

# **SCHEME OF AMALGAMATION**

**(UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT 1956 AND ANY  
OTHER APPLICABLE PROVISIONS OF THE ACT)**

**OF**

**DCM ENGINEERING LIMITED**

**INTO AND WITH**

**DCM LIMITED**



**For DCM LIMITED**

*Vitendra Tuli*

Chairman & Managing Director

## 1. INTRODUCTION AND DEFINITIONS

### 1.1 Introduction

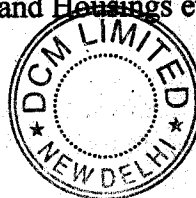
#### 1.1.1 DCM Limited ("DCM"):

- (i) DCM ("Transferee Company") is a listed public limited company within the meaning of the Act, having its registered office at Vikrant Tower, 4, Rajendra Place, New Delhi - 110008. The Transferee Company was originally incorporated on March 26, 1889 under the name and style of The Delhi Cloth and General Mills Company which was changed to DCM Limited with effect from October 6, 1983. The equity shares of the Transferee Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

DCM is authorized to and is *inter alia* engaged in the business of manufacturing and/or dealing in cotton yarn and is also a service provider in IT Infrastructure Services encompassing System Administration, Storage Management, Backup Recovery, Disaster Management, databases, Messaging & Collaboration, Virtualization, etc.

#### 1.1.2 DCM Engineering Limited ("DCM Engineering"):

- (i) DCM Engineering ("Transferor Company") is a public limited company within the meaning of the Act having its registered office at Vikrant Tower, 4, Rajendra Place, New Delhi - 110008. The Transferor Company was originally incorporated as a Private Limited Company on September 5, 1990, vide Certificate of Incorporation No. 55-41398 under the name of DCM Precision Engineering Private Limited. DCM Precision Engineering Private Limited was later converted into a Public Company vide the certificate dated February 5, 1998 and consequently the name was changed to DCM Precision Engineering Limited. Further, the name of the Transferor Company was changed to DCM Engineering Limited with effect from March 23, 2004.
- (ii) DCM Engineering is a subsidiary company of DCM within the meaning of the Act wherein DCM holds approx. 75.06% of the share capital of DCM Engineering.
- (iii) DCM Engineering is authorised to and is primarily engaged *inter alia* in the manufacturing and supply of Grey iron castings in automotive markets (i.e., car, multi-utility vehicle, tractor, light commercial vehicle, heavy commercial vehicle and earth moving equipments etc.) Further, Transferor Company specializes in the manufacture of Cylinder Heads, Cylinder Blocks and Housings etc.



- 1.1.3 DCM Engineering may hereinafter be referred to as such, or as the "Transferor Company". DCM may hereinafter be referred to as such, or as the "Transferee Company".

## 1.2 Objects and Benefits of the Scheme:

- 1.2.1 The Transferor Company and the Transferee Company propose through this Scheme (as defined hereinafter) to merge / amalgamate DCM Engineering into and with DCM pursuant to and under the provisions of Sections 391 to 394 of the 1956 Act and the relevant provisions made thereunder, in the manner provided for in the Scheme.
- 1.2.2 Amalgamation of the Transferor Company into and with the Transferee Company will inter-alia result in:
- (a) Creation of a single entity with better financial strength which would result in improving the competitive position of the businesses of the combined entity;
  - (b) Consolidation of the businesses presently being carried on by the Transferor Company and the Transferee Company would help in diversification of business risks and would also help in cost optimization in the system;
  - (c) Combined entity would be able to optimize the manpower resources required for overall administration and statutory compliances in functional areas like finance, administration, legal, secretarial, human resources, etc., thereby resulting in elimination of overlapping activities.

## 1.3 Definitions

- 1.3.1 In this Scheme, unless repugnant to the subject, context or meaning thereof, the following initially and / or fully capitalised words and expressions shall have the meanings as set out herein below:
- (i) "1956 Act" means the Companies Act, 1956 together with rules and regulations, circulars, notifications, clarifications and orders issued thereunder and as amended from time to time and to the extent in force.
  - (ii) "2013 Act" means the Companies Act, 2013 together with the rules and regulations, circulars, notifications, clarifications and orders issued thereunder and as amended from time to time and to the extent in force.
  - (iii) "Act" means the 1956 Act or the 2013 Act, as may be applicable, as amended or substituted by any statutory modification / re-enactment thereof.



For DCM LIMITED

*V. Tendulkar*

Chairman & Managing Director

- (iv) **"Applicable Law(s)"** means any statute, law, regulation, ordinance, rule, judgment, order, decree, by-law, approval from the concerned authority, Government resolution, order, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or adjudication having the force of law of any of the foregoing, by any concerned authority having jurisdiction over the matter in question.
- (v) **"Appointed Date"** means April 1, 2014 or such other date as may be determined by the Board of each of the Transferor Company and the Transferee Company or such other date as may be approved by the High Court of Delhi;
- (vi) **"Board of Directors"** in relation to the Transferor Company and/or the Transferee Company, as the case may be, shall mean their respective board of directors, and unless it be repugnant to the context or otherwise, shall include any committee of directors or any person authorized by the board of directors or by such committee of directors;
- (vii) **"Valuation Certificate"** shall mean and refer to the certificate issued by the valuer named SSPA & Co., Chartered Accountants, Mumbai dated December 8, 2014.
- (viii) **"DCM"** shall have the meaning assigned to it in Clause 1.1.1 of this Scheme and **"DCM Engineering"** shall have the meaning assigned to it in Clause 1.1.2 of this Scheme.
- (ix) **"Effective Date"** means the date on which the certified copy of the Order of the Delhi High Court is filed with the Registrar of Companies, NCT of Delhi and Haryana at New Delhi by the Transferor and Transferee Company, respectively. Any references in the Scheme to **"upon the Scheme becoming effective"** or **"effectiveness of the Scheme"** shall mean and refer to the Effective Date.
- (x) **"Government"** means any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof
- (xi) **"High Court"** shall mean the Hon'ble High Court of Delhi at New Delhi;
- (xii) **"Record Date"** shall mean the date as may be fixed by the Board of Directors of the Transferee Company for the purpose of issue of shares of the Transferee Company to the respective shareholders of the Transferor Company



For DCM LIMITED

*Vitendra T. L.*  
Chairman & Managing Director

- (xiii) **"Scheme"** shall mean this Scheme of Amalgamation in its present form (along with any annexures, schedules, etc, attached hereto), with such modifications and amendments as may be made from time to time, and with appropriate approvals and sanctions from the High Court and the regulatory authorities as may be required under the Act and under all applicable laws;
- (xiv) **"Transferee Company"** shall mean DCM , as mentioned under Clause 1.1.1 above;
- (xv) **"Transferor Company"** shall mean DCM Engineering as mentioned under Clause 1.1.2 above, and shall include but not limited to:
- (a) any and all of its assets, movable or immovable, whether present or future, whether tangible or intangible, all rights, title, interests, covenants, undertakings, continuing rights, title and interests in connection with any land (together with the buildings and structures standing thereon), whether freehold or leasehold, machinery, whether leased or otherwise, together with all present and future liabilities including contingent liabilities and debts appertaining thereto;
  - (b) any and all of its investments (including shares and other securities), loans and advances, including dividends declared or interest accrued thereon;
  - (c) any and all of its licences, including the licences granted by any governmental, statutory or regulatory bodies, ; permissions, approvals, consents, exemptions, registrations, no-objection certificates, quotas, rights, entitlements, certificates, tenancies, trade names, trademarks, service marks, copyrights, domain names, applications for trade names, copyrights, all indirect and direct tax credits including but not limited to sales tax credits, Excise Duty, service tax credit, CENVAT credit, VAT credit i.e., income-tax carry forward losses/depreciation, Tax Deducted at Source ('TDS'), MAT credit entitlement etc., privileges and benefits of all contracts, agreements and all other rights including lease rights, powers and facilities of every kind and description whatsoever;
  - (d) any and all of its debts, borrowings and liabilities, present or future, whether secured or unsecured;
  - (e) any and all of its employees, who are on its payrolls, including those employed at its offices and branches; and
  - (f) any and all of the advance monies, earnest monies and / or security deposits, payment against warrants or other entitlements, as may be lying with it;



For DCM LIMITED

*V. K. T. L.*

Chairman &amp; Managing Director

- 1.3.2 The expressions, which are used in the Scheme and not defined therein shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Income-tax Act, 1961, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the regulations made thereunder), the Depositories Act, 1996 and other applicable laws, rules, regulations, by-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time. In particular, wherever reference is made to the High Court in the Scheme, the reference would include, if appropriate, reference to the National Company Law Tribunal ("NCLT") or such other forum or authority, as may be vested with any of the powers of a relevant High Court under sections 391 to 394 of the 1956 Act and any other applicable provisions of the Act.

## PART-II

### 2. CAPITAL STRUCTURE

#### 2.1 DCM (Transferee Company)

The capital structure of the Transferee Company, as of March 31, 2014, is as under:

Particulars	Amount in Rupees
<b><u>Authorized:</u></b>	
60,000,000 Equity Shares of Rs. 10/- each	600,000,000
320,000 9.5% - 6 <sup>th</sup> Redeemable Cumulative Preference Shares of Rs. 25/- each	8,000,000
3,680,000 Preference shares of Rs. 25/- each	92,000,000
1,000,000 Cumulative Convertible Preference Shares of Rs. 100 each	100,000,000
<b>Total</b>	<b>800,000,000</b>
<b><u>Issued, Subscribed and Paid-up:</u></b>	
17,379,037 Equity Shares of Rs.10/- each fully paid up	173,790,370
Less : Calls in arrears	31,175
<b>Total</b>	<b>17,37,59,195</b>

There has been no change in the authorized, issued, subscribed and paid-up share capital of the Transferee Company between March 31, 2014 until the date on which this Scheme was approved by the Board of the Transferee Company.



For DCM LIMITED

*T. K. S. T. L.*  
Chairman & Managing Director

## 2.2 DCM Engineering (Transferor Company)

The capital structure of the Transferor Company, as of March 31, 2014, is as under:

<b>Authorized:</b>	
23,999,000 Equity Shares of Rs. 10/- each	239,990,000
100 13.50% Redeemable Cumulative Preference Shares of Rs. 100/- each	10,000
Total	240,000,000
<b>Issued, Subscribed and Paid-up:</b>	
20,050,000 Equity Shares of Rs. 10/- each fully paid up	200,500,000
Total	200,500,000

There has been no change in the authorized, issued, subscribed and paid-up share capital of the Transferor Company between March 31, 2014 until the date on which this Scheme was approved by the Board of the Transferor Company.

## 3. MERGER OF DCM ENGINEERING WITH DCM

### 3.1 Transfer and vesting of Assets and Liabilities and entire business of Transferor Company:

Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the assets and liabilities and the entire business of the Transferor Company shall, pursuant to the provisions of Section 394(2) of the 1956 Act and other applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company, as a going concern so as to become the Undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

Further, this clause of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any term(s) or provision(s) of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modifications will, however, not affect the other clauses of the Scheme.

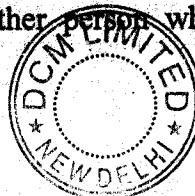


For DCM LIMITED

*Intender Tuli*  
Chairman & Managing Director

3.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, with effect from the Appointed Date and upon this Scheme becoming effective:

- (i) All assets of the Transferor Company, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual or constructive delivery and / or by endorsement and delivery or by vesting and recording pursuant to the Scheme, shall stand vested in the Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual or constructive delivery or by endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.
- (ii) All other movable properties of the Transferor Company, including investments in shares and any other securities, sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies corporate, customers and other persons, shall without any further act, instrument or deed, become the property of the Transferee Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard.
- (iii) All immovable properties, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Company, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to and exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon the Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the High Court in accordance with the terms hereof.
- (iv) All debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Company shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company, and the Transferee Company shall, and undertakes to, meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any





contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause.

However, any loans, advances and other obligations due from the Transferee Company to the Transferor Company, or vice versa, shall stand cancelled and shall be of no effect.

- (v) All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses, including the licenses granted by any governmental, statutory or regulatory bodies in relation to the Transferor Company, or to the benefit of which, the Transferor Company may be respectively eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on, against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto. In relation to the same any procedural requirements required to be fulfilled by the Transferor Company shall be fulfilled by the Transferee Company as if it is the duly constituted attorney of the Transferor Company.
- (vi) Any pending suits/appeals or other proceedings of whatsoever nature relating to the Transferor Company, whether by or against the Transferor Company, shall not abate, be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Company or of anything contained in the Scheme, but the proceedings shall continue and any prosecution, order/decreed shall be enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced by or against the Transferor Company, as if the Scheme had not been made.
- (vii) All permanent employees of the Transferor Company, who are on its payrolls shall become employees of the Transferee Company with effect from the Effective Date, on such terms and conditions as are no less favourable than those on which they are currently engaged by the Transferor Company, without any interruption of service as a result of this amalgamation and transfer. With regard to provident fund, gratuity, leave encashment and any other special scheme or benefits created or existing for the benefit of such employees of the Transferor Company, upon the Scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including with regard to the obligation to make contributions to relevant authorities, such as the Regional Provident Fund Commissioner or to the funds maintained by the Transferor Company, in accordance with the provisions of applicable laws and in terms of the Scheme. It is hereby clarified that upon the Scheme becoming effective, the aforesaid benefits or schemes shall continue to be provided to the transferred employees and the services of all the



For DCM LIMITED

*V. L. T.*  
Chairman & Managing Director

transferred employees of the Transferor Company for such purpose shall be treated as having been continuous.

- (viii) Any and all registrations, goodwill, licenses, trademarks, service marks, copyrights, domain names, applications for copyrights, trade names and trade marks, appertaining to the Transferor Company shall stand transferred to and vested in the Transferee Company.
- (ix) All direct and indirect taxes and tax credits (including but not limited to advance tax, tax deducted at source, Minimum Alternate Tax credit, fringe benefit tax, securities transaction tax, taxes withheld/paid in India or foreign country, Excise duty, value added tax, sales tax, service tax, wealth tax, etc.) payable by or refundable to the Transferor Company, including all or any refunds or claims shall be treated as the tax liability or refunds/claims as the case may be of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, etc, as would have been available to the Transferor Company, shall pursuant to sanction of the Scheme, be available to the Transferee Company.
- (x) All approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses, including the licenses granted by any governmental, statutory or regulatory bodies, and certificates of every kind and description whatsoever in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto. It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to the sanction of the Scheme by the High Court, and upon the Scheme becoming effective in accordance with the terms hereof. For this purpose the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.
- (xi) Benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise, including without limitation, approvals under sections 180, 181, 185 and 186 or any other sections of the 2013 Act as and to the extent applicable and any other applicable provisions of the Act, read with the rules and regulations made thereunder, shall stand transferred to the Transferee Company, as the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company.



- (xii) All estates, assets, rights, title, interests and authorities accrued to and/or acquired by the Transferor Company shall be deemed to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon the coming into effect of the Scheme, pursuant to the provisions of Section 394(2) of the 1956 Act and other applicable provisions 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 or vested in the Transferee Company to that extent and shall become the estates, assets, right, title, interests and authorities of the Transferee Company.

- 3.3 Upon the Scheme becoming effective, the secured creditors of the Transferor Company shall continue to have security in respect of the properties, assets, rights, benefits and interest of the Transferor Company (to whom such creditors had advanced the facilities), as existing immediately prior to the amalgamation of such Transferor Company with the Transferee Company. It is hereby clarified that pursuant to the amalgamation of the Transferor Company with the Transferee Company, the secured creditors of the Transferor Company shall not be entitled to any further security over the properties, assets, rights, benefits and interest of the Transferee Company. Hence, such assets which are not currently encumbered shall remain free and available for creation of any security thereon in future in relation to any new indebtedness that may be incurred by the Transferee Company. For this purpose, no further consent from the existing secured creditors shall be required and sanction of the Scheme shall be considered as a specific consent towards the same.
- 3.4 The Transferor Company and/or the Transferee Company, as the case may be, shall, at any time after the coming into effect of the Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Company have been a party, including any filings with the regulatory authorities, in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions hereof, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company.
- 3.5 The Transferor Company and/or the Transferee Company, as the case may be, shall, at any time after the coming into effect of the Scheme in accordance with the provisions hereof, if so required under any law or otherwise, do all such acts or things as may be necessary to transfer/obtain the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company. The Transferee Company shall, under the provisions of the Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.



For DCM LIMITED

*Vitendra Tuli*  
Chairman & Managing Director

### 3.6 Conduct of Businesses till Effective Date

#### 3.6.1 With effect from the Appointed Date and upto and including the Effective Date:

- (i) the Transferor Company undertakes to carry on and shall be deemed to have carried on all its business activities and stand possessed of its properties and assets, for and on account of and in trust for the Transferee Company;
- (ii) all profits or income accruing or arising to the Transferor Company and all taxes paid thereon (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, fringe benefit tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, etc) or losses arising or incurred by it shall, for all purposes, be treated as and deemed to be the profits or income, taxes or losses, as the case may be, of the Transferee Company;
- (iii) the Transferor Company shall carry on its business with reasonable diligence and business prudence and in the same manner as it had been doing hitherto, and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for themselves or on behalf of its respective affiliates or associates or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal in any of its respective properties/assets, except—
  - (a) when the same is expressly provided in the Scheme; or
  - (b) when the same is in the ordinary course of business as carried on by the Transferor Company, as on the date of filing of the Scheme in the High Court; or
  - (c) when written consent of the Transferee Company has been obtained in this regard.
- (iv) During the pendency of the scheme and before the Effective date, the Transferor company reserves the right to issue new redeemable preference shares ("New Preference Shares") to its existing shareholders at such terms as may be decided by the Transferor Company and in compliance with the applicable provisions of the Act including increase of authorized capital as required. However, such issue of New Preference Shares shall not be made unless the written consent of the Transferee Company has been obtained in this regard.
- (v) the Transferor Company shall not alter or substantially expand its business, except with the written concurrence of the Transferee Company;



For DCM LIMITED

*Vitendra Tuli*

Chairman & Managing Director

- (vi) the Transferor Company shall not amend its Memorandum of Association or Articles of Association, except with the written concurrence of the Transferee Company; and
  - (vii) all profits accruing to the Transferor Company and all taxes thereon or losses arising in or incurred by it with respect to its business shall, for all purposes, be treated as and deemed to be the profits, taxes or losses, as the case may be, of the Transferee Company.
- 3.6.2 (i) With effect from the Effective Date, the Transferee Company shall carry on and shall be authorized to carry on the businesses of the Transferor Company.
- (ii) For the purpose of giving effect to the amalgamation order passed under Sections 391 to 394 of the 1956 Act and other applicable provisions of the Act in respect of the Scheme by the High Court, the Transferee Company shall, at any time pursuant to the orders on the Scheme, be entitled to get the recordal of the change in the legal right(s) upon the amalgamation of the Transferor Company, in accordance with the provisions of Sections 391 to 394 of the 1956 Act. The Transferee Company is and shall always be deemed to have been authorized to execute any pleadings, applications, forms, etc, as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of the Scheme.
- (iii) Upon the Scheme becoming effective the Transferee Company unconditionally and irrevocably agrees and undertakes to pay, discharge and satisfy all liabilities and obligations of the Transferor Company with effect from the Appointed Date, in order to give effect to the foregoing provisions.
- 3.7 Upon the Scheme becoming effective, the Transferor Company shall stand dissolved, without any further act or deed, without being wound-up.

#### **4. REORGANISATION OF CAPITAL, CONSIDERATION, ACCOUNTING TREATMENT, CHANGE IN OBJECT CLAUSE**

##### **4.1 Changes in Share Capital**

- 4.1.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the authorized share capital of the Transferor Company shall stand transferred to and be merged with the authorized share capital of the Transferee Company, without any liability for payment of any additional fees or stamp duty.



For DCM LIMITED  
*Vitendra T. L.*  
Chairman & Managing Director

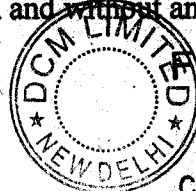
- 4.1.2 Upon the Scheme coming into effect and with effect from the Appointed Date, (and consequent to consolidation of the existing authorized share capital of the Transferor Company in accordance with Clause 4.1.1 above), the authorized share capital of the Transferee Company of Rs. 80,00,00,000 (Rupees Eighty crores Only) divided into 6,00,00,000 ordinary equity shares of Rs. 10 (Rupees Ten Only) each, 3,20,000 9.5% Sixth Redeemable cumulative preference shares of Rs. 25 (Rupees Twenty five Only) each, 36,80,000 Preference Shares of Rs. 25 (Rupees Twenty five Only) each and 10,00,000 cumulative convertible preference shares of Rs. 100 (Rupees One Hundred Only) each, shall stand enhanced to an aggregate amount of Rs. 1,040,000,000 (Rs. One Hundred and Four Crore Rupees only) and the authorized share capital of the Transferee Company shall be reclassified. Accordingly, Clause V of the Memorandum of Association of the Transferee Company shall stand modified and reclassified as necessary and be substituted by the following:

*"The Authorised share capital of the Company is Rs. 1,040,000,000 (Rupees One Hundred and Four Crore only) divided into 8,39,99,000 ordinary shares of Rs. 10 (Rupees Ten Only) each; 3,20,000 Sixth Redeemable cumulative preference shares of Rs. 25 (Rupees Twenty five Only) each; 36,80,000 Preference Shares of Rs. 25 (Rupees Twenty five Only) each; 10,00,000 cumulative convertible preference shares of Rs. 100 (Rupees One Hundred Only) each and 13.5% Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred only) each aggregating to Rs. 10,000/- (Rupees Ten Thousand only), with such rights, as may be decided.*

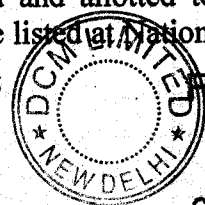
- 4.1.3 Where New Preference Shares are issued by Transferor Company as per Clause 3.6.1(iv) of the Scheme and the authorized capital of Transferor Company is increased for such issuance of shares, such increased authorized capital of the Transferor Company shall also stand transferred to and be merged with the authorized share capital of the Transferee Company as per Clause 4.1.1 above. Accordingly, Clause V of the Memorandum of Association of the Transferee Company shall stand modified and reclassified as necessary to give effect to this clause.
- 4.1.4 It is hereby clarified that for the purposes of this Clause, the consent of the shareholders of the Transferor Company and the Transferee Company to the Scheme shall be deemed to be sufficient for purposes of effecting this amendment and that no further resolution under Sections 13, Section 61, Section 62 of the 2013 Act or any other applicable provisions of the Act, would be required to be separately passed, nor any additional registration fee, stamp duty, etc, shall be payable by the Transferee Company.

## **4.2 Consideration**

- 4.2.1 Upon coming into effect of this Scheme and upon vesting in and transfer of the assets and liabilities of the Transferor Company to the Transferee Company in accordance with Part III of this Scheme, the Transferee Company shall fix a Record Date for the purposes of this Scheme for completion of all allotments to the respective members of the Transferor Company existing as on the Record Date as provided herein and without any further act or deed



- (i) Issue and allot 20 (twenty) equity shares of INR 10/- (Indian Rupees Ten only) each as fully paid up shares of the Transferee Company to the shareholders of the Transferor Company for every 77 (seventy seven) equity shares of INR 10/- (Indian Rupees Ten only) each fully paid up shares held by the said shareholders of the Transferor Company.
- (ii) The equity shares issued and allotted to the shareholders of the Transferor Company in the Transferee Company shall rank pari passu in all respects with existing equity shares of the Transferee Company.
- (iii) No fractional shares shall be issued by the Transferee Company to the shareholders of the Transferor Company in respect of the residual fractional entitlements (if any), to which the shareholders of the Transferor Company may be entitled on issue and allotment of the equity shares of the Transferee Company in pursuance of this Clause 4.2.1. Any fraction arising out of such allotment shall be rounded off to the next integer.
- (iv) In so far as the issue of new equity shares pursuant to clause 4.2.1 above is concerned, each of the members of the Transferor Company holding shares in physical form shall have the option, exercisable by notice in writing by them to the Transferee Company on or before the Record Date, to receive, the new equity shares of the Transferee Company either in certificate form or in dematerialized form, in lieu of their equity shares in the Transferor Company in accordance with the terms hereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of the Transferor Company, the equity shares of the Transferee Company shall be issued to such members in physical form. Those of the members of the Transferor Company who exercise the option to receive the equity shares in the dematerialized form shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required in the notice provided by such member to the Transferee Company. It is only thereupon that the Transferee Company shall issue and directly credit the demat account of such member with the new equity shares of the Transferee company
- (v) Notwithstanding anything to the contrary, upon the issue and allotment of new shares in the Transferee Company to the eligible shareholders of the Transferor Company whose name shall appear on the respective Register of Members of the Transferor Company on such Record Date fixed as aforesaid, the share certificates in relation to the shares held by them in the Transferor Company shall be deemed to have been automatically cancelled and be of no effect, on and from such Record Date
- (vi) The equity shares so issued and allotted to the shareholders of the Transferor Company shall be listed at National Stock Exchange [NSE]



and Bombay Stock Exchange [BSE] where the existing shares of the Transferee Company are listed.

- 4.2.2 The aforesaid share exchange ratio i.e. 20 (twenty) equity shares of the Transferee Company to be issued in lieu 77 (seventy-seven) equity shares of the Transferor Company ("**Share Exchange Ratio**"), as described in Clause 4.2.1 herein above, has been arrived as per the valuation report of SSPA & Co., Chartered Accountants, Mumbai dated December 8, 2014 ("**Valuation Report**"). Further, M/s Fortress Capital Management Services Private Limited, Mumbai, a SEBI registered category-I Merchant Banker, has issued a fairness opinion report dated December 8, 2014 ("**Fairness Opinion Report**") expressing fairness of the recommendation in the Valuation Report of SSPA & Co., Chartered Accountants, Mumbai dated December 8, 2014. The Valuation Report and the Fairness Opinion Report has been placed before the Audit Committee of the Transferee Company, wherein the Audit Committee of the Transferee Company has furnished its report recommending the Scheme and the Share Exchange Ratio based on the Valuation Report and Fairness Opinion Report. The aforesaid Share Exchange Ratio has been determined by the Board of Directors of the Transferee Company based on their independent judgment and taking into account the valuation report issued by the SSPA & Co., Chartered Accountants, Mumbai and Fairness Opinion Report issued by M/s Fortress Capital Management Services Private Limited, Mumbai, a SEBI registered category-I Merchant Banker.

The Valuation Report and the Fairness Opinion Report has been placed before the Audit Committee and Board of Directors of the Transferor Company. Board of Directors of the Transferor Company has determined the Share Exchange Ratio based on their independent judgment and taking into account the valuation report issued by the SSPA & Co., Chartered Accountants, Mumbai and Fairness Opinion Report issued by M/s Fortress Capital Management Services Private Limited, Mumbai, a SEBI registered category-I Merchant Banker.

- 4.2.3 Where New Preference Shares are issued and allotted by the Transferor Company in terms of Clause 3.6.1 (iv) during the pendency of the Scheme and before the Effective date, then to the extent that such New Preference Shares are issued to the Transferee Company (being an existing shareholder of the Transferor Company) such New Preference Shares shall stand cancelled on the effective date. In case of issue and allotment of New Preference Shares to shareholders other than the Transferee Company, such holder of such New Preference Shares of the Transferor Company, if any, whose name shall appear on the Register of Members of the Transferor Company on such Record Date fixed as aforesaid, shall be entitled for same number of New Preference Shares of Transferee Company as held by them in the Transferor Company and on same terms and conditions.



For DCM LIMITED

*V. S. T. T. T.*

Chairman & Managing Director



4.2.4 The share capital of the Transferor Company held by the Transferee Company and the investment as shown in the balance sheet of the Transferee Company, being shares held in the Transferor Company, shall stand cancelled.

4.2.5 It is clarified that the Transferee Company shall not be required to pass separate resolutions for the purpose of issuing the shares to the shareholders of the Transferor Company in pursuance to Clause 4.2.1 and Clause 4.2.3 herein above, under Section 62 of the 2013 Act and any other applicable provisions of the Act and it shall be deemed that the shareholders of the Transferor Company and the shareholders of the Transferee Company while according their consent to the Scheme, have consented to the issuance and allotment of shares on the Record Date to the shareholders of the Transferor Company in pursuance to Clause 4.2.1 and Clause 4.2.3 of the Scheme.

### **4.3 Accounting Treatment**

4.3.1 The Transferee Company, subject to the provisions of this Scheme, shall follow the method of accounting as prescribed for the pooling of interest method under AS 14 as notified under the Company Accounting Rules, 2006.

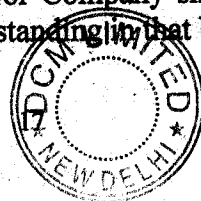
4.3.2 The Transferee Company shall, upon the Scheme becoming effective and with effect from the Appointed Date, record all the assets (Tangible and Intangible) and liabilities and reserves of the Transferor Company at their respective book values as appearing in its books of accounts at the close of business on the day preceding the Appointed Date.

4.3.3 The identity of the reserves of the Transferor Company shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner, in which they appear in the financial statements of the Transferor Company, prior to this Scheme becoming effective. Accordingly, if prior to this Scheme becoming effective there is any reserve in the financial statements of the Transferor Company available for distribution as dividend, the same would also be available in the financial statements of the Transferee Company for distribution as dividend pursuant to this Scheme becoming effective.

4.3.4 The balance of the Profit and Loss Account of the Transferor Company (as appearing in the books of accounts of the Transferor Company at the close of business on the day preceding the Appointed Date) shall be added to or set-off with the corresponding balance appearing in the financial statements of the Transferee Company.

4.3.5 The Transferee Company shall credit to its share capital account, the aggregate face value of the equity shares issued by it pursuant to clause 4.2.1 of this Scheme and the aggregate face value of New Preference Shares issued pursuant to clause 4.2.3 of this Scheme, if any.

4.3.6 The equity share capital and / or New Preference Shares directly held by Transferee Company in Transferor Company shall stand cancelled and there shall be no further obligation/outstanding in that behalf.



For DCM LIMITED

*Vitendra Tuli*

Chairman & Managing Director

- 4.3.7. The difference between the net assets (assets minus liabilities and reserves) of the Transferor Company transferred to the Transferee Company and the face value of equity shares issued and allotted (as detailed in Clause 4.2.1 herein above) and New Preference Shares issued and allotted (as detailed in Clause 4.2.3 herein above) by the Transferee Company adjusted for cancellation of investment as detailed and referred to in Clause 4.3.6 herein above, shall be adjusted in reserves in accordance with the provisions of Accounting Standard -14 on 'Accounting for Amalgamation'.

#### **4.2 Change in Object Clause of Transferee Company**

With effect from the Appointed Date and upon the Scheme becoming effective, the Main Object Clause of the Memorandum of Association of the Transferee Company shall be altered and amended, without any further act or deed, to include the objects as required for the purpose of carrying on the business activities of the Transferor Company, pursuant to the provisions of Sections 13 and 14 of the 2013 Act and other applicable provisions of the Act. Accordingly the Main Object Clause of the Memorandum of Association of the Transferee Company shall be altered and amended and necessary revision in the numbering of the clauses inserted shall be carried out. Clause III (viii) of the Memorandum of Association of the Transferee Company shall be replaced with following clauses and read as under:

- (viii) *To carry on all or any of the business of designing, manufacturing, developing, improving, hiring, repairing, trading, buying, selling dealing in forgings and castings of ferrous and non-ferrous materials and in any weight for any industry whatsoever, including grey iron castings, chilled and malleable castings, Ductile Iron, casting; gunmetal castings, steel castings, gunmetal, copper, brass and aluminum castings and foundry work.*
- (viiiA) *To carry on the business of iron-foundries, Engineering castings, manufacturers of machinery and equipments, tool makers, iron and steel converters, pattern makers, metallurgists, prototype solution provider to all types of engine manufacturing.*
- (viiiB) *To undertake job work of Castings and Engineering, value addition in Grey cast iron by machining, manufacture & supply of machined castings and components such as engine blocks, cylinder heads and other precision machined parts, semi finished or ready to be assembled on the Engine.*
- (viiiC) *To carry on the business of manufacturers, traders, suppliers, sellers of casting of any type, foundry toolings including Patterns, Core Boxes, Jigs and Fixtures etc for all types of castings.*
- (viiiD) *To undertake and execute any contracts for works involving the supply or use of any machinery or components and accessories of machinery of any kind and to carry out any ancillary or other works comprised in such contracts.*
- (viiiE) *To carry on business as manufacturers and dealers in metal, enamel, aluminum, alloys, and any other products, substances, articles, and things and to carry on and conduct workshop and foundries of iron , brass and other metals.*



For DCM LIMITED

*Vitendra Tuli*

Chairman & Managing Director

For the purposes of amendment in the Memorandum of Association and Articles of Association of the Transferee Company as provided in this Clause, the consent/approval given by the members of the Transferee Company to this Scheme pursuant to Section 391 of the 1956 Act and any other applicable provisions of the Act shall be deemed to be sufficient and no further resolution of members of the Transferee Company as required under the provisions of Sections 13 and 14 of the 2013 Act and any other applicable provisions of the Act shall be required to be passed for making such change/amendment in the Memorandum of Association and Articles of Association of the Transferee Company and filing of the certified copy of this Scheme as sanctioned by the High Court, in terms of Section 391/394 of the 1956 Act and any other applicable provisions of the Act, together with the Order of the Court and a printed copy of the Memorandum of Association for the purposes of the said Sections 13, 14 of the 2013 Act and all other applicable provisions of the Act and the Registrar of Companies, NCT of Delhi and Haryana at New Delhi shall register the same and make the necessary alteration in the Memorandum of Association and Articles of Association of the Transferee Company accordingly and shall certify the registration thereof in accordance with the provisions of Sections 13 and 14 of the 2013 Act and any other provisions of the Act.

The Transferee Company shall file with the Registrar of Companies, NCT of Delhi and Haryana at New Delhi all requisite forms and complete the compliance and procedural requirements under the Act, if any.

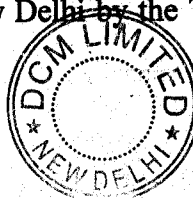
## 5 GENERAL TERMS AND CONDITIONS

- 5.1 Upon this scheme becoming effective, the accounts of the Transferee Company as on the Appointed Date shall be reconstructed in accordance with the terms of this scheme.
- 5.2 Upon the sanction of the Scheme and after the Scheme has become effective, with effect from the Appointed Date, the amalgamation of the Transferor Company with the Transferee Company shall be deemed to have occurred in compliance with Section 2(1B) of the Income Tax Act, 1961, in accordance with the Scheme.
- 5.2.1 The Transferee Company shall be entitled to revise its income tax returns, TDS Certificates, TDS returns, and other statutory returns as may be required under respective statutes pertaining to indirect taxes, such as sales-tax, VAT, excise duties, etc, and shall have the right to claim refunds, advance tax credits, credit of tax under section 115JB, credit of tax deducted at source, credit of foreign taxes paid/withheld etc, if any, as may be required consequent to implementation of the Scheme.



For DCM LIMITED  
*Vitendra Tuli*  
Chairman & Managing Director

- 5.3 The Transferee Company and the Transferor Company shall, with all reasonable dispatch, make respective applications to the High Court, under Sections 391 to 394 of the 1956 Act and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and/or conducting of the meetings of the classes of their respective members and/or creditors and for sanctioning the Scheme with such modifications, as may be approved by the High Court.
- 5.4 Upon the Scheme being approved by the requisite majority of the members and creditors of the Transferee Company and by the respective members and creditors (wherever required) of the Transferor Company, the Transferee Company and the Transferor Company shall, with all reasonable dispatch, file respective petitions before the High Court for sanction of the Scheme under Sections 391 to 394 of the 1956 Act and other applicable provisions of the Act, and for such other order or orders, as the High Court may deem fit for carrying the Scheme into effect. Upon the Scheme becoming effective, the members of both the Transferee Company and the Transferor Company shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in the Scheme.
- 5.5 The Scheme is conditional upon and subject to the following:
- (a) the Scheme being approved by the requisite majority in number and value of the members and creditors of the Transferor Company and the Transferee Company as required under Applicable Laws and as may be directed by the High Court or any other authority as may be prescribed or notified;
  - (b) The approval of the public shareholders of the Transferee Company shall be obtained through postal ballot and e-voting. The scheme of amalgamation shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it as required under the Securities and Exchange Board of India Circular the circulars CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities and Exchange Board of India.
  - (c) the Scheme being sanctioned by the Hon'ble High Court of Delhi under Sections 391 to 394 of the 1956 Act and any other other applicable provisions of the Act and the necessary orders being obtained in respect of the same;
  - (d) such other sanctions and approvals including sanctions of any governmental or regulatory authority as may be required by law or contract in respect of the Scheme being obtained; and
  - (e) the certified copies of the orders of the Hon'ble High Court of Delhi referred to in this Scheme being filed with the Registrar of Companies, NCT of Delhi and Haryana at New Delhi by the Transferee Company and the Transferor Company.



For DCM LIMITED

*Vitendra T.*

Chairman &amp; Managing Director

- 5.6 Upon the sanction of the Scheme and upon the Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative only in the sequence and in the order mentioned hereunder:
- (a) amalgamation of Transferor Company into the Transferee company in accordance with Part III of the Scheme; and
  - (b) consolidation of the authorised share capital of the Transferor Company to the Transferee Company as provided in Clause 4.1.1, and consequential modification in the authorised share capital of the Transferee Company as provided in Clause 4.1.2;
  - (c) amendment of the Objects clause of the memorandum of Association of the Transferee Company in terms of clause 4.4 of the Scheme; and
  - (d) issue and allotment of fully paid-up equity and / or Preference shares of the Transferee Company to the shareholders of Transferor Company in terms of Clause 4.2 of the Scheme;
- 5.7 Upon the Scheme becoming effective, the Board of Directors of the Transferee Company shall determine the record date ("Record Date"), for issue and allotment of fully paid-up equity shares in the Transferee Company to the shareholders of the Transferor Company in terms of Clause 4.2.1 hereof. On determination of such Record Date, the Transferor Company shall provide to the Transferee Company, the list of its equity shareholders as on such Record Date who are entitled to receive the fully paid-up equity shares in the Transferee Company, in terms of this Scheme in order to enable the Transferee Company to issue and allot such fully paid-up equity shares to such shareholders.
- 5.8 The Transferee Company and the Transferor Company (acting through their respective Boards of Directors) may assent to any modifications or amendments to the Scheme, which the High Court and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme. The Transferee Company and the Transferor Company (acting through their respective Boards of Directors) 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 the Scheme and to resolve any doubts, difficulties or questions, whether by reason of any orders of the High Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of the Scheme and/or any matters concerning or connected therewith.
- 5.9 The Transferee Company and the Transferor Company shall be at liberty to withdraw from the Scheme in case any condition or alteration imposed by the High Court or any other authority is not on terms acceptable to them.



For DCM LIMITED

*Vitendra T. L.*

Chairman & Managing Director

- 5.10 All costs, expenses, charges, fees, taxes, duties, levies and all incidental expenses arising out of or incurred in carrying out and implementing the terms and conditions or provisions of the Scheme and matters incidental thereto shall be borne and paid by the Transferee Company.
- 5.11 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement between the Transferee Company and the Transferor Company, and/or their respective shareholders and/or creditors, and the terms and conditions of the Scheme, the latter shall prevail.
- 5.12 If any part of the Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme and the Scheme shall not be affected thereby, unless the deletion of such part shall cause the Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part. Requisite powers to decide could be given to the Board of the Transferor Company and / or the Transferee Company.
- 5.13 The transfer of properties and liabilities to, and the continuance of proceedings by or against the Transferee Company, as envisaged in Part-III 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 itself.

For DCM LIMITED

*Vitendra Tuli*

Chairman & Managing Director

