid up capital is Rs.3 Crs.

It is held by the promoters of ACEL in their individual capacity. ATRPL is in the business of rental of Mobile Tower cranes on long term basis. It procures Mobile Tower Cranes manufactured by ACEL and gives it on lease to its customers generally for a period of three years

Capital Structure

The Capital Structure of **ACE TC RENTALS PRIVATE LIMITED (ATRPL)** (Transferor Company) as on the Valuation Date i.e.01.04.2014 is as under:

ACE TC RENTALS PRIVATE LIMITED (ATRPL)	
Particulars	**(Amount in Rs.)**
Authorized Share Capital 50,00,000 Equity Shares of Re.10/- each	5,00,00,000
Issued, Subscribed and Paid Up Share Capital 30,00,000 Equity Shares of Re.10/- each	3,00,00,000

5. SOURCES OF INFORMATION

- A copy of the Memorandum and Articles of Association of both the companies
- Balance Sheets of both for the last two years as at March 31st 2014, March 31st 2013.
- Shareholding pattern before and after the Scheme
- A certified copy of the Scheme
- A certified copy of the Board Resolution of ACEL and ATRPL.
- A Valuation Report by M/s. VGR & Co., Chartered Accountants, Delhi.

6. VALUATION METHODOLOGY APPLIED

We have received a Valuation certificate from the Valuers, M/s. VGR & Co., Chartered Accountants.

Valuation methods

The following are the generally available valuation methods:

- Net Assets Value
- Price Earning Capacity Value Method
- Market Value Method; and
- Comparable Company Market (CCM) Multiple
- Discounted Free Cash Flow Method

Since the nature of business and market conditions vary from company to company and from business to business, different methods of valuation are evaluated and which is relevant to the context of the company and its business is chosen for valuation. Sometimes a combination of the above method is also adopted.

Though the valuation exercise are normally performed on the basis of widely accepted valuation methods described above, taking into account information available and constraints on the information availability, market data and comparability the Valuers have considered to value the equity shares of transferor and transferee companies as per the following methods.

Action Construction Equipment Limited (ACEL)
refer Valuation report

A. Net Assets Value Method

B. Market Value Method

C. Discounted Cash Flow (DCF) Method

D. Price Earnings Capacity Value Method.

ACE TC RENTALS PRIVATE LIMITED (ATRPL)
refer Valuation Report

A. Net Assets Value Method

B. Comparable Company Market (CCM) Multiple

C. Discounted Cash Flow (DCF) Method

D. Price Earnings Capacity Value Method.

	ACE Equipments	ACE Rentals	ACE Equipments	ACE Rentals	ACE Equipment	ACE Rentals
	Values	Values	Weight	Weight	Weighted Average	
Net Assets Value	27,159	1,161	10%	10%	2,716	116
Market Price Method	15,761		40%	0%	6,304	-
CCM		6,094	0%	10%	-	609
Discounted Cash Flow Method	23,147	8,488	40%	70%	9,259	5,942
Price Earning Capacity Value	9,612	1,469	10%	10%	961	147
Weighted Average Value			100%	100%	19,240	6,814
Number of Shares					989	30
Share Price Value					19.45	227.14
Share Allotment Ratio					11.68	1.00
Share Allotment Ratio (Rounded)					1,168	100

SHARE ALLOTMENT RATIO

On the basis of the aforesaid computations in the valuation report the Share allotment Ratio has been arrived at and equity shares of **Action Construction Equipment Limited** (Transferee Company) would be issued to the shareholders of **ACE TC RENTALS PRIVATE LIMITED (ATRPL)** (Transferor Company) in the ratio mentioned below:

Particulars	**ACE TC RENTALS PRIVATE LIMITED (ATRPL) (Transferor Company)**	**Action Construction Equipment Limited (Transferee Company)**
Fair Value per share as per the Valuation methods adopted in Rs.	227.14	19.45
Ratio of Exchange	1	11.68
Face Value Per Share (in Rs)	10/-	2/-

On the basis of the above discussions and computations and based on the values of equity shares of **Action Construction Equipment Limited** (Transferee Company) and **ACE TC RENTALS PRIVATE LIMITED (ATRPL)** (Transferor Company), the Valuer is of the opinion that:

The Share allotment Ratio for the proposed amalgamation shall be 1168 Equity Shares of Rs.2/- (Rupees Two Only) each of Action Construction Equipment Limited (Transferee Company) for every 100 Equity Shares of Re.10/- (Rupee ten Only) each held in ACE TC RENTALS PRIVATE LIMITED (ATRPL) (Transferor Company) is fair and equitable.

In view of the above Share allotment ratio, the consideration on the basis of their valuation for the Amalgamation of ACE TC RENTALS PRIVATE LIMITED (ATRPL) (Transferor Company) into Action Construction Equipment Limited (Transferee Company) can be compensated by issuing 1168 Shares in Action Construction Equipment Limited (Transferee Company) for every 100 shares of ACE TC RENTALS PRIVATE LIMITED (ATRPL) (Transferor Company) to the shareholders of ACE TC RENTALS PRIVATE LIMITED (ATRPL)in proportion to their share holding

7. OPINION ON VALUATION REPORT

As Merchant Bankers furnishing an opinion about the fairness of the valuation done by the valuer, based on the information, material, data made available to us including valuation report and workings to the best of our knowledge and belief, the methodology applied and the valuation arrived at by M/s. VGR & Co., Chartered Accountants, Delhi, that the Share allotment ratio of issuing 1168 shares in ACEL for every 100 shares of ATRPL is **FAIR.**

8. LIMITATIONS OF THE FAIRNESS OPINION ON THE VALUATION

The assignment did not include the following:

- An audit of the financial statements of the company
- Carrying out a market survey / financial feasibility for the amalgamation.
- Financial and Legal due diligence
- Our fairness opinion is based on the information made available to us by the management of ACEL. Any subsequent changes to the financial and other information provided to us, may affect the result of value analysis set out in this report.
- This report forms a fairness opinion on the valuation done by the valuer, M/s VGR & Co., Chartered Accountants, to arrive at the valuation for the proposed Scheme of Amalagamation, and thus constitutes a limited Fairness Opinion report from QEPL.
- Our fairness opinion includes limited review of audited financial statements of ACEL and ATRPL, based on the information as mentioned by us in our report giving sources of information.
- We have reviewed the information made available to us for overall consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the company.
- Our Fairness Opinion should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.

Quintessence Enterprises Pvt. Ltd. * Hyderabad

- The information contained in this report is selective and is subject to updations, expansions, revisions and amendment, it does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracis which might become apparent

- In rendering this Opinion, QEPL has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly QEPL does not assume any responsibility in respect thereof. Further QEPL has assumed that the Scheme of Amalgamation will be implemented on the terms and conditions as set out in the draft Scheme of Amalgamation, without any material changes to or waiver of its terms and conditions.

- We hereby declare that we do not have any direct or indirect interest in the Company / assets valued.

This report is issued on the understanding that it is solely for the use of the persons to whom it is addressed and for the purpose described above. We will not accept any liability or responsibility to any person other than those to whom it is addressed. The report must not be made available or copied in whole or in part to any other person without our express written permission.

It may further be noted that in no circumstances shall the liability of Quintessence Enterprises Private Limited (QEPL), its directors or employees related to the service provided in connection with this value analysis, exceed the amount paid to us as our fees for this opinion.

For, **Quintessence Enterprises Private Limited,**

Lavanya Chandra

Lavanya Chandra
Executive Director

Quintessence Enterprises Pvt. Ltd. Hyderabad

06/06/2014
Hyderabad

Encl.: (1) Valuation Report by M/s. VGR & Co., Chartered Accountants.

CERTIFIED TRUE COPY
For Action Construction Equipment Ltd.
Authorised Signatory

BSE Limited Registered Office : Floor 25, PJ Towers, Dalal Street, Mumbai 400 001 India
T: +91 22 2272 1234/33 F: +91 22 2272 1003 www.bseindia.com
Corporate Identity Number : U67120MH2005PLC155188

BSE
EXPERIENCE THE NEW

DCS/AMAL/CS/24(f)/033/2015-16 April 29, 2015

The Company Secretary,
Action Construction Equipment Ltd.
5th Floor, TDI Centre,
Jasola, New Delhi- 110 076,
Delhi.

Sub: Observation letter regarding the Draft Scheme of Arrangement involving Amalgamation of ACE TC Rental Private Limited with Action Construction Equipment Limited.

We are in receipt of Scheme of Arrangement involving Amalgamation ACE TC Rental Private Limited with the company.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter April 28, 2015 has inter alia given the following comment(s) on the draft scheme of arrangement:

- ***Company shall duly comply with various provisions of the Circulars"***

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

Futher, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

a. Copy of the High Court approved Scheme;
b. Result of voting by shareholders for approving the Scheme;
c. Statement explainig changes, if any, and reasons for such changes carried out in the Approved Scheme vis-a-vis the Draft Scheme;
d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
e. Status of compliance with the Observation Letter/s of the stock exchanges;
f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable;
g. Complaints Report as per Annexure II of this Circular.
h. Any other ducument/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Nitin Pujari
Manager

Pooja Sanghvi
Asst. Manager

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

NIFTY 50 Stock of the nation

Ref: NSE/LIST/24192

April 28, 2015

The Asst. Company Secretary
Action Construction Equipment Limited
Corporate Office & Plant II
Dudhola Link Road, Dudhola
Dist. Palwal
Haryana - 121102

Kind Attn.: Mr. Neeraj Jain

Dear Sir,

Sub: Observation letter for draft Scheme of Amalgamation between ACE TC Rentals Private Limited and Action Construction Equipment Limited and their respective shareholders

This has reference to Revised - draft Scheme of Amalgamation between ACE TC Rentals Private Limited ("Transferor Company") and Action Construction Equipment Limited ("Transferee Company") and their respective shareholders under sections 391 - 394 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 submitted to NSE vide your letter dated February 11, 2015.

Based on our letter reference no Ref: NSE/LIST/23053 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI has vide letter dated April 28, 2015, has given following comments on the draft Scheme of Arrangement:

"The Company shall duly comply with various provisions of the Circulars."

We hereby convey our "No-objection" with limited reference to those matters having a bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Companies to file the Scheme with Hon ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from April 28, 2015, within which the Scheme shall be submitted to the Honble High Court. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Honble High Court, you shall submit to NSE the following:

a. Copy of Scheme as approved by the High Court;
b. Result of voting by shareholders for approving the Scheme;
c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
d. Status of compliance with the Observation Letter/s of the stock exchanges
e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,
For National Stock Exchange of India Limited

Kamlesh Patel
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed

NSE

Signer : Patel Kamlesh
Date : Tue, Apr 28, 2015 18:49:12 GMT+05:30
Location : NSE

Annexure - 5

COMPLAINTS REPORT AS ON 25TH MARCH, 2015

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	**NIL**
2.	Number of complaints forwarded by Stock Exchange	**NIL**
3.	Total Number of complaints/comments received (1+2)	**NIL**
4.	Number of complaints resolved	**N.A.**
5.	Number of complaints pending	**N.A.**

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
	N.A.		

For Action Construction Equipment Limited

Sd/-
Rajan Luthra
CFO

Place: Palwal
Date: March 25, 2015

FORM OF PROXY

I/We, the undersigned unsecured creditors of Action Construction Equipment Limited (Petitioner Company No. 2) hereby appoint Mr./ Ms. ..... of ..... and failing him/her Mr./ Ms. ..... of ..... as my/our proxy, to act for me/us at the meeting of the unsecured creditors of the Transferee Company/ Petitioner Company No. 2 to be held on Saturday, July 04, 2015 at 01:00 P.M.) at Aravali Golf Club, New Industrial Township (NIT), Faridabad, Haryana-121001, for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme of Amalgamation between ACE TC Rentals Private Limited (Transferor Company) and Action Construction Equipment Limited (Transferee Company) and their respective shareholders and creditors (the "Scheme"), and at such meeting and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name ..... (here, 'if for', insert 'for'; 'if against', insert 'against', and in the latter case, strike out the words below after ''Scheme') the said Scheme, either with or without modification*, as my/our proxy may approve.

* Strike out what is not necessary.

Affix Rs. 1/- revenue stamp

Dated this ..... day of 2015

Name : .....

Address : .....

.....

No. of Votes held/ Amount Outstanding(Rs.) (as per books of accounts of Action Construction Equipment Ltd.) : .....

NOTES:

1. All alterations, if any, made in the Form of Proxy should be initialed.
2. Proxy must be deposited at the registered office of the Petitioner Company No. 2 at Dudhola Link Road, Dudhola, District, Palwal, Haryana-121102, not later than FORTY EIGHT hours before the scheduled time of the commencement of the said meeting.
3. In case of multiple proxies, the proxy later in time shall be accepted.
4. Please affix Rs. 1 revenue stamp before putting signatures.

ACTION CONSTRUCTION EQUIPMENT LIMITED

CIN: L74899HR1995PLC053860
Regd. Office: Dudhola Link Road, Dudhola, District. Palwal, Haryana-121102
Tel.: +91 1275 280111 (50 Lines), Fax: +91 1275 280133
Website: www.ace-cranes.com, email: cs@ace-cranes.com

ATTENDANCE SLIP

COURT CONVENED MEETING OF UNSECURED CREDITORS
(OF THE VALUE OF RS 1 LAC AND ABOVE) ON SATURDAY, JULY 04, 2015 AT 1:00 P.M.

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the meeting of the Unsecured Creditors (of the value of Rs 1 lac and above) of Action Construction Equipment Limited, convened pursuant to the Order dated 5th day of May, 2015 of the Hon'ble High Court for the States of Punjab & Haryana at Chandigarh on Saturday, July 04, 2015 at 1:00 P.M.

Name and address of Unsecured Creditor **(IN BLOCK LETTERS)** : .....

Signature : .....

Address : .....

.....

Name of the Proxy* **(IN BLOCK LETTERS)** : .....

Signature : .....

Address : .....

.....

* (To be filled in by the Proxy in case he/she attends instead of the unsecured creditor)

NOTE: Unsecured Creditor (of the value of Rs 1 lac and above) attending the Meeting in person or by proxy or through authorised representative are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting hall.