

DCM
LIMITED

February 13, 2017

National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. Scrip Code: DCM	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Scrip Code: 502820
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Subject: Outcome of the Board Meeting held on February 13, 2017 - Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

In terms of the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform the outcome of the meeting of the Board of Directors of the DCM Limited held on February 13, 2017.

The Board of Directors ('Board') of Purearth Infrastructure Limited, DCM Limited, DCM Realty and Infrastructure Limited and TIARA Investment Holdings Limited in their respective meetings held on 15th October 2016, had considered and approved the Scheme of Arrangement of DCM Limited, DCM Realty and Infrastructure Limited, Purearth Infrastructure Limited and TIARA Investment Holdings Limited and their respective shareholders and creditors as per the terms and conditions mentioned in the Scheme of Arrangement ('Existing Scheme').

Post the approval of the Existing Scheme by the Board, the provisions of Section 230 to Section 232 of the Companies Act, 2013 and the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, which provide for the Compromise, Arrangements and Amalgamations, were notified on December 7, 2016 and December 14, 2016 respectively. In terms of the new notification, the National Company Law Tribunal ('NCLT') has assumed the jurisdiction of the High Court as the sanctioning authority in relation to the Scheme involving Indian companies. The provisions of Section 234 of the Companies Act, 2013 which deals with the merger of an Indian company with a foreign company or vice-versa have not been notified yet and hence the jurisdiction for the merger of a foreign company with the Indian company, i.e. the proposed merger of TIARA Investment Holdings Limited into and with Purearth Infrastructure Limited, is not yet transferred to the NCLT. Consequently, the jurisdiction for merger of TIARA Investment Holdings Limited into Purearth Infrastructure Limited, as it presently stands, will remain with the High Court of Delhi.



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Further, in the larger interest of shareholders of DCM Realty and Infrastructure Limited ('DCM Realty'), in addition to the promoters of DCM Limited, all the promoters of Purearth (other than TIARA, which shall stand dissolved upon the effectiveness of the Scheme, and DCM Limited) have expressed their interest of becoming the promoters of DCM Realty and Infrastructure Limited, subject to the approval of and compliance with conditions, if any, imposed by the SEBI, NSE and BSE (as applicable).

Presently, DCM Realty is a 100% subsidiary company of DCM Limited. After the Scheme of Arrangement coming into effect, the promoter shareholding and public shareholding in DCM Realty shall be approx. 84% and approx. 16% respectively. Subject to approval of and/or conditions (if any) from SEBI, NSE and BSE (as applicable), the promoters of DCM Realty and Infrastructure Limited would undertake to reduce their shareholding in DCM Realty and Infrastructure Limited to 75% or below, in compliance with Rule 19(2) and Rule 19A of the Securities Contract (Regulations) Rules, 1957, prior to listing of its shares.

Further, taking cognizance of the closure of the third quarter ended on December 31, 2016, the Appointed Date of the Scheme is proposed to be changed as under:

- a) Amalgamation of TIARA Investment Holdings Limited into Purearth Infrastructure Limited with the appointed date being December 31, 2016;
- b) Demerger of the Real Estate Undertaking of DCM Limited and vesting of the same with DCM Realty and Infrastructure Limited, a wholly owned subsidiary of DCM Limited with the appointed date being January 1, 2017; and
- c) Amalgamation of the resultant Amalgamated Company i.e. Purearth Infrastructure Limited (post Step A & B) into the Resulting Company i.e. DCM Realty and Infrastructure Limited with the appointed date being January 1, 2017.

Valuation report issued by M/s SSPA & Co. and fairness opinion issued by M/s Fortress Capital Management Services Pvt. Limited, both dated February 13, 2017, was placed before the board.

Considering the above, the Board of DCM Limited met today to consider and approve the amended Scheme of Arrangement of DCM Limited, DCM Realty and Infrastructure Limited, Purearth Infrastructure Limited and TIARA Investment Holdings Limited and their respective shareholders and creditors as per the terms and conditions mentioned in the amended Scheme of Arrangement ('Scheme'), subject to approval of SEBI, Stock Exchanges, shareholders, creditors, Hon'ble High Court of Delhi at New Delhi, NCLT and other regulatory agencies, as may be applicable.



The Audit Committee at its meeting held on February 13, 2017 considered the amended Scheme of Arrangement and furnished its report to the Board recommending the aforesaid amended Scheme of Arrangement.

Please find enclosed **Annexure 1** containing details as per Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records please.

Thanking you,

Yours faithfully,
For DCM Limited



Yadvinder Goyal
Company Secretary

Annexure 1

- a) Name of the entity (ies) forming part of the amalgamation/ merger, details in brief such as, size, turnover etc.:

Parties to the Scheme	Turnover (For the year ending on 31.03.2016)	Net Worth (As on 31.03.2016)
Tiara Investments Holdings Limited	Rs. 96 [^]	Rs. 19,622 Lakh [^]
Purearth Infrastructure Limited	Rs. 5,881.3 Lakh	Rs. 1,5921.5 Lakh
DCM Limited	Rs. 89,954.3 Lakh	Rs. 23,765 Lakh
DCM Realty and Infrastructure Limited	Nil *	Rs. 5 Lakh *

[^] as on 31-October-16. We have assumed the conversion rate of 1USD=INR67

* as on 13-February-17

- b) Brief details of the division(s) to be demerged:

As part of the Scheme, Real Estate Undertaking of DCM Limited is proposed to be demerged, as a going concern, into DCM Realty and Infrastructure Limited, a wholly owned subsidiary of DCM Limited. Real Estate Undertaking would comprise of all assets and liabilities of the real estate business of the DCM Limited pertaining to rights in lease hold land (whether or not converted into freehold land) along with related investments.

- c) Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year/based on financials of the last financial year:

- Operating Turnover of Demerged division for FY16—Rs. 1289.4 Lakh;
- Turnover of Demerged division as % to the turnover of the listed entity for FY16 is 1.53% approx.

- d) Whether the transaction would fall within related party transactions? If yes, whether the same is done at “arm length”:

Transaction would fall within the definition of related party transactions. Consideration to the shareholders of amalgamating companies and Demerged Company would be discharged at arm's length principle.

- e) Area of business of the entity(ies):

- DCM Limited is currently engaged in four business segments, i.e. Textiles, Grey Iron Casting, Real Estate and IT Services. Its multiple businesses inter-alia includes manufacturing and/ or dealing in yarns, threads and various other 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.

- DCM Realty and Infrastructure Limited ('DCM Realty') was incorporated on 6th October 2016 under the provisions of the Companies Act, 2013. DCM Realty is incorporated as a 100% subsidiary of DCM Limited to undertake the business of real estate development, construction and maintenance of industrial estates, commercial centres, malls, residential and multi-storeyed buildings and houses etc.
- Purearth Infrastructure Limited ('PIL') was incorporated on October 22, 1991 under the provisions of the Companies Act, 1956. PIL is engaged in the business of real estate development, construction and maintenance of industrial estates, commercial centres, malls, residential and multi-storeyed buildings and houses etc.
- Tiara Investment Holdings Limited ('TIARA') is a private company, with limited liability, incorporated on April 21, 1995 and registered in the Republic of Mauritius under the Mauritius Companies Act, 2001. TIARA is an investment holding company holding 50.65% shares of PIL as on date.

f) Rationale for Scheme of Arrangement:

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

Since 1983, DCM Ltd has been engaged in the real estate development business, amongst others, through its investment in Purearth, a company which was promoted by DCM Ltd. in 1994 and wherein, in order to expand the business and cater to the funds requirement for real estate business, new investors were introduced later.

The management believes that the nature of offerings and the risk and return profile of the real estate 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, textile business, 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 Real Estate Business of DCM Ltd should be demerged into an independent company and its shares should thereafter be listed on relevant stock exchanges.



It is also proposed that Purearth, a Company promoted by DCM Ltd., would amalgamate with DCM Realty in order to achieve the business synergies and cost optimization of the companies.

It is expected that such restructuring will be beneficial for DCM Ltd and its shareholders as it would result in a better focus on the Demerged Business and the Remaining Business, and unlock the value of the said businesses for the shareholders.

Pursuant to the proposed Scheme, the Demerged Company and the Resulting Company would have their own management teams which can chart out independent strategies. Further, the proposed Scheme would also open avenues for resizing and organic and inorganic growth opportunities for the companies, 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.

g) In case of cash consideration – amount or otherwise share exchange ratio:

There is no cash consideration proposed in the Scheme.

Share exchange ratio approved in the Scheme are as under:

▪ Merger of TIARA into PIL:

"54,600,000 (Five Crores forty six lacs only) fully paid up Equity Shares of the face value of Rs.10 (Rupees Ten) each of Purearth against 54,600,000 (Five Crores forty six lacs only) fully paid-up equity shares of Rs. 10 (Ten) each held by TIARA in Purearth as on February 13, 2017 shall be issued and allotted to the equity shareholders of TIARA in proportion to their shareholding in TIARA".

"In the event TIARA holds more than 54,600,000 (Five Crores forty six lacs only) fully paid-up equity shares of Purearth (without incurring any additional liability), such additional number of equity shares of Purearth (if any) as may be held by TIARA in Purearth in addition to 54,600,000 (Five Crores forty six lacs only) fully paid up equity shares held by TIARA in Purearth as on February 13, 2017 shall also be issued and allotted to the equity shareholders of TIARA, in proportion of their holdings in TIARA".

▪ De-merger of the Real Estate Undertaking of DCM Limited with DCM Realty and Infrastructure Limited

1 (one) Equity Share of Rs. 10/- each of the DCM Realty and Infrastructure Limited (Resulting Company), credited as fully paid-up, for every 1 (one) Equity Share of Rs. 10/- each, fully paid-up held in the DCM Limited (Demerged Company).



- Amalgamation of the resultant Amalgamated Company i.e. Purearth Infrastructure Limited (post Step A & B) into the Resulting Company i.e. DCM Realty and Infrastructure Limited:

Issue and allot 100 (One Hundred) equity shares of INR 10/- (Indian Rupees Ten only) each as fully paid up shares of the Resulting Company (i.e. DCM Realty and Infrastructure Limited) to the eligible shareholders of the Purearth Infrastructure Limited for every 127 (One Hundred Twenty Seven) equity shares of INR 10/- (Indian Rupees Ten only) each fully paid up shares held by the said shareholders of the Purearth Infrastructure Limited.

h) Brief details of change in shareholding pattern (if any) of all entities:

- **TIARA:** TIRAA would be deemed to be wound-up upon merger with PIL.
- **PIL:** PIL would be deemed to be wound-up upon merger with DCM Realty and Infrastructure Limited.
- **DCM Limited:** There is no change in shareholding pattern of DCM Limited. Existing shareholding ratio of promoter and public i.e. 48.54% and 51.46% shares respectively shall continue.
- **DCM Realty:** DCM Realty is a 100% subsidiary company of DCM Limited. After the Scheme of Arrangement coming into effect, the promoter and public shareholding in DCM Realty shall be approx. 84% and 16% respectively. Subject to approval of and/or conditions (if any) from SEBI, NSE and BSE (as applicable), the promoters of DCM Realty and Infrastructure Limited would undertake to reduce their shareholding in DCM Realty and Infrastructure Limited to 75% or below, in compliance with Rule 19(2) and Rule 19A of the Securities Contract (Regulations) Rules, 1957, prior to listing of its shares.

i) Whether listing would be sought for the resulting entity:

Yes. DCM Realty would apply for automatic listing of its shares on the stock exchange(s) subject to approval from SEBI and stock exchanges (as applicable).

