COMPANY APPLICATION NO.159 OF 2012

Scheme of Arrangement of Amalgamation of
Accel Frontline Services Limited
With
Accel Frontline Limited

Meeting of the equity Shareholders of
Accel Frontline Limited (AFL) convened
By Order of the Hon'ble High Court of Judicature of Madras

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Day : 22.03.2012
Date : Thursday
Time : 3 PM

Venue : Registered Office at
Accel House
No.75 Nelson Manickam Road
Aminjkarai, Chennai 600029

IN THE HIGH COURT OF JUDICATURE AT MADRAS
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO.159 OF 2012

IN THE MATTER OF THE COMPANIES ACT, 1956
AND
IN THE MATTER OF SECTIONS 391 TO 394 OF THE COMPANIES ACT 1956
AND
IN THE MATTER OF THE SCHEME OF ARRANGEMENT OF AMALGAMATION OF ACCEL FRONTLINE SERVICES LIMITED AND ACCEL FRONTLINE LIMITED

ACCEL FRONTLINE LIMITED
a Company incorporated under
the Companies Act,1956 having its
registered office at
75, Nelson Manickam Road, Aminjikarai,
Chennai - 600 029

Represented by Its Director
Mr. K.R.Chandrasekaran Applicant / Transferee Company

NOTICE CONVENING MEETING

To
The Shareholders of **M/s ACCEL FRONTLINE LIMITED**

Take notice that by an Order made on the 14 day of February 2012, the Hon'ble High Court at Madras, has directed that a meeting of the equity shareholders of the Applicant/Transferee Company shall be held at 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029 on the 22nd of March, 2012 at 3 p.m. for the purpose of considering, and if thought fit, approving with or

without modification, the scheme of amalgamation proposed to be made as embodied in the Scheme of Amalgamation between the aforesaid Applicant Company and Transferor Company (ACCEL FRONTLINE SERVICES LIMITED).

TAKE FURTHER NOTICE that in pursuance of the said order, a meeting of the equity shareholders of the Applicant Company will be held at 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029 on 22.03.2012 at 3 p.m. and you are requested to attend. The Quorum of the Meeting shall be 5 shareholders either in person or by Proxy.

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, is deposited at the registered office of the Applicant company at 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029 not later than 48 hours before the meeting.

The Hon'ble High Court has appointed Mr. N R Panicker, Managing Director failing him Mr Alok Sharma Director of the Applicant to be the Chairman of the said meeting.

A copy of each of the Scheme of Amalgamation, the statement under Section 393 of the Companies Act, 1956, Attendance Slip and a proxy form are enclosed.

Dated at Chennai, this the 14th day of February, 2012.

N R Panicker

Chairman Appointed for the Meeting

IN THE HIGH COURT OF JUDICATURE AT MADRAS
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO.159 OF 2012

IN THE MATTER OF THE COMPANIES ACT, 1956
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Chennai - 600 029

Represented by Its Director
Mr. K.R.Chandrasekaran Applicant / Transferee Company

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. The accompanying Notice has been sent for convening a Meeting of the Equity Shareholders of Accel Frontline Limited, being the Applicant Company above named (hereinafter referred to as "AFL"), for the purpose of considering and if thought fit, approving, with or without modification, the proposed Scheme of Arrangement of Amalgamation of Accel Frontline Services Limited (hereinafter referred to as "AFSL") with AFL. The salient

features of the Scheme of Arrangement of Amalgamation are given in paragraph 4 of this statement. The detailed terms will appear from the enclosed copy of the Scheme.

2. The circumstances which justify and/or have necessitated the said Scheme of Arrangement of Amalgamation are, inter alia, as follows:-

   i. The transferor Company and the transferee company belong to the same promoter group.

   ii. Both the Companies are essentially engaged in complementary businesses in the category IT Services, while the transferor company is engaged in back office services and the transferee company is engaged in on site IT services. Both businesses can be combined conveniently and carried on in conjunction more advantageously with more cost savings.

   iii. The objective of the proposed amalgamation is to create a larger presence in IT service space using the synergies of two companies.

   iv. The proposed amalgamation of the Transferor Company with the Transferee Company is in line with current global trends to achieve size, scale, integration and greater financial strength and flexibility. The consolidated entity is likely to achieve higher long term financial returns than could be achieved individually by the companies.

   v. The consolidated entity shall provide strategic and competitive advantage especially at the time when many large companies are integrating vertically and horizontally.

   vi. The amalgamated entity will have the ability to leverage on its large asset base, diverse range of products and services, and vast pool of intellectual capital, to enhance shareholder value.

   vii. Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, and the elimination of duplication, and rationalization of administrative

expenses and using common infrastructures and information systems.

viii. Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.

ix. The amalgamation will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Transferor Company and the Transferee Company.

x. Consequently, the Transferee Company will offer a strong financial structure to all the creditors including the creditors of the Transferor Company, facilitate resource mobilization and achieve better cash flows. This could contribute substantially towards enhancement of the shareholders' value of the Transferee Company.

xi. The banks, creditors and institutions if any of the Transferor and Transferee companies are not affected by the proposed amalgamation as their security is maintained and no compromise or arrangement is made with them.

xii. Strengthed leadership in the Industry , in terms of the asset base , revenue , product range , production volumes and market share of the combined entity is expected.

xiii. Cost Savings are expected to flow from more focused operational efforts , rationalization, standardization and simplification of business processes , productivity improvements, improved procurement and elimination of duplication and rationalization of administrative expenses are expected.

3. SHARE CAPITAL AND FINANCIAL POSITION OF AFL AND AFSL:

A) SHARE CAPITAL POSITION AFL

Authorized Share Capital 30,000,000 equity shares of Rs.10/- each	300,000,000
Issued, Subscribed and Paid –up 22,509,000 equity shares of Rs.10/- each fully paid	225,090,000

B) FINANCIAL POSITION OF AFL

The Annual Accounts of AFL have been audited for the financial year ended on March 31, 2011. The following extract from the said Audited Accounts of AFL indicates the financial position of AFL as on the said date as follows:

I. AFL had neither issued nor agreed to issue any debentures. II. Apart from the Current Liabilities and Provisions which are incurred and disposed off in the normal course of business, AFL had the following liabilities.	
Secured Loans	Rs. 904,565,253
III. Paid-up share Capital Add: Reserves & Surplus	Rs.225,090,000 Rs. 822,514,308
Net Shareholders' fund	Rs.1,047,604,308
Current Assets, Loans & Advances and Investments	Rs.2,312,782,860
Less :Current Liabilities and Provisions	Rs. 527,028,643
Less :Deferred Tax Liabilities	Rs. 28,693,837
Excess of Assets over Liabilities	Rs. 1,757,060,380

C) Subsequent to the date of the aforesaid latest audited Annual Accounts (i.e. 31st March, 2011),there has been no other substantial change in the financial position of AFL excepting those arising or resulting from the usual course of business.

A) SHARE CAPITAL POSITION OF AFSL

Authorized Share Capital 3,000,000 equity shares of Rs.10/- each	30,000,000
Issued, Subscribed and Paid –up 2,500,000 equity shares of Rs.10/- each fully paid	25,000,000

The Annual Accounts of AFSL have been audited for the financial year ended on March 31, 2011. The following extract from the said Audited Accounts of AFSL indicates the financial position of AFSL as on the said date as follows:

I.	AFSL had neither issued nor agreed to issue any debentures.	
II.	Apart from the Current Liabilities and Provisions which are incurred and disposed off in the normal course of business, AFSL had the following liabilities.	
	Secured Loans.	Rs. 181,324,510
III.	Paid-up share Capital Add: Reserves & Surplus	Rs. 25,000,000 Rs. 38,062,853
	Net Shareholders' fund	Rs. 63,062,853
Current Assets, Loans & Advances and Investments		Rs. 416,173,931
Less :Current Liabilities and Provisions		Rs. 219,214,194
Less :Deferred Tax Liabilities		Rs. 4,636,159
Excess of Assets over Liabilities		Rs. 192,323,578

4. SALIENT FEATURES OF THE SCHEME

The salient features of the said Scheme of Arrangement of Amalgamation are summarized for your convenience as follows:-

Both the Companies are essentially engaged in complementary businesses in the category IT Services, while the Transferor Company is engaged in back office services and the Transferee Company is engaged in on site IT services. Both businesses can be combined conveniently and carried on in conjunction more advantageously with more cost savings.

The objective of the proposed amalgamation is to create a larger presence in IT service space using the synergies of two companies.

The proposed amalgamation of the Transferor Company with the Transferee Company is in line with current global trends to achieve size, scale, integration and greater financial strength and flexibility. The consolidated entity is likely to achieve higher long term financial returns than could be achieved individually by the companies.

The consolidated entity shall provide strategic and competitive advantage especially at the time when many large companies are integrating vertically and horizontally.

The amalgamated entity will have the ability to leverage on its large asset base, diverse range of products and services, and vast pool of intellectual capital, to enhance shareholder value.

Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, and the elimination of duplication, and rationalization of administrative expenses and using common infrastructures and information systems.

Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.

The amalgamation will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Transferor Company and the Transferee Company.

Consequently, the Transferee Company will offer a strong financial structure to all the creditors including the creditors of the Transferor Company, facilitate resource mobilization and achieve better cash flows. This could contribute substantially towards enhancement of the shareholders' value of the Transferee Company.

The banks, creditors and institutions if any of the Transferor and Transferee Companies is not affected by the proposed amalgamation as their security is maintained and no compromise or arrangement is made with them.

All assets, moveable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, free hold or lease hold, fixed or current,

including computers and telecommunication equipments, computer hardware, software and programs, plant and machinery, office equipments, furniture and fixtures, vehicles, sundry debtors, cash and bank balances, loans and advances, deposits, Leased offices, inventories, bills of exchange, peripherals and accessories, receivables, investments, goodwill, investment in shares, debentures, bonds, mutual funds, etc.,of the Transferor Company will stand vested with AFL

All the registrations, permits, quotas ,rights, entitlements, industrial and other licences, concessions, incentives, subsidies, approvals, authorizations, consents, tenancies, trademarks, patents, copyrights, all intellectual property rights and licenses there under, technical know-how, permits, designs, patterns, inventions, leasehold rights, leases, tenancy rights privileges, all other rights, benefits entitlements including sales tax deferrals and other benefits, lease rights(including the benefit of any application made there for), powers and facilities of every kind, nature and description whatsoever, rights to use and avail of communication facilities of all kinds including telephones, telex, e-mail, facsimile connections , electricity and other services, funds, benefits of all agreements, benefits under letter of credit, guarantees, letter of comfort etc issued for the benefit of the company, benefits under government schemes, deferred tax benefits another benefits accruing on account of past expenditure and all such other interests/benefits of the Transferor Company shall vest with AFL;

All earnest moneys, security deposits and /or Rental deposits of the Transferor Company shall vest with AFL;

All records, files, papers, engineering & process information, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers Principals and suppliers, customer credit information, customer pricing information and all other records pertaining to business of AFSL shall vest with AFL.

All businesses acquired after the Appointed Date but before the Effective Date by AFSL shall also vest with AFL.

"Effective Date" means the date on which the certified copy of the order of the High Court of Madras, sanctioning the Scheme vesting the assets, properties, liabilities, rights, duties, obligations and the like of the Transferor Company in the Transferee Company are filed with Registrar of Companies of Tamil Nadu after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary thereof.

The borrowing limits of the Transferee Company in terms of Section 293(1)(d) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities of Transferor company which are being transferred to the Transferee Company pursuant the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date.

On and with effect from the Appointed Date and up to and including the Effective Date the Transferor Company shall be deemed to have been carrying on their businesses and activities and shall be deemed to have held and stood possesses of and shall hold and stand possessed of all the assets and liabilities for and on account of and in trust for Transferee Company and shall account for the same to the Transferee Company. The Transferee Company shall also be authorized to carry on the business of the Transferor Company as carried on by the Transferor Company

On the scheme taking effect as aforesaid, all officers and employees of the Transferor Company on the Effective Date shall be deemed to have become the officers and employees of the Transferee Company and their employment, whichever is later, and their employment by the Transferee Company shall be on the following terms and conditions.

The terms and conditions of service applicable to such officers and employees shall not be less favorable than those applicable to them as on the Effective Date.

The services of such officers and employees shall not be treated as having been broken or interrupted for the purpose of Provident Fund or Gratuity or Superannuation or Statutory purposes or otherwise and for all purposes, will be reckoned from the date of their respective appointments with the Transferor Company.

The Transferee Company undertakes to continue to abide by the Agreement/settlement if any entered into by the Transferor Company with any union/employee of any of the Transferor Company which is in force as on the Effective Date.

The Transferee Company shall have the right to transfer such employees to any unit, division; profit/cost centre or department of the Transferee Company situated anywhere in India or abroad if warranted and as may be necessary from time to time.

In regard to the Provident Fund, Gratuity fund, Superannuation fund or any other special fund created or existing for the benefit of such employees of the Transferor Company, upon the scheme becoming effective, Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever relating to the administration or operation of such schemes of funds. For this purpose such funds or schemes of the Transferor Company may be continued, if the Transferee Company considers so desirable or deemed fit for the smooth administration, management, operation and uniformity. The trustees including Board of Directors of the Transferee Company shall be entitled to adopt such course in this regard as may be advised provided however that there shall be no discontinuation or breakage in the service of the employee of the Transferor Company.

Upon coming into effect of this Scheme and upon vesting of the entire undertaking of the Transferor Company in the Transferee Company in terms of this Scheme and in consideration for amalgamation of the Transferor Company with the Transferee Company shall subject to the provisions of the Scheme, without any further application, act, instrument or deed issue and allot to the equity shareholders of the Transferor Company, the equity shares of the Transferee Company in the following ratio: 3 (Three) equity shares at par of the Transferee Company having face value of Rs.10/- per share fully paid up for every 1 (One) Equity shares of the face value of Rs.10/- per share fully paid up held by such member of the Transferor Company and the total number of shares so issued shall be 75,00,000 shares.

The new equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall inter-se rank pari passu in all respects with the then existing equity shares of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date. Fractions, if any, arising upon such allotment shall be rounded off to the nearest whole number.

Upon coming into effect of this Scheme and upon vesting of the entire undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the following shareholding will stand cancelled:

Shareholding of the Transferor Company in the Transferee Company.

Shareholding of the Transferee Company in the Transferor Company, if any.

The Board of Directors of AFL and AFSL have at their respective meeting, by resolutions passed unanimously, approved the Scheme of Arrangement of Amalgamation.

Mr. N.R.Panicker, Chairman and Managing Director of AFL and Mr. K.R. Chandrasekaran, Director of AFL are also Directors of AFSL and are common Directors of AFL & AFSL. The Directors' shareholdings in AFL and AFSL are as follows.

Name of Director/s	Directorship in		No of shares held in	
	AFL	AFSL	AFL	AFSL
Mr. N.R.Panicker	Yes	Yes	262500	Nil
Mr.K.R. Chandrasekaran	Yes	Yes	28172	Nil
Mr. Steve Ting Tuan Toon	Yes	No	Nil	Nil
Mr. Suresh K Sharma	Yes	No	Nil	Nil
Mr. A.P. Parigi	Yes	No	Nil	Nil
Mr. Alok Sharma	Yes	No	Nil	Nil
Mr. R.Ganesh	No	Yes	53549	49500
Mr. T. Ravindran	No	Yes	3636	Nil

The Exchange ratio of the shares of AFSL for AFL shares has been fixed on a fair and reasonable basis and on the basis of the valuation report of M/s. KPMG India Private Limited and fairness opinion thereon of M/s. VIVRO Financial Services Private Limited.

The pre amalgamation (existing) and post amalgamation capital structure and shareholding pattern of AFL based on data available as on 31.12.2011 is as under.

	QUARTER ENDED:	BEFORE MERGER AS ON 31-12-2011		PERCENTAGE	AFTER MERGER		PERCENTAGE
	Category of shareholder	No. of Shareholders	No. of Shares		No. of Shareholders	No. of Shares	
(A)	Shareholding of Promoter and Promoter Group						
-1	**Indian**						
(a)	Individuals/ Hindu Undivided Family	1	262,500	1.17	1	262,500	1.08
(b)	Central Government/ State Government(s)	-	-		-	-	

(c)	Bodies Corporate	2	13,570,793	60.29	1	15,175,166	62.55
(d)	Financial Institutions/ Banks	-	-		-	-	
(e)	Any Other (specify)	-	-		-	-	
	Sub-Total (A)(1)	3	13,833,293	61.46	2	15,437,666	63.63
-2	Foreign						
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-		-	-	
(b)	Bodies Corporate	1	1,283,085	5.70	1	1,283,085	5.29
(c)	Institutions	-	-		-	-	
(d)	Any Other (specify)	-	-		-	-	
	Sub-Total (A)(2)	1	1,283,085	5.70	1	1,283,085	5.29
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4	15,116,378	67.16	3	16,720,751	68.92
(B)	Public shareholding						
-1	Institutions						
(a)	Mutual Funds/ UTI	-	-		-	-	
(b)	Financial Institutions/ Banks	1	229,971	1.02	1	229,971	0.95
(c)	Central Government/ State Government(s)	-	-		-	-	
(d)	Venture Capital Funds	-	-		-	-	
(e)	Insurance Companies	-	-		-	-	
(f)	Foreign Institutional Investors	-	-		-	-	
(g)	Foreign Venture Capital Investors	-	-		-	-	
(h)	Any Other (specify)	-	-		-	-	
	1 Foreign Company						
	Sub-Total (B)(1)	1	229,971	1.02	1	229,971	0.95

-2	Non-institutions						
(a)	Bodies Corporate	170	3,428,421	15.23	170	3,428,421	14.13
(b)	Individuals i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	6,421	1,796,344	7.98	6,421	1,796,344	7.40
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	33	770,840	3.42	34	919,340	3.79
(c)	Any Other (specify)						
	1.Clearing Member	52	18,246	0.08	52	18,246	0.08
	2.Market Maker	-	-		-	-	
	3. NRIs (Repat)	46	1,125,898	5.00	46	1,125,898	4.64
	4.NRIs (Non Repat)	5	22,802	0.10	5	22,802	0.09
	5.Foreign Companies	-	-		-	-	
	6.Trusts	1	100	0.00	1	100	0.00
		-	-		-	-	
	Sub-Total (B)(2)	6,728	7,162,651	31.82	6,729	7,311,151	30.13
	Total Public Shareholding (B)= (B)(1)+(B)(2)	6,729	7,392,622	32.84	6 ,730	7,541,122	31.08
	TOTAL (A)+(B)	6,733	22,509,000	100.00	6,733	24,261,873	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-		-	-	
	1. Promoter and Promoter Group						
	2. Public						
	Sub-Total (C)1+(C)2	0	-		-	-	
	GRAND TOTAL (A)+(B)+(C)	6,733	22,509,000	100.00	6,733	24,261,873	100.00

AFL has duly filed the Scheme with the National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd as per the listing agreements. The said stock exchanges have noted the confirmation given by AFL to the effect that the scheme does not in any way violate or override or circumscribe the provisions the SEBI Act, 1992, the Securities Contracts (Regulation) Act 1956, the Depositories Act, 1996, the Companies Act, 1956, the Rules, Regulations and Guidelines made under the said Acts, the provisions of the listing agreement or the requirements of the said stock exchanges. All other documents and information that were sought by the said stock exchanges from time to time, including the aforesaid valuation report of M/s. KPMG India Private Limited but excluding detailed workings on valuation were duly provided and furnished by AFL. Based on the documents, and information furnished, the said stock exchanges have given their no-objection to the scheme with limited reference to matters having bearing on listing/delisting/continuous listing requirements within the provisions of the listing agreements.

The features set out above being only the salient features of the Scheme of Arrangement of Amalgamation, the Shareholders are requested to read the entire text of the Scheme of Arrangement of Amalgamation to get themselves fully acquainted with the provisions thereof.

The Board also recommended that the consent of Shareholders be sought, which is being sought for merger of AFSL (Transferor Company) with AFL (Transferee Company) vide Scheme of Arrangement of Amalgamation placed as Attachment A to this Notice.

None of the Directors other than Mr. N.R.Panicker and Mr.K.R.Chandrasekaran are concerned or interested in the above Resolution to the extent of their respective shareholding.

The Scheme is now in the interests of both the Applicant and AFSL and their respective shareholders, employees and all others concerned.

No Petition under Section 397 or 398 of the Act has been filed against the Applicant company. There have also been no material changes in the affairs of the Applicant Company.

The proposed Scheme will take effect finally from the Appointed Date mentioned therein viz., 1st April 2011, subject to all requisites, approvals,

consents and sanctions in Law being duly obtained. There are no proceedings pending under Section 235 to 251 of the Act against the Applicant Company.

No one will be prejudiced if the proposed Scheme is sanctioned and the sanction of the said Scheme will benefit and is in the interests of the shareholders of the Applicant and the general public. It would, therefore, be just and equitable that the Scheme be sanctioned as the same is bound to benefit the concerned companies including the Applicant and their respective shareholders.

Under section 391 of the Companies Act the said Scheme has to be approved by a majority of three fourth of the members present and voting either in person or proxy at the meeting. A proxy form is enclosed. It is hoped that in view of the important business to be transacted, you will personally attend the meeting.

The resolution to be submitted to the said meeting will read as follows :

"RESOLVED THAT the Scheme of Arrangement of Amalgamation of Accel Frontline Services Limited ("Transferor Company") with Accel Frontline Limited ("Transferee Company") and their respective Shareholders as per the Scheme of Arrangement of Amalgamation placed before the Meeting and initialed by the Chairman of the meeting for the purpose of identification, (a copy of which has already been circulated along with the notice of meeting) be and is hereby approved.

FURTHER RESOLVED THAT the Board of Directors of the Applicant Company be and is hereby authorized to do all such deeds, matters and things as are considered requisite or necessary to implement the said Scheme of Arrangement of Amalgamation and to accept such modification (s) and / or imposed by the Hon'ble High Court of Madras and / or by any authority while sanctioning the Scheme of Arrangement of Amalgamation".

The account of Applicant has been audited till 31st March 2011. The audited report does not disclose any mismanagement of the affairs of the Applicant Company.

The above statement is the true extract of the statement furnished by the Applicant Company.

The above mentioned Scheme, if approved by the meeting, will be subject to the subsequent approval of the Hon'ble High Court, Madras.

Copies of the following documents are open for inspection at the registered office of AFL between 11.00 A.M. and 1.00 P.M on any day from Monday to Friday.

a. Memorandum & Articles of Association of AFL & AFSL.
b. Annual Reports and Audited Accounts of AFL & AFSL for the financial year ended on March 31, 2011.
c. Quarterly Financial Results as on 30th June 2011, 30th September 2011 and 31st December 2011 of AFL & AFSL
d. Register of Directors shareholdings of AFL & AFSL.
e. Letters issued by the Stock Exchanges giving their no objection to the Scheme
f. Valuation report of M/s. KPMG India Private Limited, Hyderabad on the exchange ratio of shares of AFL & AFSL and fairness opinion thereon of M/s. VIVRO Financial Services Private Limited .
g. Order dt 14.02.2012 passed by Hon'ble High Court in C.A.No 159 of 2012

N R Panicker

Dated : 14-02-2012

Regd. Office
75, Nelson Manickam Road,
Aminjikarai, Chennai - 600 029

Chairman appointed for the meeting

Scheme of Arrangement of Amalgamation

of

Accel Frontline Services Limited

With

Accel Frontline Limited

And their respective shareholders

1. PRELIMINARY:

1.1 This Scheme of Arrangement of Amalgamation provides for the Amalgamation of Accel Frontline Services Limited (hereinafter referred to as "Transferor Company") with Accel Frontline Limited (hereinafter referred to as "Transferee Company") pursuant to the relevant provisions of the Indian Companies Act, 1956.

1.2 The Transferor Company is subsidiary of Accel Limited, the holding company of the Transferee Company and both the Transferor and Transferee belong to same group namely Accel Group of companies.

1.3 The Transferee Company was incorporated on 08.06.1995 under the provisions of the Companies Act, 1956 having its Registered office at 75, Nelson Manickam Road, Aminjikarai, Chennai – 600 029. The shares of the Transferee Company are listed on the National Stock Exchange of India Limited (Scrip code – AFL) and the Bombay Stock Exchange, Mumbai (Scrip code – 532774). The Transferee Company is interalia

engaged in the business of IT System Integration, IT Infrastructure Services, Enterprise Software Solutions, Enterprise System Management and Remote Infrastructure Management.

1.4 The Transferor Company was incorporated on 06.12.1995 under the name of XLNC Info Tech Solutions Private Limited which was changed to Accel Frontline Services Private Limited on 05.08.2008 and then further changed to Accel Frontline Services Limited on 02.06.2009. The Transferor Company is engaged in Warranty Management Services for IT products and Mobile devices, Manufacture ,sale and Service of Utility payment collection terminals, Payment Automation Solutions and CRM Solutions, Warranty fulfillment services, Technical help-desk, and Test & repair services.

1.5 The Registered office of both the Transferor Company and the Transferee Company is situated at Accel House 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029.

1.6 Background and Objective of the Merger –

1.6.1 The Transferor Company and the Transferee Company belong to the same promoter group.

1.6.2 Both the Companies are essentially engaged in complementary businesses in the category IT Services, while the Transferor Company is engaged in back office services and the Transferee Company is engaged in on site IT services. Both businesses can be combined conveniently and carried on in conjunction more advantageously with more cost savings.

1.6.3 The objective of the proposed amalgamation is to create a larger presence in IT service space using the synergies of two companies.

1.6.4 The proposed amalgamation of the Transferor Company with the Transferee Company is in line with current global trends to achieve size, scale, integration and greater financial strength and flexibility. The consolidated entity is likely to achieve higher long term financial returns than could be achieved individually by the companies.

1.6.5 The consolidated entity shall provide strategic and competitive advantage especially at the time when many large companies are integrating vertically and horizontally.

1.6.6 The amalgamated entity will have the ability to leverage on its large asset base, diverse range of products and services, and vast pool of intellectual capital, to enhance shareholder value.

1.6.7 Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, and the elimination of duplication, and rationalization of administrative expenses and using common infrastructures and information systems.

1.6.8 Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which

can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.

1.6.9 The amalgamation will result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by the Transferor Company and the Transferee Company.

1.6.10 Consequently, the Transferee Company will offer a strong financial structure to all the creditors including the creditors of the Transferor Company, facilitate resource mobilization and achieve better cash flows. This could contribute substantially towards enhancement of the shareholders' value of the Transferee Company.

1.6.11 The banks, creditors and institutions if any of the Transferor and Transferee Companies are not affected by the proposed amalgamation as their security is maintained and no compromise or arrangement is made with them.

1.6.12 Strengthened leadership in the industry, in terms of the asset base, revenues, product range, production volumes and market share of the combined entity. The amalgamated entity will have the ability to leverage on its large asset base, diverse range of products and services, and vast pool of intellectual capital, to enhance shareholder value.

1.6.13 Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, and the elimination of duplication, and rationalization of administrative expenses

IN CONSIDERATION OF THE RECIPROCAL PROMISES, THIS SCHEME BETWEEN THE TRANSFEROR COMPANY AND THE TRANSFEREE COMPANY AND THEIR RESPECTIVE SHAREHOLDERS IS BEING PROPOSED IN ACCORDANCE WITH THE TERMS SET OUT HEREUNDER.

2. **Definitions:**

In this scheme, unless repugnant to the context or meaning thereof, the following expressions shall have the following meanings: -

2.1 "Act" means the Indian Companies Act, 1956 and any statutory modifications or re-enactment thereof for the time being in force.

2.2 "Appointed Date" means 1st April 2011.

2.3 "Assets" shall mean all business, undertakings, estates, assets, properties, rights, titles and interests of whatsoever nature and kind and whosoever situate in India and abroad, of the Transferor Company, including but not limited to:

2.3.1 All assets, moveable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, free hold or lease hold, fixed or current,

including computers and telecommunication equipments, computer hardware, software and programs, plant and machinery, office equipments, furniture and fixtures, vehicles, sundry debtors, cash and bank balances, loans and advances, deposits, Leased offices, inventories, bills of exchange, peripherals and accessories, receivables, investments, goodwill, investment in shares, debentures, bonds, mutual funds, etc.,

2.3.2 All the registrations, permits, quotas ,rights, entitlements, industrial and other licences, concessions, incentives, subsidies, approvals, authorizations, consents, tenancies, trademarks, patents, copyrights, all intellectual property rights and licenses there under, technical know-how, permits, designs, patterns, inventions, leasehold rights, leases, tenancy rights privileges, all other rights, benefits entitlements including sales tax deferrals and other benefits, lease rights(including the benefit of any application made there for), powers and facilities of every kind, nature and description whatsoever, rights to use and avail of communication facilities of all kinds including telephones, telex, e-mail, facsimile connections , electricity and other services, funds, benefits of all agreements, benefits under letter of credit, guarantees, letter of comfort etc issued for the benefit of the company, benefits under government schemes, deferred tax benefits another benefits accruing on account of past expenditure and all such other interests/benefits;

2.3.3 All earnest moneys, security deposits and /or Rental deposits.

2.3.4 All records, files, papers, engineering & process information, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers Principals and suppliers, customer credit information, customer pricing information and all other records pertaining to business.

2.3.5 All businesses acquired after the Appointed Date but before the Effective Date.

2.3.6 All receipts from the Transferee Company including any Dividends Received before the Effective Date;

2.4 "Effective Date" means the date on which the certified copy of the order of the High Court of Madras, sanctioning the Scheme vesting the assets, properties, liabilities, rights, duties, obligations and the like of the Transferor Company in the Transferee Company are filed with Registrar of Companies of Tamil Nadu after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary thereof.

2.5 "Employees" mean the staff, workmen and employees on the payrolls of the Transferor Company.

2.6 "HighCourt" means High Court of Judicature at Madras

2.7 "Liabilities" shall mean all debts, secured and unsecured loans, liabilities, responsibilities, duties, acceptances and obligations of the Transferor Company.

2.8 "Shareholders" means respectively the persons registered as holder of equity shares of the company concerned.

2.9 "Scheme" means this Scheme of Arrangement of Amalgamation in its present form as approved by the Board of Directors of the Transferor Company and the Transferee Company subject to such modifications made under clause of this scheme as the Hon'ble High Court may impose on the Transferor Company and Transferee Company and such modifications which the Transferor Company and Transferee Company may deem necessary subject to the approval of the High Court.

2.10 "Transferee Company" means " Accel Frontline Limited " (CIN L30006TN1995PLC031736), a company incorporated on 08.06.1995 under the provisions of the Indian Companies Act 1956 having its Registered Office at 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029.

2.11 "Transferor Company" means Accel Frontline Services Limited (CIN U72200TN1995PLC075982) a company incorporated on 06.12.1995 under the provisions of the Companies Act, 1956 and having its Registered office at 75, Nelson Manickam Road, Aminjikarai, Chennai - 600 029 and

2.12 Other expression used in this Scheme and not expressly defined herein shall carry the same meaning as is given to them in the Companies Act, 1956.

3. Share Capital

3.1 Share Capital of the Transferee Company

The Authorized, Issued and Subscribed and Paid up Share Capital of the Transferee Company as on Appointed Date are as follows :

Authorized Share Capital 30,000,000 equity shares of Rs.10/- each	300,000,000
Issued, Subscribed and Paid –up 22,509,000 equity shares of Rs.10/- each fully paid	225,090,000

Of the Above, as on date 57,47,127 shares (25.53%) are held by the Transferor Company.

3.2 Share Capital of the Transferor Company

The Authorized, Issued and Subscribed and Paid up Share Capital of the Transferee Company as on Appointed Date are as follows :

Authorized Share Capital 3,000,000 equity shares of Rs.10/- each	30,000,000
Issued, Subscribed and Paid –up 2,500,000 equity shares of Rs.10/- each fully paid	25,000,000

4. Operative Date of the Scheme.

The Scheme set out herein shall be operative from the Appointed Date but shall become effective on the Effective date.

5. Transfer of Assets and Liabilities

5.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the entire undertaking of Transferor Company (including all the Assets, estates, rights, claims, title, interest and authorities etc.,)shall pursuant to the provisions of section 391 to 394A of the Companies Act,1956,without any further act, deed, matter or thing be merged with the Transferee Company and stand transferred to and vested in and shall be deemed to be transferred to and vested in the Transferee Company on a going concern basis in such a manner that all the properties, assets, rights, claims, title, interest, authorities and liabilities comprised in the Transferor Company as on Appointed Date shall become the properties, assets, rights, claims, title, interest, authorities and liabilities of the Transferee Company by virtue and in the manner provided in this Scheme.

5.2 Without prejudice to the generality of the foregoing clauses, with effect from the Appointed Date and on the Scheme becoming effective:

5.2.1 Any and all assets relating to the Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by vesting and recordal, pursuant to the Scheme, shall stand transferred to and vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The transfer and vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery and possession or negotiation and endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred and vested accordingly. No stamp duty shall be payable on the transfer of such movable properties upon it transfer and vesting in Transferee Company.

5.2.2 Any and all movable properties of Transferor Company other than those specified under sub clause5.2.1 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, Semi-government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, be transferred and vested as the property of the Transferee Company.

5.2.3 Any or all assets pertaining to the Transferor Company whether freehold or leasehold and any document of title, easement in relation thereto as on the Appointed Date shall stand transferred to and be vested in Transferee Company on a going concern basis, with effect from the Appointed Date without execution of any instrument of conveyance, deed or act. The Transferee Company shall be entitled

to exercise all rights and privileges and shall be liable to pay ground rent, municipal taxes, and fulfill all obligations, in relation to or applicable to such properties.

5.3.1 Any or all debts, Liabilities (including contingent liabilities),duties and obligations, secured or unsecured loan, whether provided for or not or disclosed in the books of accounts of Transferor Company as on Appointed Date shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of Transferee Company and Transferee Company undertakes to meet, discharge and satisfy the same;

5.3.2 It shall not be necessary to obtain the consent of any third party or other person who is party to any contract or arrangement by virtue of which such debts, liabilities duties and obligations have arisen in order to give effect to the provisions of this Clause; The provisions of this clause insofar as they relate to the transfer of Liabilities to the Transferee Company shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/or superseded by the foregoing provisions.

5.4 The borrowing limits of the Transferee Company in terms of Section 293(1)(d) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities of Transferor company which are being transferred to the Transferee Company pursuant the Scheme, such limits being incremental to the existing limits of the Transferee Company, with effect from the Appointed Date.

5.5 Any and all contracts, agreements, memoranda of undertakings, memoranda of agreements, arrangement/s, deeds, bonds, undertaking/s, deeds, bonds, undertaking/s and other

instruments of whatsoever nature, whether written or otherwise and which are subsisting to which Transferor Company is a party, shall in full force and effect, be it in favour of or against the Transferee Company, be enforced as fully and effectually as if the Transferee Company had been a party thereto instead of the Transferor Company.

5.6 All permits, no objection certificates, permission, approvals, consents, quotas, rights, entitlements, licenses including those relating to trademarks ,tenancies, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature to which Transferor Company is a party or to the benefit of which Transferor Company may be eligible and which are subsisting, shall stand transferred to and vested in Transferee Company without any further act or deed done by Transferor Company.

5.7 With effect from the Effective Date, any statutory and regulatory no-objection certificates, licenses, permissions, consents, approvals, authorizations or registrations as are held by the Transferor Company shall be deemed to constitute licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights and the concerned statutory authorities and licensors shall endorse and/or mutate or record the name of the Transferee Company pursuant to the filing of this Scheme as sanctioned by the Hon'ble Court with such authorities and licensors, so as to facilitate the continuation of operations in Transferee Company and Transferor Company without hindrance.

5.8 The Transferee Company undertakes to deal with and discharge the liabilities stated above, which shall vest in such Transferee Company by virtue of the Scheme and keep the Transferor

Company indemnified from and against all debts, duties, liabilities and obligations as also actions, claims and demands in respect thereof.

5.9 All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred by the Transferor Company on or after the Appointed 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 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 debts, liabilities duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

5.10 The benefit of all statutory and regulatory permissions, factory licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of Transferor Company shall vest in and become available to Transferee Company pursuant to the Scheme.

5.11 The transfer and vesting of the Transferor Company and its properties and liabilities and the continuance of the proceedings by the Transferee Company and/or the contracts, etc., as aforesaid shall not affect any transactions or proceedings already concluded by the Transferor Company in the ordinary course of business on and after the Appointed Date and that the Transferee Company accepts on behalf of itself all acts, deeds and things done lawfully and executed by the Transferor Company in the ordinary course of Business.

5.12 All estates, assets, rights, title and interests accrued to and/or acquired by the Transferor Company on or after the Appointed

Date, shall be deemed to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall upon the coming into effect of this Scheme, pursuant to the provisions of Section 394 of the Act, without any further act, instrument or deed stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to that extent and shall become the estate, assets, rights, claims, title, interest and authorities of the Transferee Company.

6 Legal Proceedings

With effect from the Effective Date, if any suit, petition, appeal, revision or other proceedings of whatever nature (hereinafter called "the Proceedings') by or against the Transferor Company under any statute, whether pending on the Appointed Date, or which may be instituted in future (whether before or after the Effective Date) in respect of any matter arising before the Effective Date as agreed between the Transferor Company and the Transferee Company shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the said assets/liabilities of the Transferor Company or of anything contained in the Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made.

7. Transactions between Appointed Date And Effective Date

7.1 On and with effect from the Appointed Date and up to and including the Effective Date the Transferor Company shall be deemed to have been carrying on their businesses and activities and shall be deemed to have held and stood possesses of and shall hold and stand possessed of all the assets and liabilities for and on account of and in trust for Transferee Company and shall account for the same to the Transferee Company. The Transferee

Company shall also be authorized to carry on the business of the Transferor Company as carried on by the Transferor Company.

7.2 The Transferee Company unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all the liabilities and obligations of the Transferor Company which shall vest in that Transferee Company by virtue of this Scheme of Arrangement of Amalgamation with effect from the Appointed Date, in order to give effect to the foregoing provisions.

7.3 The Transferee Company on behalf of the Transferor Company may carry on the business, in either name as the circumstances may be, for those unfinished or incomplete business, contracts, transactions which may be necessary to be transacted and completed.

7.4 All the profits or incomes accruing or arising to Transferor Company or expenditure or losses arising or incurred by Transferor Company, including effect of taxes thereon, if any, shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or expenditure or losses, as the case may be, of Transferor Company.

7.5 The Transferor Company shall, from the Appointed Date, and up to and including the Effective Date, carry on its businesses and activities with reasonable diligence and utmost business prudence and shall not without prior written consent of the Transferee Company alienate, charge, mortgage, encumber or otherwise deal with or dispose off any of its units/undertakings or any part thereof except pursuant to any pre-existing obligations undertaken by the Transferor Company prior to the Appointed Date.

7.6 The Transferor Company hereby undertakes that from the Appointed Date, it shall not:

7.6.1 Alienate, charge or otherwise deal with or dispose off its assets or any part thereof, except in the usual course of business; and;

7.6.2 Utilize the profits, if any, for the purpose of declaring or paying any dividend in respect of the period falling on and after the Appointed Date except with the consent of Board of Directors of the Transferee Company.

8. Transfer At Book Values:

It is hereby clarified that all assets and liabilities of Transferor Company shall be transferred at values appearing in the books of accounts of Transferor Company , as on the Appointed Date which are set forth in the closing balance sheet of Transferor Company as of the close of business hours on the date immediately preceding the Appointed Date.

9. Employees Of The Transferor Company

On the scheme taking effect as aforesaid, all officers and employees of the Transferor Company on the Effective Date shall be deemed to have become the officers and employees of the Transferee Company and their employment, whichever is later, and their employment by the Transferee Company shall be on the following terms and conditions.

9.1 The terms and conditions of service applicable to such officers and employees shall not be less favorable than those applicable to them as on the Effective Date.

9.2 The services of such officers and employees shall not be treated as having been broken or interrupted for the purpose of Provident Fund or Gratuity or Superannuation or Statutory purposes or otherwise and for all purposes, will be reckoned from the date of their respective appointments with the Transferor Company.

9.3 The Transferee Company undertakes to continue to abide by the Agreement/settlement if any entered into by the Transferor Company with any union/employee of any of the Transferor Company which is in force as on the Effective Date.

9.4 The Transferee Company shall have the right to transfer such employees to any unit, division; profit/cost centre or department of the Transferee Company situated anywhere in India or abroad if warranted and as may be necessary from time to time.

9.5 In regard to the Provident Fund, Gratuity fund, Superannuation fund or any other special fund created or existing for the benefit of such employees of the Transferor Company, upon the scheme becoming effective, Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever relating to the administration or operation of such schemes of funds. For this purpose such funds or schemes of the Transferor Company may be continued, if the Transferee Company considers so desirable or deemed fit for the smooth administration, management, operation and uniformity. The trustees including Board of Directors of the Transferee Company shall be entitled to adopt such course in this regard as may be advised provided however that there shall be no discontinuation or breakage in the service of the employee of the Transferor Company.

10. Contracts, Deeds, Etc.

10.1 Subject to the other provisions contained in this Scheme, all contracts, deeds, agreements, bonds and other instruments of whatsoever nature subsisting or having effect on the Effective Date to which either of the Transferor Company is a party or to the benefit of which either of the Transferor Company may be eligible shall be in full force and effect against or in favour of the Transferee Company as if the Transferee Company had been a party thereto.

10.2 The transfer under clause 5 of Transfer of Assets and Liabilities of the Transferor Company and the continuance of proceedings by or against the Transferee Company under clause 6 hereof shall not affect any transaction or proceedings already concluded by wither of the Transferor Company on or after the Appointed Date to the end and intent that the Transferee Company

shall accept and adopt all such acts, deed and things as done and executed on behalf of itself. Furthermore, as from the appointed date, the Transferor Company shall be deemed to have carried on and to be carrying on business on behalf of the Transferee Company until such time as this Scheme becomes effective and shall account to and be entitled to be indemnified by the Transferee Company.

11. Charges

Upon the Scheme becoming effective, existing charges on the assets of the Transferor Company shall stand transferred to the Transferee Company and shall continue in favour of the Bankers and Financial institutions , if any, as may be modified, readjusted, apportioned and reallocated by them ; and the Transferor Company shall provide all assistance in getting the charges o the Assets of the so transferred. The Bankers/Financial Institutions who have funded the Transferor Company shall have a charge only on the assets of the respective undertaking financed by them and shall not have any charge, on the assets of the Transferee Company not financed by them.

Provided further that the Scheme shall not operate to enlarge the security for any loan, deposit or facility created or available to the Transferor Company which shall vest in the Transferee Company by virtue of the merger and the Transferor Company shall not be obliged to create any further or additional security thereof after the Merger has become effective or otherwise.

12. Payment Of Tax

12.1 All taxes paid or payable by the Transferor Company in respect of the operations and/or the profits before the Effective Date, shall be on account of the Transferee Company and, in so far it relates to the tax payment (whether by way of deduction at source, advance tax or otherwise howsoever) by the Transferor Company in respect of the profits made from and after the Appointed Date, the same shall be deemed to be the tax paid by the Transferee Company, and shall in all proceedings, be dealt with accordingly.

12.2 The Transferor Company and the Transferee Company are expressly permitted to revise their Income Tax returns and related TDS certificates and the right to claim refund, advance tax credits etc. Upon this Scheme becoming effective and have expressly reserved the right to make such revisions in the Income Tax returns and related TDS certificates and the right to claim refund advance tax credits etc. pursuant to the sanction of this Scheme.

12.3 All the benefits of Income Tax Act 1961 available to the Transferor Company including benefits upon Merger, shall be available to the Transferee Company in the same manner as it would have been available to the Transferor Company had the Merger not taken place.

12.4 It is expressly clarified that upon the Scheme becoming effective, all taxes/duties of any nature payable or all refund of claims by the Transferor Company as on the Appointed Date shall be treated as the tax liability of or refund claims of the Transferee Company. Similarly the obligation for deduction-of tax at source on any payment made by the Transferor Company shall be deemed to have been made and duly complied with by the Transferee Company. Further, any payment required to be made, till Effective Date by specified due dates in the tax laws shall also be deemed to have been made correctly by the Transferee Company if so made by the Transferor Company. Similar treatment shall be done for any service tax, excise duty, sales tax, value added tax and so by any other taxes, duties and cesses, returns, payments, tax credits ad legal compliances and the same shall be so recognized by the relevant Authorities, Government Departments and Local Authorities Boards.

12.5 Compliance of all fiscal laws made by the Transferor Company upto Effective Date shall be deemed to have been made by the Transferee Company.

12.6 Any returns filed by the Transferor Company with the State Government for VAT or Sales Tax matters, with the Service Tax/Excise

authorities and Income tax authorities of the Central Government upto the Effective Date shall be deemed to have been filed for and on behalf of the Transferee Company.

12.7 All Taxes, duties, cess payable by the Transferor Company for the period after the Appointed Date including all or any refunds/credit/claims relating thereto shall be treated as the liability or refunds/credit/claims, as the case may be, of Transferee Company.

12.8 Since each of the permissions, approvals, consents, sanctions, remissions, special reservation, sales tax remissions, tax holidays, incentives, concessions, and other authorizations, shall stand vested by the order of sanction of the Hon'ble High Court in Transferee Company, the Transferee Company shall file the relevant intimations for the record of the statutory authorities who shall take them on file to mutate them in the name of Transferee Company and delete the name of the Transferor Company as applicable , without any further act or deed, provided however that for statistical purpose if any application has to be lodged with details of Transferee Company, Transferee Company shall do so and relevant Statutory/competent authorities shall continue the benefit of such permissions, approvals, permits etc., to be provided to Transferee Company pursuant to the sanctioned order in relation to this Scheme without any reconsideration.

12.9 The Transferee Company shall be entitled to continue and use the benefits available to the Transferor Company in respect of any sales tax subsidy scheme, sales tax holiday scheme, octroi duty scheme, power cost subsidy scheme, or any other subsidy scheme provided under the respective Schemes of the State Government or Local Authorities.

13. Consideration

13.1 Share Entitlement & Issuance Of Shares

13.1.1 Upon coming into effect of this Scheme and upon vesting of the entire undertaking of the Transferor Company in the Transferee Company in terms of this Scheme and in consideration for amalgamation of the Transferor Company with the Transferee Company shall subject to the provisions of the Scheme, without any further application, act, instrument or deed issue and allot to the equity shareholders of the Transferor Company, the equity shares of the Transferee Company in the following ratio:

3 (Three) equity shares at par of the Transferee Company having face value of Rs.10/- per share fully paid up for every 1 (One) Equity shares of the face value of Rs.10/- per share fully paid up held by such member of the Transferor Company and the total number of shares so issued shall be 75,00,000 shares.

13.1.2 The new equity shares issued and allotted by the Transferee Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company and shall inter-se rank pari passu in all respects with the then existing equity shares of the Transferee Company, including in respect of dividend, if any, that may be declared by the Transferee Company on or after the Effective Date. Fractions, if any, arising upon such allotment shall be rounded off to the nearest whole number.

13.2 Upon coming into effect of this Scheme and upon vesting of the entire undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the following shareholding will stand cancelled:

- Shareholding of the Transferor Company in the Transferee Company.
- Shareholding of the Transferee Company in the Transferor Company, if any.

13.3 Upon coming into effect of this Scheme and upon vesting of the entire undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, actions contemplated by Transferee Company in clause 13.2 shall precede the actions contemplated in clause 13.1, though both are simultaneous actions and accordingly shareholdings that are required to be cancelled as stated under Clause 13.2 shall be cancelled by Transferee Company prior to the issuance of new shares by Transferee Company.

14. Reorganization of the Authorized Share Capital of the Transferee Company

14.1 Upon the Scheme becoming fully effective the authorized share capital of the Transferor Company shall stand combined with the authorized Share capital of the Transferee Company. Filing fees and stamp duty, if any, paid by the Transferor Company on its authorized share capital, shall be deemed to have been so paid by the Transferee Company on the combined authorized Equity Share capital and accordingly, the

Transferee Company shall not be required to pay any fee/ stamp duty for its increased authorized Equity Share capital.

14.2 Clause V of the Memorandum of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 16, 94, 95 and 394 and other applicable provisions of the Act by deleting the existing Clause and replacing it by the following:

"The Share Capital of the company is Rs.33,00,00,000/- (Rupees Thirty Three Crores only) divided into 3,30,00,000 Equity Shares of Rs.10/- each (Rupees Ten only) ''.

14.3 Article 4 of the Articles of Association of the Transferee Company shall, without any further act, instrument or deed, be and stand altered, modified and amended by deleting the existing Article and replacing it by the following:

"The Authorised Share Capital of the company is Rs.330,000,000/- (Rupees Thirty Three Crores only) divided into 33,000,000 Equity Shares of Rs.10/- each (Rupees Ten only) with powers to increase or reduce thereof in accordance with the provisions of the Companies Act, 1956".

14.4 On the approval of the shareholders of Transferor and Transferee Company to the Scheme it shall be deemed that the said shareholders have also accorded all relevant consents under section 16, 31, 94, 95 or any other applicable provisions of the Act to the extent the same may be considered applicable.

14.5 The sanction of the Hon'ble High Court of Judicature at Madras under section 391 and 394 of the Act for the Scheme shall

consequentially deemed to be a sanction under such applicable provisions of the Companies Act 1956.

15. Application for Listing Of Securities By Transferee Company

Upon the Scheme being sanctioned by the Court under section 394 of the Act and on its becoming effective the shares to be allotted to the members of the Transferor Company shall be listed and/or admitted to trading on the relevant Stock Exchange/s in India, where the equity shares of M/s Accel Frontline Limited are listed and/or admitted to trading as on the Effective Date. Accordingly, the Transferee Company shall take steps for listing simultaneously on all such Stock Exchange(s) within a reasonable period of the receipt of the final order of the High Court sanctioning this Scheme.

16. **Accounting for Amalgamation**

Upon the Scheme becoming effective, amalgamation of the Transferor Company with the Transferee Company will be accounted in the following manner:

16.1 The amalgamation shall be an 'Amalgamation in the nature of Merger' as defined in the Accounting Standard (AS) 14 issued by the Institute of Chartered Accountants of India and shall be accounted for under the 'pooling of interests' method in accordance with the said AS-14.

16.2 Accordingly, all the assets and liabilities recorded in the books of the Transferor Company shall be transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company at the respective book values as appearing in the books of the Transferor Company, as on the Appointed Date.

16.3 Inter-company balances and inter company transactions, if any, will stand cancelled. Any profit/loss element in the inter-

company transactions considered for Inventory valuation /Fixed assets also will be nullified. Any Dividends received by the Transferor Company from the Transferee Company, shall be added/transferred to the General Reserve of the Transferee Company.

16.4 It is hereby clarified that pursuant to the provisions of clause 7 above of this scheme, all transactions during the period between the Appointed Date and Effective Date relating to the Transferor Company would be duly reflected in the financial statements of the Transferee Company , upon the scheme coming into effect.

16.5 All the reserves of the Transferor Company under different heads shall become the corresponding reserves of the Transferee Company. The debit balance of the Profit & Loss Account of the Transferor/Transferee Companies, if any, will be adjusted / offset against the credit balance of the Profit & Loss Account of the (other) Transferor/Transferee Companies. The Amount so credited in Profit & Loss account or /and General Reserve account of transferee company shall be freely available for distribution as dividend, and shall for all purposes constitute a part of the Free Reserves of the Transferee Company.

16.6 The Transferee Company shall credit in its books of accounts, the aggregate face value of the New Equity Shares issued by it to the shareholders of the Transferor Company pursuant to the Scheme to the Share Capital Account.

16.7 Consequent to clauses 16.1 to 16.6 above, the difference in the value of assets and liabilities of Transferor Company transferred and vested in Transferee Company and face value on the equity shares now issued, would be adjusted first from the Reserves and Surplus (including Profit and Loss account surplus) of the Transferor Company and any balance will be adjusted from the Reserves and

Surplus (including Profit and Loss account surplus) of the Transferee Company.

16.8 In case of any difference in accounting policy between the Transferor Company and Transferee Company, the accounting policies followed by the transferee Company shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies. Impact of any such change in accounting policy will be adjusted against the opening balance of General Reserve and /or Profit and Loss account, as the case may be, in the books of the Transferee Company as at the appointed date.

16.9 The Transferee Company if were to raise additional funds through issue of convertible warrants, bonds, ADRs or GDRs or any other mechanism as may be found appropriate or by way of additional equity shares as may be found to be appropriate by the directors of the Transferee Company. Any expenses arising out of this exercise, before the coming into effect of this scheme or after the Effective Date thereof will be adjusted against the free reserves created in terms of clause (1) of this Scheme, upon the coming into effect of this Scheme.

17. Conditionality of The Scheme

This Scheme is and shall be conditional upon and subject to:

17.1 The approval by the requisite majorities of the members of the Transferee Company and the Transferor Company as required under the Acts and any other approval required under an order of the High Court.

17.2 The Transferor Company shall obtain all the other approvals that may be required for this Scheme.

17.3 The certified copy of the order of Hon'ble High Court Madras upon sanctioning the Scheme being filed with Registrar of Companies in Chennai and Registrar of Companies in Chennai.

18. Applications to the High Court

The Transferor Company and the Transferee Company shall make applications / petitions to the Hon'ble High Court of Judicature at Madras under Section 391 to 394 and other applicable provisions of the Act for the purpose of obtaining sanction of the Hon'ble High Court of Madras to the Scheme pursuant to the provisions of the Act and for the dissolution of the Transferor Company without winding up.

19. Dissolution Of Transferor Company

The Transferor Company shall be dissolved without winding up as and from the Effective Date or such other date as the Hon'ble High Court of Judicature at Madras may direct.

20. Modifications Or Amendments To The Scheme

The Transferor Company and the Transferee Company may make or consent from time to time on behalf of all persons concerned to any modifications or amendments to this Scheme or to any conditions or limitation which the Hon'ble High Court or any other authority under law may direct or impose or which may otherwise be considered necessary to resolve all doubts or difficulties that may arise in implementing and/or carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary for putting the Scheme into effect. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by their respective Board of Directors or any other person authorized in that behalf by the concerned Board.

For the purpose of giving effect to this Scheme or to any modifications or amendments thereof, the Board of Directors of the Transferee Company and the Transferor Company respectively or any person authorized by the respective Boards in that behalf may give and is authorized to give all such directions as are necessary or desirable as the respective Boards may think fit and such determination or directions, as the case may be, shall be final and binding on all parties in the same manner as if the same were specifically incorporated in this Scheme.

21. Costs Charges And Expenses

All costs, charges, taxes including duties, levies and all other expenses, if any, (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company respectively in relation to or in connection with negotiations leading up to the Scheme and or carrying out and completing the terms and provisions of this Scheme and of and incidental to the completion of Amalgamation in pursuance of this Scheme shall be borne and paid by the Transferee Company.

ATTENDANCE SLIP

ACCEL FRONTLINE LIMITED

Regd.Office: No.75 Nelson Manickam Road, Aminjikarai, Chennai 600029

NAME AND ADDRESS OF THE PROXY HOLDER/REPRESENTATIVE AUTHORISED UNDER SECTION 187 OF THE COMPANIES ACT, 1956 (to be filled in BLOCK LETTERS if Meeting attended by proxy/authorised representative of the Shareholder)

I/We hereby record my/our presence at Meeting of the Equity Shareholders of the Company convened on the 22nd day of March, 2012 at "ACCEL HOUSE", No.75, Nelson Manickam Road, Aminjikarai, Chennai 600 029 at 03.00 pm by Order dated 14th February 2012 of the Hon'ble Court of Judicature at Madras.

Signature of the Equity Shareholder or proxy / authorised representative

Notes:

1. Shareholders are requested to bring the Attendance Slip with them when they come to the Meeting and hand it over at the entrance after affixing their signature on it.

2. Shareholders who come to attend the Meeting are requested to bring with them the copy of the Notice.

IN THE HIGH COURT OF JUDICATURE AT MADRAS
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO.159 OF 2012

IN THE MATTER OF THE COMPANIES ACT, 1956
AND
IN THE MATTER OF SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956
AND
IN THE MATTER OF THE SCHEME OF ARRANGEMENT OF AMALGAMATION
OF ACCEL FRONTLINE SERVICES LIMITED AND ACCEL FRONTLINE LIMITED

ACCEL FRONTLINE LIMITED
a Company incorporated under
the Companies Act,1956 having its registered office
at 75, Nelson Manickam Road, Aminjikarai,
Chennai - 600 029

Represented by Its Director
Mr. K.R.Chandrasekaran — Applicant / Transferee Company

FORM OF PROXY

I/We, the undersigned Equity Shareholder(s) of the Applicant Company hereby appoint _____ of_____ and failing him _____ of _____ as my/our proxy to act for me/us at the Meeting of the Equity Shareholders of the Company convened on the 22nd day of March 2012 at "ACCEL HOUSE", No.75, Nelson Manickam Road, Aminjikarai, Chennai 600 029 by Order dated 14.02.2012 of the Hon'ble Court of Judicature at Madras for the purpose of considering and, if thought fit, approving, with or without modification/(s), the Scheme of Arrangement of Amalgamation proposed to be made between Accel Frontline Services Limited and the Applicant Company and their representative shareholders and at such Meeting or at any adjournment 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 of Arrangement of Amalgamation') the said Arrangement either with or without modification/(s) as my/our proxy may approve.

Dated_____ this day of _____ 2012.

Affix Re1/- Revenue Stamp

Regd. Folio/DP/CLID No._____

Name/(s):----------

Address:_____