

SCHEME OF ARRANGEMENT

BETWEEN

DCM LIMITED (DEMERGED COMPANY)

AND

DCM NOUVELLE LIMITED (RESULTING COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Under Sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956

PREAMBLE

A. PURPOSE OF THE SCHEME OF ARRANGEMENT

This Scheme of Arrangement (the "Scheme") is presented pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 for demerging the cotton textile business undertaking of DCM Limited to DCM Nouvelle Limited, a wholly owned subsidiary of DCM Limited, as a going concern.

This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

B. BACKGROUND OF COMPANIES

DCM Limited ("DCM Ltd" or the "Demerged Company") was incorporated in Delhi on March 26, 1889 under the provisions of The Indian Companies Act, 1882. The Corporate Identity Number of DCM Ltd is L74899DL1889PLC000004. The registered office of DCM Ltd is situated at Vikrant Tower, 4, Rajendra Place, New Delhi - 110008.

DCM Ltd is currently engaged in four business segments i.e. Textile, Grey Iron Casting, Real Estate and IT Services. Its businesses *inter-alia* include manufacturing and/ or dealing in cotton yarns, threads and various other cotton textile and clothing related materials; manufacturing and supply of grey iron castings in automotive markets, real estate development, provision of services in IT Infrastructure management encompassing system administration, storage management, backup recovery, disaster management, databases, etc. Equity shares of DCM Ltd are listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited.

DCM Nouvelle Limited ("DCM Nouvelle" or "Resulting Company") is incorporated as a public company under the provisions of Companies Act, 2013 with its registered office in Delhi. The Corporate Identity Number of DCM Nouvelle is U17309DL2016PLC307204. DCM Nouvelle is a wholly owned subsidiary of DCM Ltd.

DCM Nouvelle is currently engaged in the business of manufacturing, trading and otherwise dealing in textile of all kinds.

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For DCM LIMITED

Company Secretary



For DCM LIMITED

Managing Director

C. RATIONALE OF THE SCHEME

Each of the businesses of DCM Ltd represent independent operating divisions of the company. The said businesses are presently at different stages of maturity with differing risk and return profiles and capital and operational requirements.

DCM Ltd has been engaged in textile business and has consistently been investing in its development and expansion. The textile division is highly focused on exports and has presence across various countries which include Portugal, Egypt, S. Korea, Brazil, Hong Kong, China, Bangladesh, Italy, USA and Peru. The company also has a strong dealer network in India and yarn is being supplied to all major hosiery and weaving markets and corporate buyers.

The management believes that the nature of offerings and the risk and return profile of the cotton textile business (i.e Demerged Business) is very different from that of the other businesses of DCM Ltd, which *inter-alia* include manufacturing and supply of grey iron castings, cylinder heads, cylinder blocks and housings etc. for automotive markets, real estate development and IT infrastructure services along with related activities (i.e. Remaining Business).

Based on the same, the management of the company believes that there may be a segment of investors who may wish to have a choice of investing in either of the categories of businesses undertaken by the company.

Considering the above, the management believes that the Demerged Business of DCM Ltd should be demerged into an independent company and its shares should thereafter be listed on relevant stock exchanges. It is expected that such restructuring will be beneficial for DCM Ltd and its shareholders as it should result in a better focus on the Demerged Business and the Remaining Business, and unlocking of value of the said businesses for the shareholders.

Pursuant to the proposed demerger, the Demerged Business and the Remaining Business would have their own management teams which can chart out independent strategies for each business segments. Further, the proposed demerger would also open avenues for resizing and inorganic growth opportunities for the businesses, provide multiple listing avenues, along with creating opportunity for shareholders to participate in business of choice, and reposition the businesses in their respective market segments, thereby creating opportunities for value creation for the respective stakeholders.



For DCM LIMITED


Chairman & Managing Director

OVERVIEW OF THE SCHEME

The Scheme is divided into the following parts:

- 1) **PART A** deals *inter-alia* with definitions, compliance with tax laws and share capital.
- 2) **PART B** deals with demerger of the cotton textile business undertaking of DCM Ltd into DCM Nouvelle Limited.
- 3) **PART C** deals with general/ residuary terms and conditions that are applicable to this Scheme.



For DCM LIMITED

Chairman & Managing Director

PART A

1. DEFINITIONS

In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions shall have the meaning attributed to them as below:

- 1.1 "Act" means the Companies Act, 1956, to the extent applicable, including any statutory modifications, re-enactments or amendments thereto and shall include the relevant and corresponding sections under the Companies Act, 2013, as and when the same are made applicable before the Effective date of the Scheme. References in the Scheme to any provision of the Companies Act, 1956 shall include references to the corresponding provisions of the Companies Act, 2013 as and when such provisions are notified.
- 1.2 "Appointed Date" means the first day of January, 2017, or such other date as may be fixed or approved by the High Court of Delhi.
- 1.3 "Board of Directors" in relation to the Demerged Company and/or Resulting Company, as the case may be, means their respective Board of Directors and shall, unless 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.
- 1.4 "Book Value(s)" means the value(s) of the assets and liabilities of the Demerged Undertaking (as defined hereunder), as appearing in the books of account of the Demerged Company at the close of business as on the day immediately preceding the Appointed Date and excluding any value arising out of revaluation of any assets.
- 1.5 "Conveyance Deed" means the Conveyance Deed dated 03/09/1956 between the Governor of Punjab of one part and Delhi Cloth and General Mills Co. Ltd. of the other part.
- 1.6 "Demerged Company" or "DCM Ltd" means DCM Limited, a company incorporated in Delhi on March 26, 1889 under the provisions of the Indian Companies Act, 1882. The Corporate Identity Number of DCM Ltd is L74899DL1889PLC000004.
- 1.7 "Demerged Undertaking" or "Demerged Business" shall mean the cotton textile business/division of the Demerged Company *inter-alia* involving manufacturing and/or dealing in cotton yarns (for the avoidance of any doubt, excluding any other textile business in which the Demerged Company is/ or may be engaged in), as a going concern, which includes all properties, rights and powers and all debts, liabilities, duties and obligations comprised in and/or pertaining to the Demerged Undertaking. Without prejudice and limitation to the generality of the above, the Demerged Undertaking shall mean and include:-
- (a) all properties and assets, movable and immovable (including land parcel admeasuring approx. 267 acres (Two hundred and sixty seven acres), forming part of the land covered under the Conveyance Deed, located near Mela Ground in Hisar, Haryana, office buildings, school buildings, residential buildings, godowns, mill, etc related to the Demerged Undertaking), freehold and leasehold, real and personal, tangible and intangible (including contracts with customers, suppliers, distributors and other such parties related to the Demerged Undertaking), corporeal and incorporeal, in possession, or in reversion, present and contingent of whatsoever nature, wherever situated, including all equipment, computers, furniture and fixtures, sundry



For DCM LIMITED

[Signature]
Chairman & Managing Director

debtors and other receivables (including refunds, incentives, subsidies from government and inter-unit balances between Demerged Undertaking and Remaining Business, if any), inventories, advances and security deposits, claims, other current assets, cash and bank balances, deposits, loans and advances, and other assets as appearing in the books of accounts of the Demerged Company as on the Appointed Date in relation to the Demerged Undertaking;

- (b) all patents and domain names (including www.dcmtextiles.com), patent applications, copyrights, trade secrets, goodwill, and other intellectual property and all other interests exclusively relating to the Demerged Undertaking, trademarks, trademark applications, trade names in use, brands (including those identified in Schedule 1). It is clarified that the brand name and logo of "DCM" shall remain sole property of the Demerged Company. The Resulting Company shall be entitled to use the brand name "DCM" by using appropriate suffixes, and to obtain a trademark registration for the same, on a royalty free, perpetual and irrevocable basis, under different logos (other than those shown in Schedule 1), for its present businesses or any other business which the Resulting Company or any of its affiliates may undertake in future as per terms decided by the Resulting Company. The Resulting Company will have the exclusive right to use all such trademarks/ brand names which are registered in its name and/ or its affiliates and both companies will ensure that identities of both the Demerged Company and the Resulting Company/ its affiliates are distinct and differentiated clearly in the eyes of all third parties;
- (c) all other interests or rights in or arising out of or relating to the Demerged Undertaking together with all respective powers, titles, interests, charges, privileges, benefits, permissions, allocations, approvals, entitlements, industrial and other registrations, licenses (including factory licenses, EPCG licenses, contractor licenses, market committee licenses), certificates (including Registration cum Membership Certificate for exports, capacity certificate, certificate of recognition of trading house, etc.), quotas, marketing authorizations, liberties, easements and advantages, subsidies (including but not limited to the subsidy available to the Demerged Undertaking under the Technology Up-gradation Fund scheme along with all refunds), grants, taxes, tax credits/ incentives (including but not limited to export incentives, credits/ incentives in respect of income tax, sales tax, value added tax, Goods and Service Tax, turnover tax, excise duty, service tax etc.), duty drawbacks, deferred tax benefits, advance tax, Minimum Alternate Tax, tax losses, unabsorbed depreciation, tax holidays and any other carry forwards, subsidies or benefits under various statutes and schemes of the government, appertaining directly or indirectly to the Demerged Undertaking and/ or to which the Demerged Company is entitled to in respect of the Demerged Undertaking of whatsoever kind, nature or description held, applied for or as may be obtained thereafter together with the benefit of all respective contracts and engagements relating to the Demerged Undertaking.
- (d) powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, mobile phones, internet, facsimile connections and installations, utilities, power and electricity connections (including Connection No 8667420000, which was formerly LS-36 and DMH20001, and 132KVA connections approved by Haryana Electricity Regulatory Commission for the exclusive purpose of the premises related to Demerged Undertaking in Hisar, Haryana), water and other services, and all other interests in connection with or relating to the Demerged Undertaking;



For DCM LIMITED
Chairman & Managing Director

- (e) all debts, liabilities, duties and obligations of the Demerged Company in relation to the Demerged Undertaking as on the Appointed Date, including liabilities on account of loans, inter-unit payables between Demerged Undertaking and Remaining Business, if any, sundry creditors, employee dues, bonus, gratuity and other taxation and contingent liabilities of the Demerged Company that are directly pertaining to the Demerged Undertaking;

Provided however that any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company.

- (f) all employees of the Demerged Company engaged in or in relation to the Demerged Undertaking; and
- (g) all books, records, files, papers, computer software along with their licenses, manuals and backup copies, drawings, data catalogues, and other data and records, whether in physical or electronic form, directly or indirectly in connection with or relating to the Demerged Undertaking.

A statement of assets and liabilities of the Demerged Undertaking is set out in Schedule 2 hereto.

- 1.8 "Effective Date" means the date or last of the dates on which certified copies of the order of the High Court sanctioning the Scheme are filed by the Demerged Company and the Resulting Company with the Registrar of Companies. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme becoming effective" shall mean the Effective Date.
- 1.9 "High Court" means the High Court of Delhi.
- 1.10 "Record Date" means the date to be fixed by the Board of Directors of the Demerged Company, for the purpose of determining the members of the Demerged Company to whom shares in the Resulting Company will be allotted under the Scheme.
- 1.11 "Remaining Undertaking" or "Remaining Business" means the remaining business of the Demerged Company after demerger of cotton textile business undertaking in accordance with the Scheme including the business undertaken/ to be undertaken on the land parcel admeasuring approx. 112 acres (One hundred and twelve acres), forming part of the land covered under the Conveyance Deed, located near Mela Ground in Hisar, Haryana, in accordance with the terms and conditions of the Conveyance Deed and/ or as may be prescribed by the appropriate authorities in relation to this land on such terms and conditions as may be agreed by the Demerged Company and/ or as per the provisions made in the Master Plan of Hisar and/ or the Textile Policy of Haryana from time to time.
- 1.12 "Resulting Company" means DCM Nouvelle Limited, a company which is incorporated as a public company with its registered office in Delhi under the provisions of Companies Act, 2013. The Corporate Identity Number of DCM Nouvelle is U17309DL2016PLC307204.



For DCM LIMITED


Chairman & Managing Director

- 1.13 "Scheme of Arrangement" or "Scheme" means this Scheme of Arrangement in its present form, or with any modifications, as may be approved by the High Court/ National Company Law Tribunal, as the case may be.
- 1.14 Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.
- 1.15 Word(s) and expression(s) in singular shall include plural and vice versa.

2. EXPRESSIONS NOT DEFINED IN THIS SCHEME

The expressions, which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 (including the Regulations made thereunder), the Depositories Act, 1996, the Income Tax Act, 1961 and other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

3. COMPLIANCE WITH TAX LAWS

- 3.1 This Scheme, in so far as it relates to the demerger of Demerged Undertaking of the Demerged Company into the Resulting Company, has been drawn up to comply with the conditions relating to "Demerger" as specified under the tax laws, including Section 2(19AA) of the Income Tax Act, 1961, which include the following:
- (a) all the assets and properties of the Demerged Undertaking, being transferred by the Demerged Company, immediately before the demerger shall become the properties of the Resulting Company, respectively, by virtue of such Demerger;
 - (b) all the liabilities relating to the undertaking, being transferred by the Demerged Company, immediately before the demerger, become the liabilities of the Resulting Company by virtue of the demerger;
 - (c) the property and the liabilities of the undertaking or undertakings being transferred by the Demerged Company are transferred at values appearing in its books of account immediately before the demerger;
 - (d) the Resulting Company issues, in consideration of the demerger, its shares to the shareholders of the Demerged Company on a proportionate basis, except where the Resulting Company itself is a shareholder of the Demerged Company;
 - (e) the shareholders holding not less than three-fourths in value of the shares in the Demerged Company (other than shares already held therein immediately before the demerger by, or by a nominee for, the Resulting Company or, its subsidiary) become shareholders of the Resulting Company or companies by the virtue of the demerger, otherwise than as a result of the acquisition of the property or assets of the Demerged Company or any undertaking thereof by the Resulting Company; and
 - (f) the transfer of the Demerged Undertaking shall be on a going concern basis;

and other relevant sections (including Sections 47 and 72A) of the Income Tax Act, 1961.



For DCM LIMITED

Chairman, Board of Director

3.2 The demerger and transfer and vesting of the Demerged Undertaking under this Scheme have been proposed in compliance with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said section at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the said provisions. Such modification will however not affect the other parts of the Scheme. The power to make such amendments, as may become necessary, shall vest with the Board of Directors of Demerged Company, which power can be exercised at any time and shall be exercised in the best interests of the companies and their shareholders.

4. SHARE CAPITAL

4.1 Demerged Company

The authorised, issued, subscribed and paid-up share capital of the Demerged Company, as on October 15, 2016 is as under:

Authorised Share Capital	Amount (in Rs.)
83,999,000 Equity Shares of Rs. 10/- each	83,99,90,000
100 13.5% Redeemable Cumulative Preference Shares of Rs 100 each	10,000
3,20,000 9.5% 6 th Cumulative redeemable preference shares of Rs. 25/- each	80,00,000
36,80,000 preference shares of Rs. 25/- each	9,20,00,000
10,00,000 cumulative convertible preference shares of Rs. 100/- each	10,00,00,000
Total	1,04,00,00,000
Issued, Subscribed and Fully Paid-up Share Capital	
1,86,77,749 equity Shares of Rs. 10/- each	18,67,77,490
Less: Calls in arrears by others	31,175
Total	18,67,46,315

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of the Demerged Company, there has been no change in the Authorized, Issued, Subscribed and Paid-up equity share capital of the Demerged Company.

4.2 Resulting Company

Upon incorporation, the authorised, issued, subscribed and paid-up share capital of the Resulting Company is proposed to be as under:

Authorised Share Capital	Amount (in Rs.)
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	5,00,000
Issued, Subscribed and paid up Share Capital	
50,000 Equity Shares of Rs. 10/- each	5,00,000
Total	5,00,000



For DCM LIMITED

 Chairman & Managing Director

PART B

5. DATE OF COMING INTO EFFECT

- 5.1 The Scheme shall come into legal operation from the Appointed Date, though it shall be effective from the Effective Date.

6. DEMERGER, TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING IN THE RESULTING COMPANY

- 6.1 Upon the Effective Date, the Demerged Undertaking, comprising of all assets and liabilities of whatsoever nature and wherever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, including any statutory re-enactments thereof, without any further act or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date the assets and liabilities of the Resulting Company and to vest in the Resulting Company all the rights, title, interest or obligations of Demerged Undertaking therein.

- 6.2 Without prejudice to the generality of the foregoing, with effect from the Appointed Date:

- 6.2.1 Any and all movable assets including cash in hand or incorporeal property, if any, of Demerged Undertaking, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, by actual or constructive delivery, as the case may be, to the Resulting Company without requiring any further act, instrument or deed, and shall become the property of the Resulting Company and an integral part of the Demerged Undertaking transferred to the Resulting Company. Such delivery shall be made within thirty days from the Effective Date.

- 6.2.2 In respect of movables other than those specified in clause 6.2.1 above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, deposits and balances, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, it shall not be necessary to obtain the consent of any third party or other person in order to give effect to the provisions of this Scheme, and the same shall be transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company pursuant to the provisions of the Act.

Any and all the immovable properties (including land parcel admeasuring approx. 267 acres on the premises related to the Demerged Undertaking located near Mela Ground in Hisar, Haryana, office buildings, school buildings, residential buildings, godowns, mill, etc related to the Demerged Undertaking), relating to the Demerged Undertaking, and any documents of title/ rights and easements in relation thereto shall be vested in and transferred to and/ or be deemed to have been vested in and stand transferred to and shall belong to the Resulting Company. The mutation of the title to the said immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the Scheme, in accordance with the terms hereof without any further act, instrument or deed whatsoever, in favour of the Resulting Company. Notwithstanding any restriction on the exercise of title by the Resulting Company on immovable properties relating to the Demerged Undertaking, the Demerged Undertaking shall stand transferred to and vested in the Resulting Company on the Effective Date pending

For DCM LIMITED



[Handwritten Signature]
Chairman & Managing Director

transfer of title of such immovable properties. From the Appointed Date, the Resulting Company shall, in relation to the properties of the Demerged Undertaking transferred to the Resulting Company under this Scheme, be liable for ground rent, municipal taxes and any other applicable cess, duties, levies, taxes and the like.

Further, upon the Scheme coming into effect, Demerged Company and Resulting Company shall be responsible for abiding by the original terms and conditions the Conveyance Deed, in respect of their respective parcels of land that they will hold upon Scheme becoming effective, such that either party shall not be held responsible for any non-compliance of the said conditions by the other party or for any consequences arising therefrom.

6.2.3 All assets, tangible or intangible, and properties relating to the Demerged Undertaking of the Demerged Company as on the Appointed Date, whether or not included in the books of the Demerged Company, and all assets and properties which are acquired by the Demerged Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Resulting Company and shall under the provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme.

6.2.4 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all insurance claims and policies, consents, permissions, licenses, approvals, certificates, clearances generally and/ or relating to the Demerged Undertaking and all powers of attorney, authorities given by, issued to or executed in favour of the Demerged Company, all quality certifications and approvals, brands and trademarks, trademark applications, trade names in use (including those identified in Schedule 1), patents, goodwill and domain names (including www.dcmtextiles.com), copyrights, industrial designs, trade secrets, product registrations and other intellectual property and all other interests relating to the Demerged Undertaking, be transferred to and vested in and deemed to be transferred to and vested in the Resulting Company as if the same were originally given to, issued to or executed in favour of the Resulting Company, and the rights, claims and benefits under the same shall be available to the Resulting Company. Further, the Demerged Company and Resulting Company shall execute necessary deeds/ documents/ agreements to give effect to the foregoing, as required.

It is clarified that the brand name and logo of "DCM" shall remain sole property of the Demerged Company. The Resulting Company shall be entitled to use the brand name "DCM" by using appropriate suffixes, and to obtain a trademark registration for the same, on a royalty free, perpetual and irrevocable basis, under different logos (other than those shown in Schedule 2), for its present businesses or any other business which the Resulting Company or any of its affiliates may undertake in future as per terms decided by the Resulting Company. The Resulting Company will have the exclusive right to use all such trademarks/ brand names which are registered in its name and/ or its affiliates and both companies will ensure that identities of both the Demerged Company and the Resulting Company/ its affiliates are distinct and differentiated clearly in the eyes of all third parties.

6.2.5 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses (including factory licenses, EPCG licenses, contractor licenses, market committee licenses), certificates (including Registration cum Membership Certificate for exports, capacity certificate, certificate of recognition of trading house, etc.), permissions, unique identification



For DCM LIMITED

Chairman & Managing Director

numbers, registrations or approvals or consents held by the Demerged Company required to carry on operations in the Demerged Undertaking shall stand vested in or transferred and deemed to be transferred to and vested to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favor of the Resulting Company. The Resulting Company and/ or the Demerged Company shall file intimations with the relevant authorities, who shall take the same on record, or undertake necessary actions, as may be required, for having the said licenses, certificates, permissions, registrations, unique identification numbers, etc vested or transferred to the Resulting Company.

The rights, claims, titles and benefits of all statutory and regulatory permissions, factory licenses, certificates, environmental approvals and consents, statutory licenses, sales tax registrations, permits, permissions or approvals, consents held by the Demerged Company and required to carry on the operations of the Demerged Undertaking shall vest in and become available to the Resulting Company pursuant to the Scheme with effect from Appointed Date.

Any no-objection certificates, licenses, permissions, consents, approvals, authorizations, registrations or statutory rights as are jointly held by the Demerged Undertaking and any other undertaking of the Demerged Company shall be deemed to constitute separate licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights, and the relevant or concerned statutory authorities and licensors shall endorse and/ or mutate or record the separation, make entry in their records and/ or upon the relevant document itself, so as to give effect to the Scheme upon the filing of the Scheme duly sanctioned by High Court with such authorities and licensors, so as to facilitate the continuation of operations of the Demerged Undertaking in the Resulting Company from the Appointed Date.

All existing and future incentives, unavailed credits and exemptions, subsidies (including but not limited to the subsidy available to the Demerged Undertaking under the Technology Up-gradation Fund scheme along with all refunds), grants, taxes, tax credits/ incentives (including but not limited to export incentives, credits/ incentives in respect of income tax, sales tax, value added tax, Goods and Service Tax, turnover tax, excise duty, service tax etc.), duty drawbacks, terminal excise redemptions, deferred tax benefits, advance tax, Minimum Alternate Tax credit, benefit of carried forward losses, unabsorbed tax depreciation, tax holidays and other statutory benefits, including in respect of income tax, excise, customs, Goods and Service Tax, value added tax, sales tax, service tax and any other carry forwards, subsidies or benefits under various statues and schemes of the government, etc. to which the Demerged Company is entitled to in relation to the Demerged Undertaking in terms of various statutes/ schemes/ policies etc. of Union and State Governments, shall be available to and vest in the Resulting Company upon this Scheme becoming effective. The Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file.

Further, the experience, track record and credentials of the Demerged Company in relation to the Demerged Undertaking in manufacturing and supplying the products thereof to various authorities, agencies and clients prior to its transfer to the Resulting Company shall be taken into account and treated and recognised as the experience, track record and credentials in relation to such Demerged Undertaking even after its transfer to the Resulting Company.



For DCM LIMITED

Chairman & Managing Director

- 6.2.6 All debts, liabilities, duties and obligations of the Demerged Company relating to the Demerged Undertaking as on the Appointed Date, including general and multipurpose borrowings, if any, dealt with in accordance with Section 2(19AA) of the Income-tax Act, 1961, and all other debts, liabilities, duties and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which relate to the period up to the day immediately preceding the Appointed Date shall also be transferred to the Resulting Company, without any further act or deed, pursuant to the provisions of the Act, so as to become the debts, liabilities, duties and obligations of the Resulting Company. It is 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.
- 6.2.7 It is clarified that the liabilities and obligations of the Demerged Company which are part of the Demerged Undertaking and which shall stand transferred to the Resulting Company, shall include the following:
- (a) the liabilities which directly and specifically arose out of the activities or operations of the Demerged Undertaking,
 - (b) specific loans or borrowings raised and utilized solely for the activities or operations of the Demerged Undertaking,
- 6.2.8 The transfer and vesting of the Demerged Undertaking, as aforesaid, shall be subject to the existing charges, mortgages and/ or encumbrances, if any, over the assets relating to the Demerged Undertaking or any part thereof, provided however, that such charges, mortgages and/ or encumbrances shall be confined only to the assets of the Demerged Undertaking or part thereof on or over which they are subsisting, and upon transfer to and vesting of such assets in the Resulting Company no such charges, mortgages and/ or encumbrances shall extend over or apply to any other asset(s) of the Resulting Company. Any reference in any security documents or arrangements (to which the Demerged Company is a party) to any assets relating to the Demerged Undertaking shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Resulting Company. Similarly, the Resulting Company shall not be required to create any additional security over assets of the Demerged Undertaking acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/ to be availed by the Resulting Company and the charges, mortgages and/ or encumbrances in respect of such indebtedness of the Resulting Company shall not extend nor be deemed to extend or apply to the assets of the Demerged Undertaking so acquired by the Resulting Company. It is clarified that the transfer of the Demerged Undertaking to the Resulting Company shall not affect the subsisting charges, mortgages and/ or encumbrances over the assets retained by the Demerged Company, as part of the Remaining Business, or any part thereof and such charges, mortgages and/ or encumbrances shall continue to be applicable in respect of such assets.
- 6.2.9 Where any of the liabilities and obligations pertaining to the Demerged Undertaking on the Appointed Date has been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company.



For DCM LIMITED

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Chairman & Managing Director

- 6.2.10 All loans raised and used, and liabilities incurred in the ordinary course of business, if any, in relation to the Demerged Undertaking by the Demerged Company, after the Appointed Date but prior to the Effective Date, shall be deemed to be transferred to the Resulting Company without any further act or deed.
- 6.2.11 The provisions of this Clause 6.2 shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/ or superseded by the foregoing provisions.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 7.1 Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, agreements, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or thereunder.
- 7.2 Without prejudice to the other provisions of the Scheme and notwithstanding that the vesting of the Demerged Undertaking with the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements, with any party to any contract or arrangement to which the Demerged Company is a party, or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

8. EMPLOYEES

- 8.1 Upon the Scheme becoming effective, all employees of the Demerged Undertaking, as on the day immediately preceding the Effective Date, shall be deemed to have become employees of the Resulting Company, without any interruption of service and on the basis of continuity of service and on the same terms and conditions on which they were engaged by the Demerged Company, including salary, retirement benefits and the like. The services of such employees with the Demerged Company up to the Effective Date shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.
- 8.2 With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of the Demerged Undertaking, the Resulting Company shall, upon this Scheme becoming effective, stand substituted for the Demerged Company for all purposes whatsoever, including with regard to the obligation towards such employees and to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents.
- 8.3 Upon coming into effect of this Scheme, the existing provident fund, employee state insurance



For DCM LIMITED

Chairman & Managing Director

contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by the Demerged Company for the employees of the Demerged Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Life Insurance Corporation of India without any separate act or deed/ approval. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by the Resulting Company to the existing funds maintained by the Demerged Company.

9. CONTINUATION OF LEGAL PROCEEDINGS

- 9.1 From the Effective Date, all legal or other proceedings by or against the Demerged Company and relating to the Demerged Undertaking, including proceedings under various tax laws, whether pending on the Appointed Date or which are instituted at any time in the future, shall be continued and enforced by or against the Resulting Company after the Effective Date, to the extent legally permissible. If proceedings relating to the Demerged Undertaking are taken against the Demerged Company, the Demerged Company will defend such proceedings on notice or as per advice of the Resulting Company for the benefit of and at the costs of the Resulting Company and the Resulting Company will reimburse and indemnify and keep indemnified the Demerged Company from and against all liabilities, obligations, actions, claims and demands in respect thereof.
- 9.2 It is clarified that any amounts received by the Demerged Company after the Effective Date on account of any proceedings relating to the Demerged Undertaking, including proceedings under various tax laws, whether pending on the Appointed Date or which are instituted at any time in the future, shall be deemed to have been received in trust and on behalf of the Resulting Company and the same shall forthwith be remitted by the Demerged Company to the Resulting Company.
- 9.3 If any proceedings relating to the Demerged Undertaking are pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of this Scheme and the proceedings may be continued, prosecuted and enforced, by or against the Resulting Company in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against the Demerged Company, as if this Scheme had not been made.
- 9.4 All legal, taxation and other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and relating to the Remaining Business of the Demerged Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged company in respect of Remaining Business) shall be continued and enforced against the Demerged Company.
- 9.5 If the proceedings are taken against the Resulting company in respect to the matter referred to in clause 9.4 above relating to the Remaining Business, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged company, and the latter shall reimburse and indemnify and keep indemnified the Resulting Company from and against all liabilities, obligations, actions, claims and demands in respect thereof.



For DCM LIMITED

[Handwritten Signature]
Chairman & Managing Director

9.6

In the event of any difference or difficulty on whether any specific legal or other proceedings relates to the Demerged Undertaking or not, the decision of the Board of Directors of the Demerged Company and the Resulting Company in this regard shall be conclusive and binding on the Demerged Company and the Resulting Company.

10. TREATMENT OF TAXES

10.1

Upon the Scheme coming into effect, all taxes/ cess/ duties, direct and/ or indirect, payable by or on behalf or in respect of the Demerged Undertaking of the Demerged Company from the Appointed Date onwards, including all advance tax payments, tax deducted at source, any refunds or claims, export benefits, duty drawbacks (including refunds or claims pending with the tax authorities), shall, for all purposes, be treated as the tax/ cess/ duty, liability, advance tax payment, tax deducted at source, refund or claim, as the case may be, of the Resulting Company. The Resulting Company is expressly permitted to claim refunds/ credits in respect of any transaction between or amongst the Demerged Undertaking of the Demerged Company and the Resulting Company, if any.

10.2

Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses, unabsorbed depreciation and other fiscal and statutory carry forwards and benefits, including in respect of income tax (including Minimum Alternate Tax credit), CENVAT, customs, value added tax, sales tax, service tax, Goods and Services Tax etc. relating to the Demerged Undertaking to which Demerged Company is entitled to shall be available to and vest in the Resulting Company, without any further act or deed.

10.3

Upon this Scheme becoming effective, the Demerged Company and the Resulting Company are permitted to revise and file their respective income tax returns, including tax deducted at source certificates, sales tax/ value added tax returns, excise returns, service tax returns, Goods and Services Tax returns and other tax returns for the period commencing on and from the Appointed Date, and to claim respective refunds/ credits, pursuant to the provisions of this Scheme.

10.4

All tax assessment proceedings/ appeals/ litigations of whatsoever nature by or against the Demerged Company, whether pending on the Appointed Date or which are instituted at any time in the future, and relating to the Demerged Undertaking of the Demerged Company, shall be continued and/ or enforced by or against the Demerged Company until the Effective Date. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Resulting Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Demerged Undertaking of the Demerged Company.

10.5

Further, the aforementioned proceedings shall neither abate or be discontinued nor be in any way prejudicially affected by reason of the demerger of the Demerged Undertaking of the Demerged Company or anything contained in the Scheme.

10.6

Any tax liabilities under the Income Tax laws, Service Tax laws, Goods and Service Tax laws, Excise duty laws, applicable State Value Added Tax laws or other applicable laws/ regulations dealing with taxes/ duties/ levies allocable or related to the Demerged Undertaking of the Demerged Company to the extent not provided for or covered by tax provision in the accounts made as on the Appointed Date shall be transferred to the Resulting Company. Any surplus in the provision for taxation / duties/ levies account including advance tax and tax deducted at

For DCM LIMITED

Chairman & Managing Director



source as on the Appointed Date will also be transferred to the account of the Resulting Company.

- 10.7 Any refund under the Income Tax laws, Service Tax laws, Goods and Service Tax Laws, Excise duty laws, applicable State Value Added Tax laws or other applicable laws/ regulations dealing with taxes / duties / levies allocable or related to the Demerged Undertaking of the Demerged Company consequent to the assessment made on the Demerged Company including for which no credit is taken in the accounts as on the Appointed Date shall also belong to and be received by the Resulting Company.
- 10.8 Without prejudice to the generality of the above, all benefits, incentives, tax losses, unabsorbed depreciation, credits (including, without limitation income tax, service tax, excise duty, applicable state value added tax etc.) to which the Demerged Undertaking of the Demerged Company is entitled to in terms of applicable laws, shall be available to and vest in the Resulting Company.
- 10.9 The Board of Directors of the Demerged Company and the Resulting Company shall be empowered to determine if any specific tax asset and/ or liability or any tax proceeding relates to the Demerged Undertaking and whether the same would be transferred to the Resulting Company from the Appointed Date.

11. SAVING OF CONCLUDED TRANSACTIONS

- 11.1 The transfer and vesting of the properties and liabilities of the Demerged Undertaking under Clause 6 above, the effectiveness of contracts and deeds under Clause 7 and the continuance of legal proceedings by or against the Resulting Company under Clause 9 above shall not affect any transaction or proceeding relating to the Demerged Undertaking already completed by the Demerged Company on or before the Effective Date to the end and intent that the Resulting Company accepts all acts, deeds and things relating to the Demerged Undertaking done and executed by and on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

12. CONDUCT OF BUSINESS

- 12.1 With effect from the Appointed Date and up to and including the Effective Date:
- a) The Demerged Company shall carry on and be deemed to have carried on all the business and activities relating to the Demerged Undertaking in the ordinary course of business and for and on account of and in trust for the Resulting Company.
 - b) All profits and income that have already accrued or arisen and that accrue or arise to the Demerged Company from the Demerged Undertaking, and expenditure or losses that have already arisen or incurred and that arise or are incurred by the Demerged Company relating to the Demerged Undertaking, for the period commencing from the Appointed Date shall for all purposes be treated as the profits, income, expenditure or losses (as the case may be) of the Resulting Company.
 - c) The Demerged Company shall be deemed to have held and stood possessed of the



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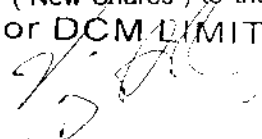
properties relating to the Demerged Undertaking for and on account of and in trust for the Resulting Company and, accordingly, the Demerged Company shall not (without the prior written consent of the Resulting Company) alienate, charge or otherwise deal with or dispose of the Demerged Undertaking or any part thereof, except in the ordinary course of business, or distribute any dividend to its shareholders, whether interim or final.

- 12.2 It is clarified that all the taxes and duties payable by the Demerged Company, relating to the Demerged Undertaking, from the Appointed Date onwards and up to the Effective Date, including all advance tax payments, tax deducted at source, tax liabilities or any refunds and claims shall, for all purposes, be treated as advance tax payments, tax deducted at source, tax liabilities or refunds and claims of the Resulting Company..
- 12.3 All assets (including fixed assets, current assets, cash and balances, registrations, patents and domain names, licenses, permissions, certificates, allocations, approvals, tax credits/ incentives, export benefits, duty drawbacks, benefit of subsidy available to the Demerged Undertaking under the Technology Up-gradation Fund scheme along with all refunds, etc.) acquired by or accruing to the Demerged Company after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking or pertaining to the Demerged Undertaking shall be deemed to have accrued to and on behalf of the Resulting Company.
- 12.4 All loans raised and/ or used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall without any further act or deed be and stand transferred to the Resulting Company and shall become its liabilities and obligations on the Scheme becoming effective.
- 12.5 All loans, liabilities and obligations of the Demerged Company relating to the Demerged Undertaking as on the Appointed Date, deemed to be transferred to the Resulting Company, which have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, shall be deemed to have been discharged for and on account of the Resulting Company.
- 12.6 With effect from the date of approval to the Scheme by the Board of Directors of the Demerged Company and the Resulting Company, and up to and including the Effective Date the Demerged Company shall carry on the business of the Demerged Undertaking with reasonable diligence and business prudence and in the same manner as it had been doing hitherto.
- 12.7 The Resulting Company shall also be entitled, pending the sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, departments and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Resulting Company may require including the registration, approvals, exemptions, reliefs, etc., as may be required/ granted under any law for time being in force for carrying on business of the Demerged Undertaking.

13. ISSUE OF SHARES

- 13.1 Upon the Scheme becoming effective and in consideration of the demerger and transfer of the Demerged Undertaking, the Resulting Company shall issue and allot Equity Shares of Rs. 10/- each at par value in the Resulting Company ("New Shares") to the shareholders of the

For DCM LIMITED


Chairman & Managing Director



Demerged Company whose names appear in the Register of Members of the Demerged Company as on the Record Date in the following ratio:

1 (one) Equity Share of Rs. 10/- each of the Resulting Company, credited as fully paid-up, for every 1 (one) Equity Share of Rs. 10/- each, fully paid-up held in the Demerged Company ("Entitlement Ratio").

- 13.2 In case of shareholders of the Demerged Company, who hold shares in the Demerged Company in dematerialised form, New Shares will be credited to the existing depository accounts of the shareholders of the Demerged Company as per records maintained by National Securities Depository Limited and/ or Central Depository Services (India) Limited on the Record Date and made available by the Demerged Company to the Resulting Company.
- 13.3 In case of shareholders of the Demerged Company, who hold shares in the Demerged Company in certificate form, New Shares will be issued in certificate form.
- 13.4 All New Shares to be issued and allotted by the Resulting Company under this Scheme shall rank *pari passu* in all respects with the existing shares of the Resulting Company, excluding the right to receive dividends which are declared prior to the effective date of the Scheme, and shall be subject to the Memorandum and Articles of Association of the Resulting Company.
- 13.5 Issuance of New Shares by the Resulting Company shall be made in compliance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with circular issued by the Securities Exchange Board of India on November 30, 2015 bearing no. CIR/CFD/CMD/16/2015 or any statutory modification or re-enactment thereof from time to time.
- 13.6 New Shares allotted by Resulting Company in dematerialised form pursuant to the Scheme shall remain frozen in the depositories system till listing/ trading permission is given by the National Stock Exchange and Bombay Stock Exchange.
- 13.7 The New Shares to be issued by the Resulting Company in respect of any Equity Shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 or otherwise, shall also be kept in abeyance.
- 13.8 Upon the issuance and allotment of equity shares pursuant to Scheme, the Resulting Company shall take necessary steps, including filing of the applications with such recognized stock exchanges as the Board of Directors of the Resulting Company may deem fit, for the purpose of listing of the equity shares of the Resulting Company on the recognized stock exchanges, in accordance with applicable laws.

14. AUTHORIZED SHARE CAPITAL OF THE RESULTING COMPANY AND THE DEMERGED COMPANY

- 14.1 Upon the Scheme becoming effective, the Authorized Share Capital of Demerged Company, to the extent of Rs. 20,00,00,000 (Rupees twenty crores) divided into 2,00,00,000 (Two crores) Equity Shares of Rs. 10/- (Rupees ten only) each will get transferred to the Resulting Company and the Authorized Share Capital of the Resulting Company shall automatically stand increased by the said amount.
- 14.2 Accordingly, the words and figures in Clause V of the Memorandum of Association of the Demerged Company shall stand modified and be substituted to read as follows:



FOR DCM LIMITED
L. H.
Chairman & Managing Director

"The Authorized Share Capital of the Company is Rs. 84,00,00,000 (Rupees eighty four crores only) divided into 6,39,99,000 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."

- 14.3 The words and figures in Clause V of the proposed Memorandum of Association of the Resulting Company shall stand modified and be substituted to read as follows:

"The Authorized Share Capital of the Company is Rs. 20,05,00,000/- (Rupees twenty crores five lakhs only) divided into 2,00,50,000 (Two crores and fifty thousand) Equity Shares of Rs. 10/- (Rupees ten only) each".

- 14.4 It is hereby clarified that for the purposes of this clause 14, the consent of the shareholders of the Resulting Company and the Demerged Company to this Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and that no further resolution under any applicable provisions of the Act, would be required to be separately passed.

15. ACCOUNTING TREATMENT

15.1 Accounting treatment in the books of the Demerged Company

- 15.1.1 Upon the Scheme becoming effective, the book value of assets and liabilities related to the Demerged Undertaking, as appearing in the books of account of the Demerged Company and transferred to the Resulting Company, shall be reduced from the corresponding balances of the assets and liabilities of the Demerged Company.
- 15.1.2 Entire investment made by the Demerged Company in the equity share capital of the Resulting Company as on the Effective Date, shall stand cancelled.
- 15.1.3 The excess of the book value of assets over the book value of liabilities of the Demerged Undertaking, after considering the cancellation of investment in the Resulting Company as above and after adjusting the calls in arrears, shall be adjusted to the following reserves on a proportionate basis -
- a) Securities Premium Account;
 - b) Surplus (profit and loss balance).
- 15.1.4 It is clarified that the reduction to the Securities Premium account in the above clause shall be effected as an integral part of the Scheme in accordance with Sections 100 to 103 of the Companies Act, 1956 and/ or applicable provisions of the Companies Act, 2013 and without having to follow the procedure prescribed under the said sections separately. The order of the High Court sanctioning the Scheme shall also be deemed to be the order confirming the reduction to the Securities Premium Account.
- 15.1.5 The accounting treatment provided hereinabove is in accordance with the applicable accounting standards as on the date of approval of the Scheme by the Board of Directors of



For DCM LIMITED

Chairman & Managing Director

Demerged Company and Resulting Company and shall be followed as such or in such other manner as the regulatory authorities may approve.

15.2 Accounting treatment in the books of the Resulting Company

- 15.2.1 The assets and liabilities of the Demerged Undertaking shall be transferred to the Resulting Company at their values as appearing in the books of account of the Demerged Company at the close of business of the day immediately preceding the Appointed Date. In determining the value of the assets referred to hereinabove, any change in value of assets consequent to their revaluation shall be ignored in terms of Section 2(19AA) of the Income-tax Act, 1961.
- 15.2.2 The Equity Share capital of the resulting company to the extent held by Demerged Company as on the effective date shall stand cancelled.
- 15.2.3 The difference between the book value of assets and book value of liabilities so recorded in the books of account of the Resulting Company, as reduced by aggregate sum of the paid-up value of the New Shares issued in terms of clause 13 and after giving effect to clause 15.2.2 of the Scheme, shall be recorded against the following reserves in the proportion in which the said reserves shall be adjusted in the books of the Demerged Company in accordance with clause 15.1.3 above -
- a) Securities Premium Account;
 - b) Surplus (profit and loss balance);
- 15.2.4 To the extent that there are inter-corporate loans or balances between the Demerged Undertaking and the Resulting Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of account and records of the Resulting Company for the increase or reduction of any assets or liabilities, as the case may be.
- 15.2.5 The Resulting Company shall record in its books of accounts, all transactions relating to the Demerged Undertaking of Demerged Company, in respect of assets, liabilities, income and expenses, from the Appointed Date to the Effective Date.
- 15.2.6 The aggregate face value of the New Shares issued by the Resulting Company to the shareholders of the Demerged Company shall stand credited to the share capital of the Resulting Company in its books of accounts.
- 15.2.7 The cancellation of existing shareholding of the Demerged Company in the Resulting Company and utilization of securities premium account of the Resulting Company, if any, shall be effected as an integral part of this Scheme in accordance with Sections 100 to 103 of the Companies Act, 1956 and/ or the applicable provisions of Companies Act, 2013 and without having to follow the procedure under the said sections separately. The order of the High Court sanctioning the Scheme shall also be deemed to be an order confirming the reduction.
- 15.2.8 The accounting treatment provided hereinabove is in accordance with the applicable accounting standards as on the date of approval of the Scheme by the Board of Directors of Demerged Company and Resulting Company and shall be followed as such or in such other manner as the regulatory authorities may approve.



For DCM LIMITED

[Signature]
Chairman & Managing Director

PART C

GENERAL TERMS AND CONDITIONS

16. APPLICATIONS

- 16.1 The Demerged Company and the Resulting Company shall, with all reasonable dispatch, make necessary applications to the High Court of Delhi for sanction and carrying out of the Scheme. Any such application shall, upon constitution of the National Company Law Tribunal ("NCLT"), be made and/ or pursued before the NCLT, if so required. In such event, references in this Scheme to the High Court of Delhi shall be construed as references to the NCLT, as the context may require. The Demerged Company and the Resulting Company shall also take such other steps and proceedings as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

17. MODIFICATIONS TO THE SCHEME

- 17.1 The Demerged Company and the Resulting Company (through their respective Board of Directors) are empowered and authorised -

- a) to assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the High Court and/ or any authorities under law may deem fit to approve or direct or which may be considered necessary due to any change in law or as may be deemed expedient or necessary; and
- b) to settle all doubts or difficulties that may arise in carrying out the Scheme and to do and execute all acts, deeds, matters and things on behalf of the companies, necessary, desirable or proper for putting the Scheme into effect, including entering into transitional arrangements, arrangements for carrying out or performing all such formalities or compliances as may be deemed proper and necessary for effecting transfer and vesting of the properties of the Demerged Undertaking and deciding any question that may arise as to whether whole or part of a specific asset or liability pertains or does not pertain or arises out of the activities or operations of any such Undertaking or whether a specific employee is or is not substantially engaged in relation to the Demerged Undertaking.

- 17.2 Without prejudice to the generality of the foregoing, the Demerged Company and the Resulting Company (through their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize in this regard) shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

18. CONDITIONALITY OF THE SCHEME

- 18.1 The demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company as contemplated under this Scheme is conditional upon and subject to:

- a) Approval of the Scheme by the requisite majorities of shareholders and creditors of the Demerged Company and the Resulting Company as may be required;
- b) Sanction of the Scheme by the High Court of Delhi under Sections 391 and 394 and other applicable provisions of the Act; and
- c) Certified copies of the orders of the High Court being filed with jurisdictional Registrar of Companies by the Demerged Company and the Resulting Company.

For DCM LIMITED

Chairman & Managing Director



19. EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS

- 19.1** In the event that the Scheme is not sanctioned by the High Court or in the event any of the other requisite consents, approvals, permissions, sanctions or conditions are not obtained or complied with or for any other reason, the Scheme cannot be implemented, the Scheme shall not take effect and shall be withdrawn and in that event no rights or liabilities, whatsoever, shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person.

20. REMAINING BUSINESS

- 20.1** Save and except the Demerged Undertaking of the Demerged Company and as expressly provided in this Scheme, nothing contained in this Scheme shall affect the Remaining Business of the Demerged Company, or any other business, assets, and liabilities of the Demerged Company, which shall continue to belong to and be vested in and be managed by the Demerged Company.

21. COSTS, CHARGES AND EXPENSES

- 21.1** All costs, expenses, charges, fees, taxes, stamp duty, other duties, levies and all other expenses, if any, arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and incidental thereto shall be borne and paid equally by the Demerged Company and the Resulting Company.

22. RESIDUAL PROVISIONS

- 22.1** Even after this Scheme becomes operative, the Resulting Company shall be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking in the name of the Demerged Company insofar as may be necessary till the transfer of rights and obligations of the Demerged Company to the Resulting Company under this Scheme.
- 22.2** On the approval of the Scheme by the members of the Demerged Company and the Resulting Company pursuant to Section 391 of the Companies Act, 1956, it shall be deemed that the said members have also accorded all relevant consents under Section 100 of the Companies Act, 1956 or any other provisions of the Act to the extent the same may be considered applicable.





For DCM LIMITED


Chairman & Managing Director

SCHEDULE 1

TRADEMARK(S)/ BRAND NAME(S) FORMING PART OF DEMERGED UNDERTAKING

It is submitted that below mentioned trademarks/ brand names shall *inter-alia* be vested and transferred to the Resulting Company as part of the Demerged Undertaking pursuant to the Scheme -

S No.	Trademark/ Brand name	Logo	Registration No.	Certificate No.	Certificate No.
1.	PRIMERO		3212643	23.02.2017	1480684
2.	DINERO		N/A	N/A	N/A



For DCM LIMITED


Chairman & Managing Director

SCHEDULE 2

ASSETS AND LIABILITIES FORMING PART OF DEMERGED UNDERTAKING

ASSETS/ PROPERTIES

Non-current assets

Fixed assets relating to Demerged Undertaking

Tangible assets relating to Demerged Undertaking

Long term loans and advances relating to Demerged Undertaking

Current assets

Trade receivables relating to Demerged Undertaking

Other current assets relating to Demerged Undertaking

Short term loans and advances relating to Demerged Undertaking

Inventories relating to Demerged Undertaking

Cash and bank balances relating to Demerged Undertaking

LIABILITIES

Non-current liabilities

Long term borrowings relating to Demerged Undertaking

Other long term liabilities relating to Demerged Undertaking

Long term provisions relating to Demerged Undertaking

Current liabilities

Short term borrowings relating to Demerged Undertaking

Trade payables relating to Demerged Undertaking

Other current liabilities relating to Demerged Undertaking

Short term provisions relating to Demerged Undertaking



For DCM LIMITED

[Signature]
Chairman & Managing Director

CERTIFIED TRUE COPY

For DCM LIMITED

[Signature]
Company Secretary