

**SCHEME OF ARRANGEMENT  
FOR RE-ORGANISATION OF SHARE CAPITAL OF  
DCM FINANCIAL SERVICES LIMITED  
AND FOR COMPROMISE WITH THE  
SECURED AND UNSECURED CREDITORS OF  
DCM FINANCIAL SERVICES LIMITED**

**PREAMBLE**

1. DCM Financial Services Limited (“DFSL” or “the Company”) is a public limited company incorporated under the provisions of the Companies Act, 1956, on 13<sup>th</sup> February 1991 in the name and style of ‘Tanvi Leasing and Finance Private Limited’ under Certificate of Incorporation No.55 – 43087 of 1990-91. The name of the Company was subsequently changed to ‘DCM Financial Services Private Limited’ on 28<sup>th</sup> February 1992 vide a further Certificate of Incorporation issued on the same date. The word ‘Private’ was deleted with effect from 22<sup>nd</sup> July 1993. The registered office of the Company is situate at 79, Amrit Nagar, New Delhi South Extension Part I, New Delhi-110 003.
2. The Company is a non-banking finance company (“NBFC”), which was engaged, inter alia, in the business of hire-purchase and leasing. To carry on its business and objects, the Company accepted fixed deposits and debentures from the public and other borrowings from Banks, Corporates and Institutions. The Company posted good working results during the initial years and was also, until 1997, prompt in servicing its creditors and investors, including payment of interest to fixed deposit holders, debenture holders and other creditors and also repayment to fixed deposit holders.
3. The Company in its normal course of business had utilized the monies received from its creditors for giving loans/ Inter Corporate Deposits, Leasing and Hire-Purchase facilities to various corporates as well as individual customers. Since 1996, such corporate debtors of the Company started defaulting in repayment of the monies due to the Company, forcing the Company into a severe liquidity crisis, which consequently resulted in an asset liability mismatch in the Company.
4. Several factors responsible for the Company’s state of affairs include, inter alia: -
  - i. high defaults by hire-purchase and leasing borrowers;
  - ii. depressed capital market conditions;
  - iii. application of short-term borrowed funds for paying long term debt lenders;
  - iv. restrictions imposed by Reserve Bank of India (RBI);

The Company’s net worth, viz. its issued and paid up share capital and its free reserves, has been eroded and is negative.
5. The NBFC RBI Directions, 1998 made under the Reserve Bank of India Act, 1934 and other guidelines and prudential norms are applicable to the Company. It may be noted that with effect from October 1997, the Company stopped collecting deposits from the public, which the Company duly informed to RBI and subsequently on 17<sup>th</sup> November 1997, the RBI also directed the Company not to collect any further public deposits. Thereafter, in December 1997, by a further Order, RBI restrained the

Company from selling, transferring, creating charge, mortgaging or dealing in any manner with its property and assets without prior written RBI permission, except for the purpose of meeting the obligations of the Depositors.

6. Consequent thereto, the operations of the Company had totally stagnated, since no business was permitted to be conducted by RBI, and its functions were limited to recovery of past dues of lease rentals or hire-purchase and application of net available funds to repay creditors. The Company's balance sheet till date continues to remain affected.
7. The Company had issued debentures and the debenture-holders had appointed the Central Bank of India as the Debenture Trustee. Payments under such debentures were due and payable but, due to serious financial constraints caused inter alia by defaults by the Company's debtors resulting in cash flow constraints, the orders of the RBI, and depressed and adverse market conditions, the Company had to postpone payment and redemption of its debentures. A revised scheme of repayment was proposed to the debenture holders varying the terms of the debentures. A special majority of the debenture holders accepted the revised scheme of repayment in writing. However, the Supplemental Deed modifying the original Debenture Trust Deed to reflect the modified schedule of payments as per the revised scheme of repayment has not yet been executed by the Debenture Trustees. In its absence, the revised scheme of repayment could not be implemented. The Company now intends to further vary the terms of the debentures. It may not be out of place to mention here that the trustees on behalf of the Debenture holders had filed suit for recovery before the Hon'ble Bombay High Court, which was adjourned sine-die.
8. The Company had availed of deposits prior to October 1997 and these deposits were liable to be paid by the Company. However, due to various reasons as explained hereinabove that were beyond its control, and primarily due to defaults by its borrowers, the Company defaulted in making payments to its fixed depositors. The aggrieved depositors had sent various applications to the Hon'ble Company Law Board to give suitable directions to the Company. The Company proposed before the Hon'ble Company Law Board various schemes for payment of deposits to fixed deposit holders of the Company. The Hon'ble Company Law Board, after hearing the Depositors and considering the various schemes proposed by the Applicant Company, vide its Order dated 17<sup>th</sup> July 1998, suo moto framed a scheme on its own ordering payment to fixed depositors.
9. The Company started complying with the orders of the Hon'ble Company Law Board, however, due to various reasons beyond its control, i.e. restrictions imposed by Reserve Bank of India, slow rate of recovery of its dues and legal actions being faced by it, the Company was not able to fully comply with the orders of the Hon'ble Company Law Board.
10. Since the orders of the Hon'ble Company Law Board could not be fully complied with, the Company moved an application before the Hon'ble Company Law Board seeking condonation of delay in complying with the order dated 17<sup>th</sup> July 1998 of the Hon'ble Company Law Board and for review of the schedule formulated in the said Order and certain other reliefs. The Company filed an application (C.A. 4 of 2000) on 26<sup>th</sup> May 2000 wherein it reported that the Company had filed Scheme of Arrangement for reorganization of the share capital of the Company and for compromise with its secured and unsecured creditors under Sections 391 to 394 of the Companies Act, 1956, before the Hon'ble Delhi High Court and that the Hon'ble

Delhi High Court had been pleased to allow the convening of the meetings of the creditors. Accordingly, the Hon'ble Company Law Board by its order dated 26<sup>th</sup> May 2000, while disposing of the applications, granted liberty to the Company to apply, if need be, after the Petition filed under Section 391 to 394 of the Companies Act, 1956, is disposed off.

11. That in the Company Application filed by the Company under Section 391 of the Companies Act, 1956, (C.A. 811 of 2000) the Hon'ble Delhi High Court ordered that the meetings of the Unsecured and Secured Creditors of the Company be convened for the purpose of considering the Scheme of Arrangement for Re-organisation of the Share capital of the Company and for compromise with its secured and unsecured creditors. The meetings of the Unsecured and Secured Creditors were held on 18-19<sup>th</sup> December 2000 wherein the said Scheme with certain modifications was approved by the Secured and Unsecured Creditors with overwhelming majority of creditors present and voting, either in person or through proxy. Thereafter, when the Company Petition (C.P. 48 of 2001) was argued before the Hon'ble Company Judge of the Hon'ble Delhi High Court, certain objections were raised by some of the creditors. The Ld. Company Judge, vide his judgement and order dated 20<sup>th</sup> December 2001, dismissed the petition filed by the Company. The Scheme of Arrangement for Re-organisation of the Share capital of the Company and for compromise with its secured and unsecured creditors was not approved by the Hon'ble Company Judge, inter alia, due to share valuation and because the Hon'ble Judge was of the view that the Unsecured Creditors of the Company were denied the opportunity to consider the Scheme which was placed in the meeting of the Unsecured Creditors, in as much as the Scheme which was circulated along with notice was later modified by the Company, and without being put to notice, the modified Scheme was presented for consideration in the meeting of the Unsecured Creditors.
12. Against the said Judgement and Order dated 20<sup>th</sup> December 2001 passed by the Hon'ble Company Court of the Hon'ble Delhi High Court, the Company filed an appeal before the Hon'ble Division Bench of the Hon'ble Delhi High Court (Co. A. 7 of 2002). The Hon'ble Division Bench, vide its Order dated 25<sup>th</sup> April 2003, dismissed the appeal filed by the Company. The Company has preferred a review application in respect of the said Order dated 25<sup>th</sup> April 2003, which, however, has not been listed till date.
13. In view of the aforesaid, and in accordance with and pursuant to the said Order dated 26<sup>th</sup> May 2000 of the Hon'ble Company Law Board, the Company has filed an application under Regulation 44 of the Company Law Board Regulations, 1991, proposing a repayment schedule to the Depositors of the Company.
14. The Company is filing the present Scheme of Arrangement for Re-organisation of Share Capital of the Company and for compromise with the secured and unsecured creditors of the Company for restructuring of its debts (hereinafter referred to as the "Scheme of Arrangement"). The Company intends to withdraw and not to pursue the Review Application filed by the Company before the Hon'ble Delhi High Court at the appropriate stage of the proceedings for sanction of the Scheme of Arrangement.
15. Under the provisions of Section 58A of the Companies Act 1956, the Hon'ble Company Law Board has statutory authority to reschedule payments to fixed deposit holders, but it cannot sanction a Scheme of Arrangement or Compromise with other creditors, as that is within the sole and exclusive jurisdiction of the Hon'ble Company

Court of the Hon'ble Delhi High Court under the provisions of Sections 391 to 394 of the Companies Act, 1956 (hereinafter referred to as "the Act").

16. The present restructuring of the Company is necessary as constraints mentioned above continue to restrict the Company from doing any business. RBI's orders continue to impose a tremendous burden and limit the fund flows available. In order to make payment to the secured and unsecured creditors and to revive its prospects, the Company has to engage in other business. The Company is authorized in accordance with its main objects to engage in the business of imparting education and training, which is proposed to be conducted to generate income.
17. The Company enjoys inherent advantages whilst undertaking its object of imparting education and training. The business of imparting education and training and the expected cash flows therefrom would contribute additional financial flows to the company. The object of the restructuring plan is focused and addresses the issue of feasible debt repayment while ensuring survival, relying on new growth avenues. By an orderly process of development of imparting education and training, with strong support from professionals, the Company will be in a position to meet its restructured obligations. If the restructuring plan is approved, the Company will remain a viable entity with accretion to shareholder value over time.
18. The Company is now proposing this Scheme of Arrangement. The Scheme of Arrangement is in the interest of the Company and its shareholders, creditors and employees. It seeks to restructure the debt of the Company by repayment as scheduled hereunder. Despite the asset liability mismatch, the Company intends to restructure debts of both the secured and unsecured creditors, and the Scheme of Arrangement would enable the Company not only to wipe out its debts but also to reduce carry forward losses and make cash profits.
19. The restructuring plan is based on the strategy of: -
  - i. continued aggressive recovery plans for recovering arrears of lease rentals and hire purchase installments and other miscellaneous assets;
  - ii. engaging in development of imparting education and training;
  - iii. contribution by DCM Services Ltd., the promoters, to the extent of Rs.19.5 Crores;
  - iv. restructuring of debts in a just and equitable manner.

## CHAPTER I

### REARRANGEMENT WITH CREDITORS

1. Definitions:

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:-

- 1.1 “Act” means the Companies Act, 1956 or any statutory modification or re-enactment thereof.
- 1.2 “Effective Date” means the date of filing of the certified copy of the order sanctioning the Scheme of the Hon’ble High Court of Delhi at New Delhi with the Registrar of Companies (Delhi and Haryana).
- 1.3 “Promoter” means **DCM Services Ltd.**
- 1.4 “Promoter’s Contribution” means and includes the sums of money required to be contributed by the Promoter under this Scheme of Arrangement as indicated in Para 5 of Chapter I of this Scheme of Arrangement, or such other sums as may be finally sanctioned by the Hon’ble High Court of Delhi at New Delhi, and will include all sums of money contributed by the Promoter to the Company whether as share application money or loan or deposits or in any other form on and after the first day of July 2004.
- 1.5 “Scheme” means this Scheme of Arrangement in the present form or with any modification(s) approved or sanctioned by the Hon’ble High Court of Delhi at New Delhi or other appropriate authority.
- 1.6 “Secured Creditors” means the creditors identified and listed as secured creditors in Para 3 of Chapter I herein.
- 1.7 “Unsecured Creditors” means the creditors identified and listed as unsecured creditors in Para 3 of Chapter I herein.

2. The latest audited balance sheet of the Company as at 30<sup>th</sup> June 2007 disclose the following :-

<b>SOURCES OF FUNDS</b>	<b>INR in lacs</b>
	<b>As at 30<sup>th</sup> June 2007</b>
Share Capital	2212.51
Share Application Money	549.72
Reserve & Surplus	2009.72
Secured Loans	3999.96
Unsecured Loans	5670.37
<b>TOTAL</b>	<b>14442.28</b>

<b>APPLICATION OF FUNDS</b>		<b>INR in Lacs</b>
		<b>As on 30<sup>th</sup> June 2007</b>
Fixed Assets	Gross Block	4046.46
	Less: Depreciation	2436.23
	New Block	1610.23
Investment		215.16

Current Assets, Loans & Advances	A) Current Assets	3754.71
	B) Loans & Advances	494.82
Less: Current Liabilities & Provisions	A) Current Liabilities	643.51
	B) Provisions	1562.96
Net Current Assets		2043.06
Profit & Loss Account		10573.83
<b>TOTAL</b>		<b>14442.28</b>

3. The financials in relation to the proposed arrangement are set out in the table below:

Summary of amounts payable under the Scheme to the creditors

S.NO	Particulars	Total Amount Payable as on 30/06/07	Amount Payable under the Scheme	Year 1	Year 1 (Shares)	Year 2	Year 3	Year 3 (Shares)	Year 4	Year 5	Year 6	Year 6 (Shares)	Year 7
	<b>Secured Creditors</b>												
A	<b>Debenture holders</b>	2558.26											
	Upto Rs 5000		150.48	150.48									
	Above Rs 5000		2407.78	392.65		412.74	412.74		412.74	412.73		364.18	
B	SIDBI	36.30	36.30			12.10	12.10		12.10				
C	Punjab & Sind Bank	803.40	803.40	0		81.96	90.18	360.7	90.18	90.18	90.18		
D	IndusInd Bank	577.00	577.00	0		0	44.95	293.2	59.72	59.72	59.72		59.72
E	SBI Home Finance Ltd.	25	25		25.00								
	<b>Total Secured Creditors</b>	3999.96	3999.96	543.13	25.00	506.80	559.97	653.89	574.74	562.63	149.90	364.18	59.72
	<b>Unsecured Creditors</b>												
F	<b>Public Deposits, ICD &amp; BRD</b>	5670.37											
	Upto Rs 5000		150.49	150.49									
	Above Rs 5000		5519.88	857.26		954.99	954.99		954.99	954.99		842.64	
G	HP - Pressman Leasing Ltd.	410	410			22.55	33.83	184.50	33.82	45.10	45.10		45.10
	<b>Total Unsecured Creditors</b>	6080.37	6080.37	1007.74	0.00	977.54	988.82	184.50	988.81	1000.09	45.10	842.64	45.10
	<b>Grand Total</b>	10080.33	10080.33	1550.88	25.00	1484.34	1548.79	838.39	1563.55	1562.72	195.00	1206.82	104.82

4. The present scheme of composition and arrangement with the creditors is necessary and imperative to enable reorganization of the Company's capital and for a structured debt repayment. This restructuring is to facilitate fulfillment of payment obligations in respect of the classes of secured and unsecured creditors referred to in Para 3 above. The plan enables the Company to remain viable, generate cash profits and restore shareholder net worth. This scheme of arrangement enables a viable settlement with the secured and unsecured creditors, whilst simultaneously increasing the risk and stake of the Promoter. The scheme of arrangement enables the shareholders, whose investment is eroded, to be presented with an opportunity over the term of the scheme of arrangement to restore their equity value and create possible benefits over a medium or long-term period.

5. The estimated cash flow identified below will enable the Company to make payments as detailed in the table above in Para 3:

**Estimated Cash Flow Streams available for repayment of Debts**

S.No	Sources of funds	Total Amount (Rs. in Lacs)
1	Buildings	3100
2	Receivables	800
3	Investments	750
4	Deposits with Banks	2400
5	Promoter's Contribution	1950
	<b>Total funds</b>	<b>9000</b>
	<b>Less: Scheme Repayment cost</b>	<b>100</b>
	Statutory dues and Taxation	163
	Legal cost	87
	<b>Total available funds</b>	<b>8650</b>

6. Upon the sanction of the Scheme, the available funds would be applied, under the supervision of M/s. Sharp and Tannan, Chartered Accountants, a firm of high repute, as appointed under Chapter II, towards:
- i. payment of past statutory and tax liabilities and dues, if any;
  - ii. payment of debenture holders;
  - iii. payment of deposit holders;
  - iv. payment of secured creditors like banks and financial institutions;
  - v. payment of unsecured ICD lenders and Bill Rediscounting investors;
  - vi. payments to creditors who gave deferred payment credit;
7. The funding by the Promoter (**DCM Services Limited**) of the sum of **Rs. 19.5 crores** is conditional upon the approval of the Scheme of Arrangement by the Hon'ble High Court of Delhi at New Delhi, **which shall be brought in 5 equal yearly installments. The first installment of the Promoter contribution shall be deposited in an escrow account within 2 working days of the approval of the scheme by the Hon'ble Delhi High Court.**
8. The Company will issue equity shares to promoters for all their contributions in the company at par.
9. The funds made available from the share application money or loan or deposits or in any other form and the recovered lease rentals, hire-purchase installments are to be applied in accordance with the payment plan for payment to the secured and unsecured creditors in accordance with the provisions of Para 3 of Chapter I without preference or priority for payments.

## CHAPTER II

### DEBT SETTLEMENT

1. This composition with the creditors requires the Company to make some cash payments after the approval of the Scheme of Arrangement from the cash flows received by it pursuant to the induction of funds by the Promoter and partly by application of funds available with the Company.
2. Unless the contrary intention is expressed, upon the sanction of the Scheme, the general principles of debt settlement based on this arrangement with the Creditors that will apply are as follows:
  - a) **DEBENTURE HOLDERS**  
**Debenture holders will be paid the balance principal amount originally invested. Interest dues will be waived and cancelled. The 'under Rs. 5000/-' category of Debenture holders (where the original principal amount invested was Rs. 5000/- or less) will be paid their principal debt within one year of the Effective Date. The other categories of debenture holders will be paid 85% of the principal amount originally invested in 5 years of the Effective Date in 5 equal yearly installments. For the balance 15% of the principal amount the Company shall have right / option to pay either in cash or by way of issuance of equity shares of the company as per applicable SEBI guidelines for issuance of preferential allotment in the sixth year of the Effective Date;**
  - b) **SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)**  
The principal amount due as on 30<sup>th</sup> June 2004 amounting to Rs. 36.30 lacs shall constitute the entire debt owed to such Bank / Institution. The entire debt of Rs. 36.30 lacs will be repaid in three equal annual installments of Rs. 12.10 lacs in the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> year from the Effective Date
  - c) **PUNJAB & SIND BANK (PSB)**  
“The amount payable to Punjab & Sind Bank has been quantified at Rs. 901.80 lacs as on 30<sup>th</sup> June 2004. This figure has been arrived at after compounding the interest payable on the principal amount due as on 30<sup>th</sup> September 1997, at the rate of 10% compounded quarterly till 31<sup>st</sup> March 2000, after allowing credit for actual amount paid till date. The debt of Rs. 541.08 lacs which is 60% of the total amount payable shall be paid as discharged as under:
    1. 60% of the settlement amount i.e. Rs. 901.80 lacs will be payable in 6 equated yearly installments after one year from the date of approval of the scheme by the Hon'ble High Court of Delhi at New Delhi or 1<sup>st</sup> April 2006 which ever is earlier.
    2. Balance 40% will be converted into equity shares at any time within 3 years of the effective date or 1.4.2006 which ever is earlier. The shares will be allotted on preferential allotment basis as per the rate approved by SEBI under its guidelines. The sale price of the share allotted by the company will be protected to the extent of Rs. 375 lacs by issuing fresh additional equity, if required.
    3. The Bank shall have right to sell partly or all shares allotted under the present scheme at its sole discretion. However, the Bank shall give right to refusal to promoter company, who shall be bound to exercise such right of pre-emption within 1 day (24 hours) from the receipt of notice to purchase.  
Pursuant to the earlier agreement with the Bank, interest accumulated for the period till March 2000, @ 10% p.a. compounded quarterly, had been converted to equity shares and these shares had been issued, allotted and posted to the Bank at the issue price of Rs. 30/- per share.

The balance interest for the period from April 2000 till date is waived and cancelled by the Bank.

d) **INDUSIND BANK**

The total principal amount payable to IndusInd Bank has been quantified at Rs. 651.49 lacs as on 30<sup>th</sup> June 2004. This figure has been arrived at after calculating interest upto 31<sup>st</sup> March 2000 @ 12% p.a. compounded quarterly on the principal amount of L/C devolvement, after allowing credits for actual amounts paid till date and credit for margin money amounting to Rs. 35.99 lacs, and excludes penal interest/ additional interest/ overdue charges, if any, debited by the Bank. The settlement made with the Bank in the earlier scheme has been considered as the base. The total amount payable under the scheme to IndusInd Bank so quantified shall be repaid as under:

- i. Six equal yearly installments of Rs. 59.72 lacs each, commencing from the 2<sup>nd</sup> year of the Effective Date, aggregating to Rs. 358.32 lacs;
- ii. Conversion of Rs. 293.17 lacs in Equity shares at any time within 3 years of the Effective Date, in accordance with applicable SEBI guidelines for issuance of preferential allotment;

Interest is waived and cancelled. Pursuant to the earlier agreement with the Bank, interest as accumulated for the period from 1<sup>st</sup> April 2000 till 31<sup>st</sup> March 2005, @ 10% p.a. compounded half yearly, had been converted to equity shares and these shares had been issued, allotted and posted to IndusInd Bank at the issue price of Rs. 30/- per share. The interest for the period from 1<sup>st</sup> April 2000 shall be waived by the Bank.

e) **SBI HOME FINANCE LTD.**

A consent decree was passed by the Hon'ble High Court of Delhi at New Delhi on 12<sup>th</sup> December 2000 for an amount of Rs. 3,15,00,000/-. The terms of the Consent Decree were as under:

- i. Rs. 2.90 crores were to be paid on or before 31<sup>st</sup> March 2001 under a monthly payment schedule commencing from December 2000, and on payment of Rs. 2.90 crores, the title of the property was to be released;
- ii. the sum of Rs. 25.00 lacs was to be discharged by issuance of Equity shares of the Company of the face value of Rs. 10/- at a premium of Rs. 20/- per share.

In terms of the Consent Decree, a sum of Rs. 2.90 crores has been paid by the Company to SBI Home Finance and the title deeds of the property have been released by SBI Home Finance Ltd. However, balance amount of Rs. 25.00 lacs which was to be converted into fully paid up shares of the Company at Rs. 30/- per share (share value Rs. 10/- plus premium Rs. 20/- per shares) have not been issued by the Company.

The Company now proposes to allot shares worth Rs. 25.00 lacs to SBI Home Finance Ltd. as per the Consent Decree awarded by the Hon'ble High Court of Delhi at New Delhi, in the first year from the Effective Date.

f) **PUBLIC DEPOSITS**

**Fixed Deposit holders will be paid balance principal amount originally invested. Interest dues are waived and cancelled. The under Rs. 5000/- category of depositors (where the original principal amount invested was Rs. 5000/- or less) will be paid principal debt in full within one year of the Effective Date. The other categories of depositors will be paid 85% of the principal amount originally invested in 5 years of the effective date in 5 equal yearly installments. For the balance 15% of the principal amount the Company shall have right / option to**

**pay either in cash or by way of issuance of equity shares of the company as per applicable SEBI guidelines for issuance of preferential allotment in the sixth year of the Effective Date.**

**g) ICD AND BRD LENDERS**

**ICD & BRD Lenders will be paid principal due to them as on 30<sup>th</sup> June 2004. Interest dues are waived and cancelled. The ICD & BRD lenders will be paid 85% of the principal amount originally invested in 5 years of the effective date in 5 equal yearly installments. For the balance 15% of the principal amount the Company shall have right / option to pay either in cash or by way of issuance of equity shares of the company as per applicable SEBI guidelines for issuance of preferential allotment in the sixth year of the Effective Date.**

**h) PRESSMAN LEASING**

The amount due to M/s. Pressman Leasing has been quantified at the lump sum of Rs. 4.10 crores and such amount would be paid as follows: -

- i. 10% of 55% of the principal debt after the end of 1<sup>st</sup> year from the Effective Date;
- ii. 15% of 55% of the principal debt payable after the end of the 2<sup>nd</sup> year from the Effective Date;
- iii. 15% of 55% of the principal debt payable after the end of the 3<sup>rd</sup> year from the Effective Date;
- iv. 20% of 55% of the principal debt payable after the end of the 4<sup>th</sup> year from the Effective Date;
- v. 20% of 55% of the principal debt payable after the end of the 5<sup>th</sup> year from the Effective Date;
- vi. 20% of 55% of the principal debt payable after the end of the 6<sup>th</sup> year from the Effective Date;
- vii. balance 45% of the principal amount by issuance of equity of the company, in accordance with applicable SEBI guidelines for issuance of preferential allotment, within 3 years from the Effective Date.

Interest is waived and cancelled by Pressman Leasing Ltd.

3. During the pendency of this Scheme and its implementation, all the creditors of the Company for whom this Scheme of Arrangement is made are prohibited from instituting or proceeding with any legal proceeding or civil recovery or criminal proceeding against the company, its directors, officers, employees, past and present, representatives and agents for recovery, or execution or distress or warrant, attachment or restraint relating to the said payment and these rights shall stand suspended. All amounts received will be in proportionate discharge and satisfaction of the debts of such creditors, and their debts shall stand discharged and satisfied upon full payment and allotment of shares in terms of the Scheme. The Company shall file appropriate forms for notice of satisfaction of debts and release of all assets and securities charged to such creditors with the Registrar of Companies, who shall register the same without any further act or deed or consent of the creditor.
4. Any decreed debts or judgement creditors (for decrees issued or judgements ordered for execution) will constitute unsecured creditors of the Company and shall receive payment on the same basis as provided herein for unsecured creditors. Payments to them shall also be covered under this Scheme of Arrangement by the Hon'ble Delhi High Court and will be monitored and paid with the assistance and support of M/s. Sharp and Tannan, Chartered Accountants, as a monitoring agency. No separate execution proceedings shall lie or be maintained or required in relation thereto, as

- these shall be implemented in the same manner as the claims of other unsecured creditors.
5. All fractional share entitlements will be ignored. No fractional shares will be issued by the Company in respect of fractional share entitlements arising on conversion of principal amount due, if any, to any creditor.
  6. All equity shares, if issued and allotted by the Company upon the conversion, shall rank pari passu in all respects from the date of their allotment in terms of the Scheme with the existing equity shares of the Company and shall be listed at the Stock Exchanges where the equity shares of the Company may be listed at the time of allotment.
  7. Upon this Scheme becoming effective, and subject to the above provisions, all persons entitled to shares of the Company shall receive dematerialized share receipts, evidencing the new shares issued as the equity share capital of the Company as on the effective date of the Scheme and such share issue made to the creditors/ debt holders as of the last due date for the first payment under the Scheme of Arrangement as referred to in the relevant section of this Chapter.
  8. Each creditor/ debt holder shall, during the pendency of the Scheme and not later than 15 days from the Effective Date of the Scheme, advise the Company of the depository/ participant/ bank for maintaining the demat share account/ bank account of such proposed share holder/ existing debt holder/ creditor. The Company shall issue a form of the notice through the newspaper and/ or individually indicating the particulars required from each creditor/ debt holder for this purpose.
  9. Any guarantees given by the Promoter will be marked and deemed to have been satisfied, discharged and cancelled on payment of the amounts to the creditors as provided under the Scheme or as modified by the Hon'ble High Court from time to time. The Scheme shall limit the extent of payment by the Company and its guarantors as provided herein and the creditors secured by such guarantee(s) agree and acknowledge that this Scheme shall constitute an order of variation and novation of the guarantees of the Promoter, including those given to Punjab & Sind Bank and SBI Home Finance in consideration of the Scheme payments and to give effect to the provisions of this Scheme.
  10. The restructured debts of the Company are detailed for each debt category on the basis of outstandings as on 30<sup>th</sup> June 2004. These values or amounts exclude interest not provided for and all liquidated damages/ penal charges and interest on unpaid interest in accordance with RBI guidelines applicable for rehabilitation financing. The Scheme of Arrangement accepts the waiver of payment of past and future interest, penal charges, liquidated damages and any other charges, costs, claims etc., except as provided and for values contained therein.
  11. The Company shall continue to be liable for payment in respect of tax liabilities under any taxing statute, if any, including any tax liability in arrears. The Company shall be entitled to claim refunds with respect to TDS deposited for interest reduced with reference to the debenture-holders and/ or depositors, and as are unclaimed.

## **CHAPTER III**

### **GENERAL TERMS AND CONDITIONS**

1. The accounts (balance sheet) of DCM Financial Services Limited as on the Effective Date, shall be prepared by M/s. Sharp and Tannan, Chartered Accounts within 60 working days from the Effective Date. Thereafter, on a continuing basis, M/s. Sharp & Tannan, Chartered Accountants shall file semi-annual un-audited returns and abridged balance sheet particulars of the Company in the Hon'ble High Court and such filing shall be accompanied by the account statements of such Trust & Retention Account and application of these monies to the payment to the secured creditors and unsecured creditors and the general expenses of the Company for activities related to recovery, and business activity. M/s Sharp and Tannan shall have the power to sign and file forms for satisfaction of charge on behalf of the creditors with the Registrar of Companies, NCT of Delhi & Haryana, and such filing shall be final and binding on the said creditors.
2. The issue and allotment of shares under the provisions of this scheme to any non-resident will be made subject to the approval of such statutory and governmental authorities as required. In the case of all creditors, resident or non-resident, prevailing SEBI regulations for such allotment shall be applicable.
3. All savings accruing from any secured or unsecured creditor entering into settlement with the Company for accepting or receiving an amount lower than the amount as provided in this Scheme as being due to such secured or unsecured creditor shall be used for making Scheme related payments or for the new information technology and present business activities as provided herein.
4. The Scheme is conditional upon the following approvals and shall be deemed to be effective on the obtaining of the last of the approvals and the occurrence of the last of the following events: -
  - i. approval of the Scheme by the requisite majority of the creditors of the Company as required under Section 391 of the Act;
  - ii. sanction of the Scheme by the Hon'ble High Court of Delhi under Sections 391 and 394 of the Act and other applicable provisions of the Act, Rules and Regulations, as the case may be;
  - iii. filing of certified copies of the order of the Hon'ble High Court of Delhi with the Registrar of Companies (Delhi and Haryana).
5. All doubts, issues, questions and disputes arising under or from or relating to the Scheme or the implementation of the Scheme, including those arising between the Company, share holders, creditors or any other person or in respect of any person claiming to be a creditor or a share holder or between any or more of them on any issue whatsoever shall be referred to arbitrators namely Sh. S.K. Tandon, (Retired Additional District Judge), Mr. Justice Sardar Ali, (Retd. Acting Chairman MRTTP Commission) and Mr. U.P. Mathur (former Secretary, Company Law Board) whose decision shall be final and binding on all concerned. The proceedings under the arbitration shall be held and conducted at New Delhi. The Arbitrators shall have summary powers and will not be required to give any reasons for their decision or award. The arbitration shall be conducted under the provisions of the Arbitration and Conciliation Act, 1996 or any statutory re-enactment or substitution thereof.
6. Except as provided for in the Scheme for Arrangement, all funds accruing to the Company from any other use shall also be applied to give effect to the terms of the scheme of Arrangement.
7. The trade and other creditors of the company are being paid separately and independent of the Scheme of Arrangement.
8. Trustees are not interested as creditors in the Company.

9. On considering the facts and circumstances and benefits, the Board of Directors of the Company have approved the Scheme of Arrangement for Re-organisation of Share Capital of the Company and for Compromise with its Secured and Unsecured Creditors at the meeting held on 16<sup>th</sup> August 2004 for the approval of the Secured and Unsecured Creditors of the Company.
10. The following Directors of the Company are interested or hold shares in the Company:  
Mr. O.P. Gupta holds 150 Shares
11. Trustees for the Debenture holders do not hold shares in the Company.
12. The Scheme of Arrangement is in the interest of the Secured and Unsecured Creditors of the Company.
13. No investigations or proceedings have been instituted or are pending under Section 235 to 251 of the Companies Act, 1956, or under the MRTTP Act against the Company.
14. Pursuant to Clause 24(f) of the Listing Agreement, the Scheme has been submitted by the Company to the Stock Exchanges where the Shares of the Company are listed, covered by letter dated 17<sup>th</sup> August 2004. Stock Exchanges may suggest certain modifications or changes, which may be incorporated in the Scheme before circulation to the creditors, subject to approval of the Hon'ble High Court of Delhi.