

Annexure - B

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 cranes and construction equipment, material handling and

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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:

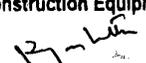
- (a) To economize on administrative and other expenses;
- (b) To increase the efficiency of combined business by pooling of resources and their optimum utilization, thereby availing synergies from combined resources;
- (c) The Transferee Company would have diversified product portfolio and merger would 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;

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- (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");

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- (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, Ballabgarh - 121004, Haryana..

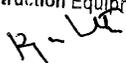
2.2 INTERPRETATION

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.

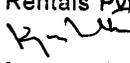
2.3 COMPLIANCE WITH TAX LAWS

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.

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PART II – SHARE CAPITAL

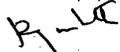
3. CAPITAL STRUCTURE

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 Lakhs and 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.

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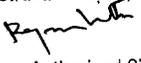

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PART III - TRANSFER AND VESTING OF ATCPL INTO ACEL

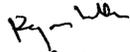
4. TRANSFER OF UNDERTAKING

- 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

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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.

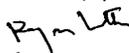
- 4.6 Where any of the liabilities and obligations, if any, of the Merged Undertaking/ Transferor Company, as on the Appointed Date, transferred to the Transferee Company has been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed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

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5. CONSIDERATION AND RE-ORGANISATION OF SHARE CAPITAL

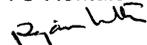
- 5.1 Upon Scheme becoming effective and without any further application, act or deed, the Transferee Company, in consideration of the transfer and vesting of the Merged Undertaking (with all its assets, liabilities, rights and obligations) of the Transferor Company in the Transferee Company, the Transferee 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

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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:

- 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.

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.

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- 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

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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 TRANSFEE 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 3,05,00,000 8% Redeemable Preference Shares of Rs 10/- each. <i>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.</i>	23,50,00,000 30,50,00,000
Issued, Subscribed and Paid-up Capital	
11,74,30,500 Equity Shares of Rs 2/- each. 3,02,19,380 8%, Cumulative Non-Participating Redeemable Preference Shares of Rs 10/- each.	23,48,61,000 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 Transferor 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.

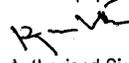
- 12.2 After the Appointed Date, if any proceedings are taken against the Transferor Company, the same shall be defended by and at the cost of the Transferee Company.

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

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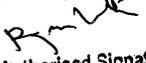

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end and intent that all rights, duties, powers and obligations of ATCPL in relation to such Fund or Funds shall become those of ACEL and all the rights, duties and benefits of the employees employed in ATCPL under such Funds and Trusts shall be fully 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.

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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.

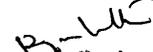
15.2 Since each of the permissions, approvals, registrations, consents, sanctions, remissions, special reservations, insurance policy, incentives, concessions and other authorizations of the Transferor Company shall stand transferred by the order of the Hon'ble Court to the Transferee Company, the Transferee 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.

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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

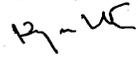
- 17.1 The Transferor Company (by their Board of Directors or their committee thereof) and the Transferee Company (by their Board of Directors or their committee thereof) may assent to any modification(s) or amendment(s) in this Scheme which the High Court and/ or any other authority or any other body 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

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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.

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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

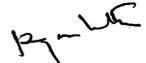
In the event any of the said sanctions and approvals referred to in Clause 18 above not being obtained and/ or the Scheme not being passed as aforesaid before December 31, 2015 or within such further period or periods as may be agreed upon between Transferee Company by its Directors and the Transferor 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.

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20 COSTS, CHARGES AND EXPENSES

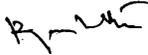
All costs, charges, taxes including duties (including the stamp duty and/ or transfer charges, if any, applicable in relation to this Scheme), levies, fees and all other expenses, if any (save as expressly otherwise agreed) of ACEL and ATCPL arising out of or incurred in carrying out and implementing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

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ANNEXURE 1

Terms and conditions of NCPS

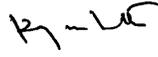
1.	Issue size, number of preference shares to be issued and nominal value of each share	3,02,19,380 NCPS of Rs 10/- (Rupees Ten only) each fully paid up.
2.	Nature of preference shares	8%, Cumulative Non-Participating Redeemable Preference Shares. The NCPS shall not be entitled to any voting rights vis 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.

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