



October 15, 2016

BSE Limited

Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001

National Stock Exchange of India Ltd.

Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex,
Bandra (E), Mumbai - 400 051

Sub: Outcome of Board Meeting (Scrip Code: 502820 / DCM)

Dear Sir,

We wish to inform you that the Board of Directors of the Company at their meeting held today, i.e. October 15, 2016 considered and approved the following Schemes of Arrangements ('Schemes') subject to the approval of SEBI, stock exchanges, shareholders, creditors, Hon'ble High Court of Judicature at Delhi and other regulatory agencies, as applicable:

1. Composite 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 (hereinafter referred to as "Scheme") under sections 391 to 394 read with Sections 100 to 103 of the Companies Act, 1956 and/or Sections 230 to 233 read with Section 66 and other relevant provisions of the Companies Act, 2013, as may be applicable, for the:
 - i. Amalgamation of TIARA Investment Holdings Limited into Purearth Infrastructure Limited
 - ii. Demerger of the Real Estate Undertaking of DCM Limited and vesting of the same with DCM Realty and Infrastructure Limited, on a going concern basis; and
 - iii. Following the amalgamation referred at point (1)(i) and demerger referred to point (1)(ii) above, amalgamation of Purearth Infrastructure Limited into DCM Realty and Infrastructure Limited.
2. Scheme of Arrangement between DCM Limited and DCM Nouvelle Limited, a Company in the process of incorporation as a wholly owned subsidiary of DCM Limited, and their respective shareholders and creditors for the demerger of the cotton textiles business undertaking of DCM Limited into DCM Nouvelle Limited, such that post demerger shares in DCM Nouvelle Limited will be held by shareholders of DCM Limited in the same proportion as their shareholding in DCM Limited.

The Audit Committee has furnished its report to the Board of Directors of the Company recommending both the aforesaid Schemes.

The details as required under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. – CIR/CFD/CMD/04/2015 dated September 9, 2015 in respect of aforesaid Schemes are enclosed herewith as Annexure – I & II for para 1 and 2 above respectively.

You are requested to kindly take the same on record.

Thanking you,

Yours truly,
For DCM Limited


Yadvinder Goyal
Company Secretary



Encl. – As stated above

Registered Office :

Vikrant Tower, 4, Rajendra Place, New Delhi-110008

Phone : (011) 25719967 Fax : (011) 25765214

CIN: L74899DL1889PLC000004 Website: www.dcm.in E-mail: dcm ltd@dcm.in

e-mail id: investors@dcm.in

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 ^	Net Worth (As on 31.03.2016)
TIARA Investments Holdings Limited	Rs. 94	Rs. 19,329 lakhs^
Purearth Infrastructure Limited^	Rs. 5,881.3 lakhs	Rs. 15,921.5 lakhs
DCM Limited	Rs. 89,954.3 lakhs	Rs. 23,765.0 lakhs
DCM Realty and Infrastructure Limited	Nil	Rs. 5 lakhs*

^ as on 30-Sep-16

* as on 15-Oct-16

- 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:

- Turnover of Demerged division for FY16– Rs. 1,289.4 lakhs;
- 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 50.2% 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.

Prior to the merger of Purearth into and with DCM Realty, TIARA [being a shareholder of Purearth holding 50.20% shares] will merge into and with Purearth. As a result of this, the shareholders of TIARA (i.e. being non-resident investors) shall directly hold shares of Purearth and in-turn shares of DCM Realty. This shall result in an increase in the public float of DCM Realty after listing (being the shareholding of the non-resident investors in DCM Realty and thereby shall positively impact the liquidity of the shares of DCM Realty.)

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:

A. 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 October 15, 2016 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 October 15, 2016 shall also be issued and allotted to the equity shareholders of TIARA, in proportion of their holdings in TIARA".

B. 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).

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:

Issue and allot 100 (One Hundred) equity shares of Rs. 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 Rs. 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:** TIARA would 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 100% subsidiary company of DCM Limited. Post giving effect of the Scheme of Arrangement, promoter shareholding in DCM Realty shall be 38% and remaining 62% shares shall be held by public shareholders.

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).



Annexure 2

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

Demerged business/ division of the DCM Limited *inter-alia* involves 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), and includes all properties, rights and powers and all debts, liabilities, duties and obligations comprised in and/ or pertaining to the Demerged Undertaking.

b) 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:

Turnover of demerged division for year ended March 31, 2016 was about Rs 47,091.54 lakhs, comprising about 56% of the turnover of DCM Limited for the same year.

c) Rationale for demerger

Each of the businesses of DCM Limited 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.

The management believes that the nature of offerings and the risk and return profile of the cotton textiles business (i.e. Demerged Business) is different from that of the other businesses of DCM Limited, 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).

Considering the above, the management believes that for focussed and distinct management attention to different businesses and for unlocking corresponding potential, the Demerged Business of DCM Limited should be demerged into an independent company being the Resulting Company, and the shares of Resulting Company should thereafter be listed on relevant stock exchanges. It is expected that such restructuring will be beneficial for DCM Limited and its shareholders.

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

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

- **DCM Limited:** There is no change in shareholding pattern of DCM Limited. Existing shareholding ratio of promoter and other shareholders i.e. 48.54% and 51.46% respectively in DCM Limited shall continue undisturbed in the same proportion pursuant to the scheme;



- **DCM Nouvelle Limited:** DCM Nouvelle Limited is being incorporated as a wholly owned subsidiary of DCM Limited. The original subscribed share capital of DCM Nouvelle Limited, which, upon incorporation, will be held by DCM Limited along with its nominee shareholders, shall stand cancelled, and further, new equity shares will be issued by DCM Nouvelle Limited to the shareholders of DCM Limited as per the share entitlement ratio mentioned above, pursuant to which the shareholders of DCM Limited will receive shares in DCM Nouvelle Limited in the same proportion as their existing shareholding proportion in DCM Limited (ie 48.54% and 51.46% for promoter and other shareholders respectively).

e) In case of cash consideration - amount or otherwise share exchange ratio;

There is no cash consideration proposed in the Scheme.

Share entitlement ratio approved for the Scheme is as under:

1 (one) fully paid-up Equity Share of Rs. 10/- each of DCM Nouvelle Limited (Resulting Company), for every 1 (one) fully paid-up Equity Share of Rs. 10/- each held in DCM Limited (Demerged Company).

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

Yes. DCM Nouvelle Limited would apply for listing of its shares on the stock exchange(s) post the scheme is made effective.

