



Brief synopsis of the Scheme of Arrangement between DCM Limited and DCM Nouvelle Limited and their respective shareholders and creditors

1. Background of DCM Limited is as under:

- a) DCM Limited (referred to as 'Demerged Company') was originally incorporated on March 26, 1889 under the name and style of The Delhi Cloth and General Mills Company under the provisions of Indian Companies Act, 1882. The name of the Demerged Company was changed to "DCM Limited" on October 6, 1983. CIN: L74899DL1889PLC000004. PAN: AAACD1012E.
- b) The Registered Office of the Demerged Company is situated at Vikrant Tower, 4, Rajendra Place, New Delhi – 110008 and e-mail address is investors@dcm.in.
- c) The Demerged Company is engaged in the businesses of textiles, grey iron casting, real estate and IT services.

2. Background of DCM Nouvelle Limited ("Resulting Company") is as under:

- a) DCM Nouvelle Limited (referred to as "Resulting Company") was incorporated on October 17, 2016. The Resulting Company has been allotted a CIN: U17309DL2016PLC307204. PAN: AAFCD8921M.
- b) The Registered Office of the Resulting Company is situated at 601, 6th Floor, Vikrant Tower, 4, Rajendra Place, New Delhi – 110008.
- c) The Resulting Company has been formed with the purpose of manufacturing, trading and otherwise dealing in textile of all kinds.

3. Rationale and Salient Features of the Scheme

a) Relationship between the Companies:

The Resulting Company is a wholly owned subsidiary of the Demerged Company. The proposed Scheme of Arrangement between DCM Nouvelle Limited and DCM Limited and their respective shareholders and creditors provides for the demerger of the cotton textile business undertaking (Demerged Undertaking) of the Demerged Company to the Resulting Company.

b) Rationale for Demerger:

- i. This Scheme of Arrangement ("Scheme" or "the Scheme" or "this Scheme") provides for the demerger of the cotton textile business undertaking of DCM Limited (Demerged Company) to DCM Nouvelle Limited (Resulting Company), a wholly owned subsidiary of DCM Limited, as a going concern pursuant to sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (as may be applicable) and the rules or regulations framed thereunder, to the extent notified (the "Act") and in accordance with the terms hereof.

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- ii. Each of the businesses of the Demerged Company represent independent operating divisions of the demerged company. The said businesses are presently at different stages of maturity with differing risk and return profiles and capital and operational requirements.
- iii. The Demerged Company 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 Demerged Company also has a strong dealer network in India and yarn is being supplied to all major hosiery and weaving markets and corporate buyers.
- iv. The management believes that the nature of offerings and the risk and return profile of the cotton textile business (i.e Demerged Undertaking) is very different from that of the other businesses of the Demerged Company, 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).
- v. Based on the same, the management of the Demerged 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.
- vi. Considering the above, the management believes that the Demerged Undertaking of the Demerged Company should be demerged into an independent company (i.e. Resulting Company) and its shares should thereafter be listed on relevant stock exchanges. It is expected that such restructuring will be beneficial for the Demerged Company and its shareholders as it should result in a better focus on the Demerged Undertaking and the Remaining Business, and unlocking of value of the said businesses for the shareholders.
- vii. Pursuant to the proposed demerger, the Demerged Undertaking 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.

c) Salient features of the Scheme:

- i. This Scheme of Arrangement amongst DCM Nouvelle Limited and DCM Limited and their respective shareholders and creditors is presented under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013.



- ii. The Demerged Company and Resulting Company shall, as may be required, make applications and/or petitions under Sections 230 to 232 read with Section 66 and other applicable provisions of the Act to the Principal Bench of the National Company Law Tribunal at New Delhi for sanction of the Scheme and all matters ancillary or incidental thereto.
- iii. "Effective Date" or "coming into effect of this Scheme" or "upon the Scheme becoming effective" means the date or last of the dates on which certified copies of the order of the High Court/Tribunal sanctioning the Scheme are filed by the Demerged Company and the Resulting Company with the Registrar of Companies.
- iv. Upon the Scheme coming into effect on the Effective Date, the Demerged Undertaking, comprising of all assets and liabilities of whatsoever nature and wherever situated, shall, under the provisions of Section 230 read with Section 232 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.
- v. The Demerged Company and the Resulting Company shall account for the demerger in their books of accounts as per 'Pooling of interest method' in compliance with the applicable Indian Accounting Standards (Ind AS).
- vi. 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.
- vii. 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 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").
- viii. 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.

