

B H U S H A N S E R V I C E S P R I V A T E L I M I T E D

ANNUAL
2001-2002
REPORT



BHUSHAN

Adding Value. Always.



Bhushan Steel & Strips Limited, is the flagship company of the Rs. 2000 Crore Bhushan Group. In a little over a decade, constant evolution and improvement have seen the Company bring about a technological revolution in the Indian Steel Industry. Bhushan Steel & Strips Ltd. has India's largest (in the secondary sector) CR Steel Plant to manufacture Auto Grade Cold Rolled Coils & Sheets up to a Width of 1700 mm.

- BSSL achieved Export House Status in the very first year of its export operations. It has also been honoured with Trading House recognition (Export Sales for 2001-02: Rs. 115 Crores)
- World class technology and equipment from global leaders
- Manufacture of import substitute products gives BSSL an edge over competitors and has saved the country valuable foreign exchange
- Single largest supplier to all Automobile & White Goods manufacturers
- BSSL R&D Centre houses laboratory equipment conforming to the latest International Standards
- Developed special grades of import substitute CR Steel products
 - HSLA (High Strength, Low Alloys) for Critical Car Panels to provide more strength to body with less weight
 - IF Steel for critical applications like Car Body Outer Panels and White Goods
 - Ultra Thin Picture Tube Shield with value addition of over 300%
 - High Tensile Material for Wheel Rims
 - Corton Steel for Rail Coaches
- Bhushan Steel & Strips Ltd. has attained highest levels of customer satisfaction by supplying best quality products
 - always in time and at the most competitive prices.

Providing value to our customers, as we add value to steel. Always.

IN THE HIGH COURT OF DELHI AT NEW DELHI
ORIGINAL JURISDICTION
COMPANY APPLICATION (M) NO. 138 OF 2002

IN THE MATTER OF:

The Companies Act, 1956.

AND

IN THE MATTER OF:

An Application under Sections 391 (1) and 393 of the said Act.

AND

IN THE MATTER OF:

Bhushan Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi- 110 019, within the aforesaid jurisdiction.

APPLICANT/TRANSFEROR COMPANY

AND

IN THE MATTER OF:

Bhushan Steel & Strips Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi- 110 019, within the aforesaid jurisdiction.

APPLICANT/TRANSFeree COMPANY

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF
 BHUSHAN STEEL & STRIPS LIMITED**

To,
 The Equity Shareholders,
 Bhushan Steel & Strips Limited

TAKE NOTICE that pursuant to an order dated 6th August, 2002, the Hon'ble High Court of Delhi at New Delhi has directed that a meeting of the Equity Shareholders of Bhushan Steel & Strips Limited, being the Applicant/ Transferee Company abovenamed be held at Kapoor Banquet Hall, Pocket III, Mayur Vihar Phase I, Delhi – 110 091, on Saturday, the 21st September, 2002 at 12.45 p.m. for the purpose of considering and if thought fit, approving with or without modification, the Scheme of Amalgamation proposed to be made between Bhushan Limited with Bhushan Steel & Strips Limited and their respective shareholders.

TAKE FURTHER NOTICE that in pursuance of the said order a meeting of the Equity Shareholders of Bhushan Steel & Strips Limited will be held at Kapoor Banquet Hall, Pocket III, Mayur Vihar Phase I, Delhi – 110 091, on Saturday, the 21st September, 2002 at 12.45 p.m. when you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you, is deposited at the registered office of the Transferee Company at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi- 110 019, not later than 48 hours before the meeting.

The Court has appointed Mr. Justice H. C. Goel, (Retd.) as the Chairperson and Mr. Radhakrishna, as the Alternate Chairperson for the meeting of the Equity Shareholders of Bhushan Steel & Strips Limited.

A copy each of the said Scheme of Amalgamation, the Statement under Section 393 of the Companies Act, 1956 and a form of proxy is enclosed herewith.

Dated this 24th day of August, 2002.

Sd/- (H.C. Goel)

CHAIRPERSON APPOINTED FOR THE MEETING

Note : All alterations made in the form of proxy should be initialled.

IN THE HIGH COURT OF DELHI AT NEW DELHI
ORIGINAL JURISDICTION
COMPANY APPLICATION (M) NO. 138 OF 2002

IN THE MATTER OF:

The Companies Act, 1956.

AND

IN THE MATTER OF:

An Application under Sections 391 (1) and 393 of the said Act.

AND

IN THE MATTER OF:

Bhushan Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi- 110 019, within the aforesaid jurisdiction.

APPLICANT/TRANSFEROR COMPANY

AND

IN THE MATTER OF:

Bhushan Steel & Strips Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi- 110 019, within the aforesaid jurisdiction.

APPLICANT/TRANSFeree COMPANY

FORM OF PROXY

I/We the undersigned _____ of the above Applicant/Transferee Company hereby appoint Shri/Smt. _____ and failing him/her, Shri/Smt. _____ as my/our Proxy to act for me/us at the meeting of the Equity Shareholders of Bhushan Steel & Strips Limited, the Applicant/Transferee Company abovenamed, to be held at Kapoor Banquet Hall, Pocket III, Mayur Vihar Phase I, Delhi - 110 091, on Saturday, the 21st September, 2002 at 12.45 p.m. for the purposes of considering and, if thought fit, approving with or without modification the Scheme of Amalgamation proposed to be made between Bhushan Limited and Bhushan Steel & Strips Limited, and at such meeting and any adjournment thereof, to vote, for me/us, and in my/our name(s) _____ (here, 'if for' insert 'for', 'if against' insert 'against', and in the latter case, strike out the words after "Scheme of Amalgamation") the said Scheme of Amalgamation either with or without modification as my/our Proxy may approve.

(Strike out what is not necessary)

Dated this _____ day of _____, 2002

Signature _____

Name _____

Address _____

Ledger Folio No. _____ (for Shareholders)

Debt _____ (for Secured/Unsecured Creditors)

**Affix
Re 1/-
Revenue
Stamp**

NOTE:

1. All alterations made in the Form of Proxy should be initialled.
2. The Proxy must be deposited at the Registered Office of the Company at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi- 110 019.

IN THE HIGH COURT OF DELHI AT NEW DELHI
ORIGINAL JURISDICTION
COMPANY APPLICATION (M) NO. 138 OF 2002

IN THE MATTER OF:

The Companies Act, 1956.

AND**IN THE MATTER OF:**

An Application under Sections 391 (1) and 393 of the said Act.

AND**IN THE MATTER OF:**

Bhushan Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi- 110 019, within the aforesaid jurisdiction.

APPLICANT/TRANSFEROR COMPANY

AND**IN THE MATTER OF:**

Bhushan Steel & Strips Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi- 110 019, within the aforesaid jurisdiction.

APPLICANT/TRANSFEE COMPANY

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. The accompanying Notice has been sent for convening separate meetings of the Equity Shareholders, Unsecured Creditors and Secured Creditors of Bhushan Limited, being the Applicant/Transferor Company abovenamed and of the Equity Shareholders, Unsecured Creditors and Secured Creditors of Bhushan Steel & Strips Limited, being the Applicant/ Transferee Company for the purpose of considering, and, if thought fit, approving, with or without modifications, the Scheme of Amalgamation proposed to be made between Bhushan Limited (hereinafter referred to as "the Applicant/ Transferor Company") with Bhushan Steel & Strips Limited, (hereinafter referred to as "the Applicant/Transferee Company"). The detailed terms of the proposed amalgamation will appear from the enclosed copy of the Scheme of Amalgamation.
2. The circumstances and/or reasons, which justify and/or necessitate the said Scheme of Amalgamation, are, inter alia, as follows: -
 - (a) Both the Applicant/Transferor Company and the Applicant/ Transferee Company are group Companies. As part of restructuring and reorganization within the Group, it is proposed to consolidate the business of the Applicant/ Transferor Company and the Applicant/Transferee Company and merge the Applicant/Transferor Company with the Applicant/Transferee Company, as provided in the said Scheme of Amalgamation.
 - (b) The Transferor Company and the Transferee Company being under common management and control, for the purposes of better, efficient and economical management, control and running of their businesses, and for further development and growth of the business of the Companies and for administrative convenience, the present Scheme is proposed to amalgamate the Transferor Company with the Transferee Company.
 - (c) The merger of the Applicant/Transferor Company with the Applicant/Transferee Company shall provide greater impetus to pursue the business of the amalgamated company with more strength and aggression, by using the brand name, and good track record of growth of the Applicant/Transferee Company.
 - (d) The Scheme will enable the pooling of the resources of the Transferor and Transferee Companies to their common advantage.
 - (e) The Scheme will result in greater economies of scale, reduction in overheads and other expenses and better and more productive utilisation of various resources.
 - (f) The Scheme will contribute in furthering and fulfilling the objects of the said companies and lead to the optimum growth and development of the business of the amalgamated company.

- (g) The combined operations will offer possibilities of business synergy owing to economies of scale, integrated operations and reduction in costs. The business of the two companies can be conveniently and advantageously combined together and in general the business of the two companies concerned will be carried on more economically and profitably if the Scheme is implemented.
- (h) The Amalgamation would also enable optimum utilisation of various facilities, better planning and execution of orders.
- (i) The Amalgamation will contribute in furthering and fulfilling the objectives and business strategies of both the companies thereby accelerating growth, expansion, development of the business.
- (j) The Amalgamation will strengthen the business activities and will enable the companies to face competition and emerge as a stronger company. The said Scheme has been proposed, inter alia, to consolidate the business structure and provide for overall business efficiency to combine their managerial and marketing strength, to streamline administration and to promote and secure the overall interest growth and economies of the two companies concerned.
- (k) The Scheme will have beneficial results for the two companies concerned, their shareholders, employees, creditors and all concerned.
- (l) In the circumstances, it is considered desirable and expedient to amalgamate the Applicant/Transferor Company with the Applicant/Transferee Company in the manner and on the terms and conditions stated in the said Scheme of Amalgamation.

3. Details of the financial position of both the Companies :-

A. APPLICANT/TRANSFEROR COMPANY

- (a) The accounts of the Applicant/Transferor Company have been last audited and finalised as at 31st March, 2002. The following summary extracted from the said accounts indicates the financial position of the Applicant/Transferor Company as follows:-

- (i) The Applicant/Transferor Company have not issued any debentures.
- (ii) Apart from the Current Liabilities and Provisions which are incurred and disposed of in the normal course of business, Applicant/ Transferor Company had the following liabilities:-

	Amount Rs. in Lacs
Unsecured Loans	2,002.08
Secured Loans	38,405.17
(iii) Paid-up Share Capital	3,515.22
Add: Reserves & Surplus	20,568.02
Less: Miscellaneous expenditure not written off	17.74
Net Shareholders Funds	24,065.50
Assets	80,198.17
Liabilities	56,132.67
Excess of Assets over Liabilities	24,065.50

- (b) Subsequent to the date of the aforesaid audited accounts, there has been no substantial change in the financial position of the Applicant/Transferor Company, excepting those arising or resulting from the normal course of business.

B. APPLICANT/TRANSFEE COMPANY

- (a) The accounts of the Applicant/Transferee Company have been audited and finalised as at 31st March, 2002. The following summary extracted from the said accounts indicates the financial position of the Applicant/Transferee Company as follows:-

- (i) The Applicant/Transferee Company have issued fully Secured Debentures amounting to Rs.3,377 lacs.
- (ii) Apart from the Current Liabilities and Provisions which are incurred and disposed of in the normal course of business, the Applicant/ Transferee Company had the following liabilities:-

	Amount Rs. in Lacs
Unsecured Loans	5,970.68
Secured Loans (including Debentures indicated in (i) above)	53,482.28

	Amount Rs. in Lacs
(iii) Paid-up Share Capital	3,303.96
Add: Reserves and Surplus	42,407.85
Less: Miscellaneous expenditure not written off	587.60
Net Shareholders Funds	45,124.21
Assets	1,25,672.85
Liabilities	80,548.64
Excess of Assets over Liabilities	45,124.21

- (b) Subsequent to the date of the aforesaid audited accounts, the Applicant/Transferee Company has opened the issue for conversion of 82,50,000 warrants of Rs.10/- each at a premium of Rs.10/- each aggregating to Rs.1650 lacs. Thereafter, on 6th and 9th August, 2002, 74,32,062 warrants out of the aforesaid 82,50,000 warrants have been converted into Equity Shares and the Paid up Share Capital of the Applicant/Transferee Company has accordingly increased to Rs. 40,47,16,620/- .Other than this there has been no substantial change in the financial position of the Applicant/Transferee Company, excepting those arising or resulting from the normal course of business.

4. Salient features of the Scheme :

The salient features of the Scheme of Amalgamation are summarised for your convenience as follows :

- (a) The Appointed Date means the commencement of business on the 1st day of April, 2002 or such other date as the Hon'ble High Court of Delhi at New Delhi may direct or approve.
- (b) This Scheme is conditional upon and subject to the sanction of this Scheme by the Hon'ble High Court of Delhi at New Delhi and accordingly shall become operative on the date or the last of the dates when the certified copies of the order(s) of the Hon'ble High Court of Delhi at New Delhi are filed with the appropriate Registrar of Companies by the Applicant/Transferor Company and the Applicant/Transferee Company.
- (c) With effect from the Appointed Date and subject to the provisions of this Scheme in relation to the modalities of transfer and vesting, the undertaking and entire business and all immovable properties of the Transferor Company, wheresoever situated and incapable of passing by physical delivery as also all other assets, capital work-in-progress, current assets, investments, powers, authorities, allotments, approvals and consents, licenses, registration, contracts, exemptions, engagements, arrangement, rights, titles, interests, benefits and advantages of whatsoever nature belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to all patents, trade names, trade marks and other industrial rights of any nature whatsoever and licenses in respect thereof, liberties, easements, advantages, benefits, privileges, leases, tenancy rights, quota rights, subsidies, concessions, approvals, authorisations, utilities, electricity, electronics, computer link-ups, services of all types, reserves, provisions, funds, benefit of all agreements and all other interests arising to the Transferor Company (hereinafter collectively referred to as "the said assets") shall, without any further act or deed, be transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act, for all the estate, right, title and interest of the Transferor Company therein so as to become the property of the Transferee Company but, subject to mortgage charges and encumbrances, if any, then affecting the undertaking of the Transferor Company without such charges in any way extending to the undertaking of the Transferee Company.
- (d) Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company and may be enforced as fully and as effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.
- (e) All legal proceedings of whatever nature by or against the Transferor Company, if pending, on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company or of anything contained in this 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 or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
- (f) Upon this Scheme coming into effect and in consideration of the transfer of all the said assets and liabilities of the Transferor Company to the Transferee Company in terms of this Scheme: -
 - (a) the Transferee Company shall without further application on such date as may be determined as the record date for such purpose by the Board of Directors of the Transferee Company, issue and allot to the Equity Shareholders of the Transferor Company and/or their nominees, 121 Equity Shares of Rs.10/- each in the Transferee Company, credited as fully paid up, for every 123 Equity Shares of Rs.10/- each fully paid up held by them in the Transferor Company.

- (b) all the employees, if any, of the Transferor Company in service on the date immediately preceding the date on which this Scheme finally takes effect, i.e. the Effective Date, shall become the employees of the Transferee Company on such date without any break or interruption in service and upon terms and conditions not less favourable to them than those subsisting with reference to the Transferor Company on the Effective Date.
- (c) the Transferor Company shall be dissolved without winding up.
5. From the Appointed Date until the Effective Date, the Transferor Company:
- shall stand possessed of all its properties and assets in trust for the Transferee Company; and
 - shall be deemed to have carried on its business and activities as and from the Appointed Date for and on behalf of and for the benefit and on account of the Transferee Company. Any income or profit accruing to the Transferor Company and all costs, charges and expenses or loss arising or incurred by the Transferor Company on and from the Appointed Date, shall for all purposes and intents, be treated as the income, profits, costs, charges and expenses or loss, as the case may be, of the Transferee Company.
6. The Board of Directors of the Applicant/Transferor Company and the Applicant/Transferee Company have, at their respective meetings by resolutions passed unanimously, approved the said Scheme of Amalgamation.
7. None of the Directors of any of the companies have any material interest in the said Scheme of Amalgamation, except as shareholders in general, the extent of which will appear from the Register of Directors Shareholdings maintained by the respective companies. The Directors Shareholdings in the Companies are as follows:
- Mr. B.B. Singal, Director of the Applicant/Transferor Company and Applicant/Transferee Company holds 52328 Equity Shares in the Applicant/Transferor Company and 1361300 Equity Shares in the Applicant/Transferee Company.
 - Mr. Sanjay Singal, Director of the Applicant/Transferor Company and Applicant/Transferee Company holds 279800 Equity Shares in the Applicant/Transferor Company and 1910864 Equity Shares in the Applicant/Transferee Company.
 - Mr. Neeraj Singal, Director of the Applicant/Transferor Company and Applicant/Transferee Company holds 346576 Equity Shares in the Applicant/Transferor Company and 2190180 Equity Shares in the Applicant/Transferee Company.
- The Directors holding shares in the Companies as stated aforesaid do not hold any other shares in either the Applicant/Transferor Company or the Applicant/Transferee Company. Further, no other Director of either the Applicant/Transferor Company or the Applicant/Transferee Company holds any shares in any of the said Companies. Save as aforesaid, none of the Directors of the Applicant/Transferor Company or the Applicant/Transferee Company have any material interest in the said Scheme of Amalgamation.
8. The aggregate assets of the Applicant/Transferee Company are more than sufficient to meet all the liabilities of the Applicant/Transferor Company as well as those of the Applicant/Transferee Company and the said Scheme will not adversely affect the rights of any of the creditors of any of the companies in any manner whatsoever and due provisions have been made for payment of all liabilities as and when the same fall due in usual course.
9. There are no proceedings pending under Sections 235 to 251 of the Companies Act, 1956 against either the Applicant/Transferor Company or the Applicant/Transferee Company.
10. Copies of the following documents are open for inspection at the registered office of the Applicant Companies between 10:00 a.m. to 5:00 p.m. on any working day :-
- Memorandum & Articles of Association of the Applicant/Transferor Company and of the Applicant/Transferee Company;
 - Latest Audited Accounts of the Applicant/Transferor Company and of the Applicant/Transferee Company for the year ended 31st March, 2002;
 - Register of Directors' Shareholdings of the Applicant/Transferor Company and the Applicant/Transferee Company;
 - Scheme of Amalgamation between the Applicant/Transferor Company and the Applicant/Transferee Company;
 - Valuation Report of Ernst & Young Private Limited, Chartered Accountants, determining the exchange ratio under the Scheme of Amalgamation.

Dated this 24th day of August, 2002.

for **BHUSHAN LIMITED**

Sd/-

(R.P. Goyal)
DIRECTOR

for **BHUSHAN STEEL & STRIPS LIMITED**

Sd/-

(R.P. Goyal)
DIRECTOR

**SCHEME OF AMALGAMATION
OF
BHUSHAN LIMITED
WITH
BHUSHAN STEEL & STRIPS LIMITED**

PART-I

DEFINITIONS:

For the purpose of this Scheme, the following expressions shall have the following meanings: -

1. **"The Act"** means the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force.
2. **"The Appointed Date"** means the commencement of business on the 1st day of April, 2002 or such other date as the Hon'ble High Court of Delhi at New Delhi may direct or approve.
3. **"The Effective Date"** shall mean the last of the dates when the certified copies of the orders of the Hon'ble High Court of Delhi at New Delhi are filed with the appropriate Registrar of Companies by the Transferor Company and the Transferee Company.
4. **"The Transferor Company"** means **Bhushan Limited**, a company incorporated under the provisions of the Companies Act, 1956 having its Registered Office at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi – 110 019.
5. **"The Transferee Company"** means **Bhushan Steel & Strips Limited**, a Company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at F-Block, 1st Floor, International Trade Tower, Nehru Place, New Delhi – 110 019.
6. **"The Scheme"** means this **Scheme of Amalgamation** whereunder the Transferor Company is to be amalgamated with the Transferee Company in its present form or with any modification(s) approved or imposed or directed by the Members or Board of Directors of any of the companies and/or by the Court and/or by any other authority.

WHEREAS:

1. The Authorised Share Capital of the Transferor Company is Rs.36,00,00,000/- (Rupees Thirty Six Crore only), divided into 3,60,00,000 (Three Crore Sixty Lacs) Equity shares of Rs.10/- each. The Issued, Subscribed and Paid-Up Share Capital of the Transferor Company is Rs.35,15,22,470/- (Rupees Thirty Five Crore Fifteen Lacs Twenty Two Thousand Four Hundred Seventy only) divided into 3,51,52,247 (Three Crore Fifty One Lacs Fifty Two Thousand Two Hundred Forty Seven) Equity shares of Rs.10/- each fully paid up.
2. The Authorised Share Capital of the Transferee Company is Rs.75,00,00,000/- (Rupees Seventy Five Crores only) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- each and 25,00,000 (Twenty Five Lacs) Preference Shares of Rs.100/- each. The Issued, Subscribed and Paid-Up Share Capital of the Transferee Company is Rs.33,03,96,000/- (Rupees Thirty Three Crore Three Lacs Ninety Six Thousand only) divided into 3,30,39,600 (Three Crore Thirty Lacs Thirty Nine Thousand Six Hundred) Equity shares of Rs.10/- each fully paid up.
3. Both the Transferor and the Transferee Company are group Companies. As part of restructuring and reorganization within the Group, it is proposed to consolidate the business of Transferor Company and the Transferee Company and merge the Transferor Company with the Transferee Company. The Transferor Company and the Transferee Company being in the same line of business and under common management and control, for the purposes of better, efficient and economical management, control and running of their businesses, and for further development and growth of the business of the Companies and for administrative convenience, the present Scheme is proposed to amalgamate the Transferor Company with the Transferee Company.

PART - II

1. (a) With effect from the Appointed Date and subject to the provisions of this Scheme in relation to the modalities of transfer and vesting, the undertaking and entire business and all immovable properties of the Transferor Company, wheresoever situated and incapable of passing by physical delivery as also all other assets, capital work-in-progress, current assets, investments, powers, authorities, allotments, approvals and consents, licenses, registration, contracts, exemptions, engagements, arrangement, rights, titles, interests, benefits and advantages of whatsoever nature belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company, including but without being limited to all patents, trade names, trade marks and other industrial rights of any nature whatsoever and licenses in respect thereof, liberties, easements, advantages, benefits, privileges, leases, tenancy rights, quota rights, subsidies, concessions, approvals, authorisations, utilities, electricity, electronics, computer link-ups, services of all types, reserves, provisions, funds, benefit of all agreements and all other interests arising to the Transferor Company (hereinafter collectively referred to as "the said assets") shall, without any further act or deed, be transferred to and vested in the Transferee Company pursuant to the provisions of Section 394 of the Act, for all the estate, right, title and interest of the Transferor Company therein so as to become the property of the Transferee Company but, subject to mortgage charges and encumbrances, if any, then affecting the undertaking of the Transferor Company without such charges in any way extending to the undertaking of the Transferee Company.
- (b) Notwithstanding what is provided in Clause 1(a) above, it is expressly provided that in respect of such of the said assets as are moveable in nature or are otherwise capable of transfer by physical delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company to the Transferee Company after the Scheme is sanctioned by the High Court of Delhi at New Delhi without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly.
2. On and from the Appointed Date, all debts, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall devolve and shall stand transferred or be deemed to be transferred without any further act or deed, to the Transferee Company pursuant to the provisions of Section 394 of the Act, so as to become the debts, liabilities, duties and obligations of the Transferee Company with effect from the Appointed Date.
3. Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company is a party, subsisting or having effect immediately before the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company and may be enforced as fully and as effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.
4. The transfer of the said assets and liabilities of the Transferor Company to the Transferee Company and the continuance of all the contracts or legal proceedings by or against the Transferee Company shall not affect any contract or proceedings relating to the said assets or the liabilities already concluded by the Transferor Company on or after the Appointed Date to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done, executed for and on behalf of the Transferor Company as acts, deeds and things done, executed for and on behalf of the Transferee Company.
5. All legal proceedings of whatever nature by or against the Transferor Company, if pending, on the Effective Date, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company or of anything contained in this 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 or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
6. Upon this Scheme coming into effect and in consideration of the transfer of all the said assets and liabilities of the Transferor Company to the Transferee Company in terms of this Scheme: -
 - (a) the Transferee Company shall without further application on such date as may be determined as the record date for such purpose by the Board of Directors of the Transferee Company, issue and allot to the Equity Shareholders of the Transferor Company and/or their nominees, 121 Equity Shares of Rs.10/- each in the Transferee Company, credited as fully paid up, for every 123 Equity Shares of Rs.10/- each fully paid up held by them in the Transferor Company.
 - (b) all the employees, if any, of the Transferor Company in service on the date immediately preceding the date on which this Scheme finally takes effect, i.e. the Effective Date, shall become the employees of the Transferee Company on such date without any break or interruption in service and upon terms and conditions not less favourable to them than those subsisting with reference to the Transferor Company on the Effective Date.
 - (c) the Transferor Company shall be dissolved without winding up.
7. (a) All the Equity Shares to be issued and allotted in terms of sub-clause 6(a) aforesaid shall rank pari passu in all respects with the existing Equity Shares of the Transferee Company.
- (b) In case any member's shareholding in the Transferor Company is such that, on the basis of the aforesaid exchange ratio of shares, he becomes entitled to a fractional share of the Transferee Company of a value of not less than one-half share of the Transferee Company such member shall be entitled as of right, to claim and receive from the Transferee Company an allotment of one Equity Share of Transferee Company of Rs.10/- each at par value, credited as fully paid-up. On the other hand, if the shareholding or any member in any of the Transferor Company