

DCM FINANCIAL SERVICES LTD.
DCM FINANCIAL SERVICES LTD.
Annual Report
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BRANCHES

AHMEDABAD

1NN Complex
Opp. BVD School
Shah Alam Tolnaka
Maninagar
Ahmedabad

BARODA

811-Centre Point
R.C. Dutt Road
Alakapuri
Baroda-390 005

BANGALORE

122, 1st Floor,
Margosa Road
Next to Medinova
Malleswaram
Bangalore-560 009

CHANDIGARH

SCO-491-492,
Sector-35C
Chandigarh-160 036

CHENNAI

6, Cathedral Gardens
Nungambakkam
Chennai-600 034

INDORE

115 Vaibhe Chamber
Usha Gang, Jora Compound
Indore-452 001

KANPUR

No. 2, 1st Floor 14/123-A
Mall
Gopala Chambers
Kanpur-208 001

LUCKNOW

306, Chintel House
16-Station Road
Lucknow-226 019

VARANASI

Hotel Siddharth, Room No.
114, Sagra, Varanasi



BOARD OF DIRECTORS

Dr. Bharat Ram	Chairman
Vivek Bharat Ram	Director
O. P. Gupta	Director
S. N. Sharma	Additional Director

CHIEF OPERATING OFFICER

S.K. Azad

SECRETARY

Sunil Katariya

AUDITORS

M/s. V. Sahai & Co.,
Chartered Accountants
G-68, Connaught Circus,
New Delhi-110 001.

REGISTERED OFFICE

75, Amrit Nagar,
NDSE Part-I,
New Delhi - 110 003.

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NOTICE



Notice is hereby given that the Ninth Annual General Meeting of the Members of DCM Financial Services Ltd. will be held on Monday, the 27th day of March, 2000 at 9.00 a.m. at the Air Force Auditorium, Subroto Park, New Delhi-110 010 to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the 15 months period ended on 30th September, 1999 and report of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Dr. Bharat Ram, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.
4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

RESOLVED THAT pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956 and Article 86 (a) of the Articles of Association of the Company, Mr. S.N Sharma who was appointed as an Additional Director of the Company, be and is hereby appointed as Director of the Company and shall not, while holding the office of Managing Director, be subject to retirement by rotation or taken into account in determining the rotation or retirement of Directors.

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

RESOLVED THAT pursuant to the provisions of Section 198, 269, 302, 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, and subject to approval of the Central Government and/or terms and conditions which may be imposed while granting such approval, which the Board of Directors be and is hereby authorized to accept, consent of the members of the Company be and is hereby accorded for appointment of Mr. S.N.Sharma as Managing Director of the Company for a period of three years from March/April 2000 on the following terms and conditions :

1. Tenure : Three years w.e.f. the date of joining
2. Remuneration : Remuneration payable to Mr. S.N. Sharma shall be as follows:

- a) Salary
 - i. Basic Salary : Rs. 75,000/- p.m
 - ii. Company Leased accommodation (or HRA in lieu thereof) : 70% of Basic p.m.
 - iii. Provident fund : 12% of Basic p.m
 - iv. LTA : Two months Basic p.a
 - v. Medical Reimbursement : Rs. 12,000/- p.a

- b) Minimum Remuneration : Mr. S.N.Sharma shall be paid the aforementioned remuneration as minimum remuneration even in the event of absence or inadequacy of profits, in any financial year.

3. Other Terms & Conditions:
 - i) Mr. S.N.Sharma shall be eligible for an increment of 5%-10% on the cost to the company basis, at the end of each of first Year and second Year respectively of his appointment, based on his satisfactory performance.
 - ii) The above remuneration will be inclusive of Company's contribution to Provident Fund, Gratuity, Superannuation etc. and any other allowance as may be applicable as per company rules.
 - iii) Mr. S.N.Sharma will not be paid any sitting fees for attending the meetings of the Board of Directors or any Committee thereof.

RESOLVED FURTHER THAT the above may also be treated as notice to the Shareholders under Section 302 of the Companies Act, 1956.

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

RESOLVED THAT pursuant to Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the commencement of the business of the Company as given in clause 12 of III (A) of the Memorandum of Association of the Company namely to :

"To carry on the business of providing comparative information about the characteristics, interests or other attributes of individuals, communities, organisations, countries or other social units, industries, businesses and of any articles, or commodities or economic trends or persons whatsoever, to design, invent, prepare, own, make use or, lease, sell, export or import or otherwise dispose off and, generally, to deal in computer software, data processing machines and programmes or any other software or programmes and to undertake jobwork related to development of computer software whether in India or abroad and generally engage in the business of information technology and system design."

7. To consider and if thought fit, to pass with or without

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modification(s) the following resolution as a Special Resolution :

RESOLVED THAT pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and applicable Articles of the Articles of Association of the Company and subject to approval of the Central Government and such other consents and subject to such approvals, consents and sanctions as may be necessary including that from the Reserve Bank of India and subject to such conditions, alterations and modifications as may be stipulated while according such approvals, consents and sanctions which conditions, alterations or modification may be agreed to by the Board in their absolute discretion the name of the Company be changed from "DCM Financial Services Ltd" to "DCM Financial and Services Ltd."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

RESOLVED THAT pursuant to Section 16 and other applicable sections, if any, of the Companies Act, 1956 and applicable Articles of the Articles of Association of the Company, the existing Clause V of the Memorandum of Association of the Company be deleted and be substituted by the following as Clause V :-

Clause V. The Authorised Share Capital of the Company is Rs. 60,00,00,000/- (Rupees Sixty crores only) divided into 6,00,00,000 (Six crores) equity shares of Rs. 10/- (Rupees Ten) each.

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, the SEBI guidelines and clarifications issued from time to time and other applicable rules and regulations and subject to such filings, approvals, consents and sanctions, if necessary, and/or in accordance with the government guidelines and/or prevailing practice at the time of the issue and the permission from the Reserve Bank of India (hereinafter referred to as "RBI"), where applicable and such other approvals, permissions and sanctions as may be necessary and subject to such terms and conditions, stipulations and modifications as may be required or imposed by any of them while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") and/or a duly authorized committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company is hereby accorded to issue and allot on a preferential basis up to a maximum of 40,00,000 equity shares of the face value of Rs. 10/- each at a premium of Rs. 30/- per share, for

cash to one of the promoters of the Company namely DCM International Ltd. on such terms and conditions and from time to time, and which issue and allotment can be in one or more tranches in such manner as the Board may think fit .

RESOLVED FURTHER THAT the aforesaid resolution would be implemented for making an issue of uncalled authorized capital to the promoters namely DCM International Ltd., only after the creditors' meeting pursuant to a scheme of arrangement to be moved in the High Court of Delhi approves the scheme with an appropriate majority as required in law.

RESOLVED FURTHER THAT the equity shares to be issued as aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu with the existing shares of the Company in all respects except any dividend, if any, to be paid during the year on the said equity share, which shall be on a pro rata basis from the date of allotment and pro rata to the amount paid up per share for that year.

RESOLVED FURTHER THAT for the purpose of giving effect to the above the Board be and is hereby authorized to appoint advisors, consultants, and pay, if they so think fit, fees as may be lawful and reasonable and to take all such actions and to give all such directions as may be necessary or desirable and also to settle any questions or difficulties that may arise in regard to the offer, issue and allotment of such shares and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection with the issue of shares.

LASTLY RESOLVED THAT any action already taken and acts done in terms of the above resolution by and with the authority of the Board be and are hereby expressly confirmed, approved and ratified.

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, the SEBI guidelines and clarifications issued from time to time and other applicable rules and regulations and subject to such filings, approvals, consents and sanctions, if necessary, and/or in accordance with the government guidelines and/or prevailing practice at the time of the issue and the permission from the Reserve Bank of India (hereinafter referred to as "RBI"), where applicable and such other approvals, permissions and sanctions as may be necessary and subject to such terms and conditions, stipulations and modifications as may be required or imposed by any of them while granting such approvals, permissions, sanctions, which may be agreed to by the

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Board of Directors of the Company (hereinafter referred to as "the Board") and/or a duly authorized committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to issue and allot up to a maximum of 2,50,00,000 equity shares of the face value of Rs.10/- each to such secured and unsecured creditors of the company at such premium as may be decided by the Board at the time of issue of equity shares.

RESOLVED FURTHER THAT subsequent to allotment of equity shares, as aforesaid, any of the proposed allottees shall not, together with existing share holding, if any, hold 5 % or more of the post issued equity share capital of the Company.

RESOLVED FURTHER THAT such issue price shall not be lower than the price for making a preferential offer as per the SEBI guidelines and shall be for a debt equity exchange for consideration other than cash on such terms and conditions and from time to time, and which issue and allotment can be in one or more tranches, in such manner as the Board may think fit.

RESOLVED FURTHER THAT the aforesaid resolution would be implemented for making an issue of uncalled authorized capital to the creditors, only after the creditors meeting pursuant to a scheme of arrangement moved in the High Court of Delhi approves the scheme with an appropriate majority as required in law.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make this issue and allotment of equity shares, at a premium to be decided by the Board, in satisfaction of the admitted claims of the unsecured and secured creditors of the Company for their past consideration in the best interest of the Company and on a need based and negotiated basis, from out of the uncalled authorized capital of the Company.

RESOLVED FURTHER THAT the equity shares to be issued as aforesaid shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari passu with the existing shares of the Company in all respects except any dividend, if any, to be paid during the year on the said equity share, which shall be on a pro rata basis from the date of allotment and pro rata to the amount paid up per share.

RESOLVED FURTHER THAT for the purpose of giving effect to the above the Board be and is hereby authorized to appoint advisors, consultants, and pay, if they so think fit, fees as may be lawful and reasonable and to take all such actions and to give all such directions as may be necessary or desirable and also to settle any questions or difficulties that may arise in regard to the offer, issue and allotment of such shares and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection with the issue of shares.

LASTLY RESOLVED THAT any action already taken and acts done in terms of the above resolution by and with the authority of the Board be and are hereby expressly confirmed, approved and ratified.

- 11 To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, the SEBI guidelines and clarifications issued from time to time and other applicable rules and regulations and subject to such filings, approvals, consents and sanctions, if necessary and/or in accordance with the government guidelines and/or prevailing practice at the time of the issue and the permission from the Reserve Bank of India (hereinafter referred to as "RBI"), where applicable and such other approvals, permissions and sanctions as may be necessary and subject to such terms and conditions, stipulations and modifications as may be required or imposed by any of them while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") and/or a duly authorized committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to issue and allot on a preferential basis up to a maximum of 50,00,000 equity shares of the face value of Rs.10/- each for cash to such Indian / Foreign Financial Institutions, Foreign Investment Funds, Foreign Institutional Investors, Mutual Funds, Venture Capital Funds, Indian/Multilateral Development Financial Institutions and Indian/Foreign Banks (hereinafter referred to as "Institutional Investors") at a premium as may be decided by the Board at the time of issue of the equity shares.

RESOLVED FURTHER THAT subsequent to allotment of equity shares, as aforesaid, any of the proposed allottees, shall not, together with existing share holding, if any, hold 5 % or more of the post issued equity share capital of the Company.

RESOLVED FURTHER THAT issue price shall not be lower than the price for making a preferential offer as per the subsisting SEBI guidelines and shall be on such terms and conditions and from time to time, and which issue and allotment can be in one or more tranches and in such manner as the Board may think fit.

RESOLVED FURTHER THAT the aforesaid resolution would be implemented for making an issue of uncalled authorized capital to the specified class of investors specified above, only after the creditors convened meeting pursuant to a scheme of arrangement moved in the High Court of Delhi approves the scheme with an appropriate majority as required in law.

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RESOLVED FURTHER THAT the equity shares to be issued on conversion shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* with the existing shares of the Company in all respects except any dividend, if any, to be paid during the year on the said equity share, which shall be on a pro rata basis from the date of allotment and pro rata to the amount paid up per share.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to appoint advisors, consultants, and pay, if they so think fit, fees as may be lawful and reasonable and to take all such actions and to give all such directions as may be necessary or desirable and also to settle any questions or difficulties that may arise in regard to the offer, issue and allotment of such shares and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection with the issue of shares.

LASTLY RESOLVED THAT any action already taken and acts done in terms of the above resolution by and with the authority of the Board be and are hereby expressly confirmed, approved and ratified.

12. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, the SEBI guidelines and clarifications issued from time to time and other applicable rules and regulations and subject to such filings, approvals, consents and sanctions, if necessary and/or in accordance with the government guidelines and/or prevailing practice at the time of the issue and the permission from the Reserve Bank of India (hereinafter referred to as "RBI"), where applicable and such other approvals, permissions and sanctions as may be necessary and subject to such terms and conditions, stipulations and modifications as may be required or imposed by any of them while granting such approvals, permissions, sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") and/or a duly authorized committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to issue and allot up to a maximum of 25,00,000 Fully Convertible Debentures of Rs. 100/- each (FCDs) convertible at such time (subject to a maximum of eighteen months) into such number of equity shares of Rs. 10/- each and at such premium as may be decided by the Board, at the time of issue of the FCDs, to the creditors, both secured and unsecured.

RESOLVED FURTHER THAT that subsequent to conversion of the FCDs into equity shares, any of the proposed allottees shall not, together with existing Shareholding, if any, hold 5% or more of the post conversion issued equity share capital of the Company.

RESOLVED FURTHER THAT issue price of equity shares to be allotted on conversion shall not be lower than the price for making a preferential offer as per the subsisting SEBI guidelines, for a debt-quasi equity exchange for consideration other than cash on such terms and conditions and from time to time, and which issue and allotment can be in one or more tranches in such manner as the Board may think fit.

RESOLVED FURTHER THAT the aforesaid resolution would be implemented for making an issue of FCDs to the creditors of the Company, only after the creditors meeting pursuant to a scheme of arrangement moved in the High Court of Delhi approves the scheme with an appropriate majority as required in law.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make this issue and allotment of FCDs in satisfaction of the admitted claims of the unsecured and secured creditors of the Company for the past consideration, and in the best interest of the Company and on a need based and negotiated basis.

RESOLVED FURTHER THAT the equity shares to be allotted on conversion shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* with the existing shares of the Company in all respects except dividend, if any, to be paid during the year on the said equity share, which shall be on a pro rata basis from the date of allotment and pro rata to the amount paid up per share.

RESOLVED FURTHER THAT the Board be and hereby authorized to decide the rate of interest payable on FCDs, terms and conditions, basis and timing of the issue and allotment of FCDs in terms of this resolution in one or more tranches, terms and conditions for conversion of FCDs into equity shares, settle any question or difficulty and generally to do all such acts, things and matters as may be relevant, usual, proper or incidental or consequential thereto.

RESOLVED FURTHER THAT for the purpose of giving effect to the above the Board be and is hereby authorized to appoint advisors, consultants, and pay, if they so think fit, fees as may be lawful and reasonable and to take all such actions and to give all such directions as may be necessary or desirable and also to settle any questions or difficulties that may arise in regard to the offer, issue and allotment of such Securities and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection with the issue of Securities.

NOTICE



LASTLY RESOLVED THAT any action already taken and acts done in terms of the above resolution by and with the authority of the Board be and are hereby expressly confirmed, approved and ratified.

BY ORDER OF THE BOARD

Place : New Delhi

Dated : 26.2.2000

COMPANY SECRETARY

NOTES :

1. Explanatory Statement as required under Section 173 (2) of the Companies Act, 1956 is annexed and forms part of this notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER**

TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.

3. The Register of Members and Share Transfer Books of the Company shall remain closed from 22nd March, 2000 to 27th March, 2000 (both days inclusive).
4. Shareholders/Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission to the meeting.
5. The Company has already transferred unclaimed dividend for the financial year 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend for the said financial year may claim their dividend from the Registrar of Companies, NCT of Delhi & Haryana, New Delhi, by submitting applications in the prescribed form.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4**

The Board of Directors at the meeting held on 19.01.2000 had appointed Mr. S.N.Sharma as an Additional Director.

As per the provisions contained in Section 260 of the Companies Act, 1956, Mr. S.N. Sharma, holds office upto the date of this Annual General Meeting and is eligible for appointment. In terms of Article 86 (a) of the Articles of Association of the Company, a Managing Director shall not be liable to retire by rotation as long as he holds office as such.

As required by Section 257 of the said Act, the Company has received notice from a shareholder proposing the candidature of Mr. S.N.Sharma for the office of Director.

Mr. Sharma has over 20 years of rich experience in diversified Corporate fields. The Board of Directors consider that in view of the background and experience of Mr. S.N.Sharma, it would be in the interest of the Company to appoint him as Director of the Company, not liable to retire by rotation or taken into account in determining the rotation or retirement of Directors.

NONE OF THE DIRECTORS EXCEPT MR. S.N.SHARMA IS INTERESTED OR CONCERNED IN THIS RESOLUTION.

ITEM NO. 5

Mr. S.N. Sharma has also been appointed as the Managing Director of the Company for a period of three years w.e.f. 1.3.2000 and other terms and conditions, by the Board of Directors at the meeting held on 19.01.2000. In compliance of the provisions of Section 302 of the Companies Act, 1956, abstract of such terms has already been sent to you vide Company's letter dated 02.02.2000. However Mr. Sharma requested that certain terms relating to his appointment be changed. The changes requested are as follows:

- (i) Date of joining be changed from 1.3.2000 to March/ April, 2000 and accordingly the period of appointment shall be three years from the date of joining.

- (ii) The condition with regard to three months notice for termination by either party be waived off.

The Board of Directors considered and agreed to the above requests of Mr. S.N. Sharma at the meeting held on 26.2.2000. Accordingly the resolution proposed before you is on the terms revised to the extent mentioned hereinabove. In terms of Section 302 of the Companies Act, 1956 any such change is required to be intimated to the Share holders and accordingly this may also be treated as compliance of Section 302 of the Companies Act, 1956.

In terms of the requirements of the Companies Act, 1956 suitable amendment shall be made to the application made to the Central Government in this regard.

Mr. S.N. Sharma is a Chartered Accountant and has been associated with large industrial houses including Shaw Wallace and Bhilwara Group at senior positions and has over 20 years of rich experience in diversified Corporate fields. The Board feels that experience of Mr. Sharma in the corporate fields will be of immense benefit to the Company. In terms of provisions of section 269 of the Companies Act, 1956 your Company is required to have a Managing Director. No appointment could be made earlier due to non availability of a suitable person for the assignment. In view of changed environment, restructuring plans and legal requirements it is imperative that Company should have a Managing Director.

In terms of section 269 and resolution passed by the Board of Directors, your consent is sought for the appointment of Mr. S.N. Sharma as the Managing Director of the Company for the period and terms and conditions as set out in the resolution.



NOTICE

NONE OF THE DIRECTORS EXCEPT MR. S.N.SHARMA IS INTERESTED OR CONCERNED IN THIS RESOLUTION.

ITEM NO. 6,7 & 8

As you are aware that the Company was forced to delay repayments due to reasons beyond its control. The position of repayment got further worsened due to slow process of recovery despite best managerial efforts and the Company *not allowed to do any business. For last more than two years the only activity being carried on by the Company is collection of dues and repayment of creditors apart from meeting necessary overheads including legal expenses for defending the Company rights and interests and for recovery of monies lent. As a result the Company got a negative network. The only hope left for the Company is to generate fresh revenues through such sources which are not only low cost but also have good earning potential.*

It is with this endeavor that the Company has identified Information Technology field as the future growth area. The IT field appears to be growth area for the next generation and is ideally suited for the circumstances of your Company. The Board of Directors of your Company with your permission, plans to start activities in this field. Infact, groundwork in this direction has already been commenced .

ITEM NO 6

The Company proposes to venture into the field relating to Information Technology. Clause 12 of the Main Objects of the Object Clause of the Memorandum of Association of the Company provides that the Company can take up the business relating to IT as its main objects. Clause 12 has been reproduced in the resolution for the convenience of the Share holders.

In terms of Section 149 (2A) of the Companies Act, 1956, a Company formed after the commencement of the Companies (Amendment) Act 1956 cannot at any time commence any business in relation to any of the objects stated in its Memorandum of Association of the Company under "other objects" unless the Company has approved the commencement of any such business by a special resolution in General Meeting.

Although under the main object clause of the Memorandum of Association, your Company can commence IT related business. However since the IT related field is entirely new to the existing business operations of the Company, your Directors deemed it expedient to seek your express consent for adoption of new business.

In accordance with prudent practice, approval of the shareholders is being sought for taking up IT related activities as main object of the Company

NONE OF THE DIRECTORS IS IN ANY WAY CONCERNED OR INTERESTED IN THE RESOLUTION

ITEM NO. 7

As detailed in the preceeding as well as succeeding paragraphs, the Company is venturing into the field of IT related activities.

The present name of the Company is however not reflective of the proposed business activities. In order to be so, it is proposed that the existing name of the Company be changed by inserting the word 'and' between the words 'Financial' and 'Services'. The new name would not only be more reflective of the business operations but would also have wider application .

In case proposed change is approved, the Company shall make necessary applications to the Central Government, subject to availability of the new name, and also to the Reserve Bank of India, if required, for allowing such change.

In terms of provisions contained in Section 21 of the Companies Act, 1956, any change in the name of the Company require consent of the Share holders by way of a special resolution.

NONE OF THE DIRECTORS IS IN ANY WAY CONCERNED OR INTERESTED IN THE RESOLUTION

ITEM NO. 8

The present Authorised Capital of the Company is divided equally into Preference and Equity i.e. Rs. 30 Crore each. The paid up capital consists of equity shares only. The preference share capital has neither been issued nor is proposed to be issued in the near future. In the restructuring plan also, only equity shares are proposed to be issued.

Thus it is deemed expedient that existing capital clause of the Memorandum of Association be deleted and be substituted by new clause, text of which is in the proposed resolution. The proposed capital clause provides for equity shares only. If approved, Authorised capital of the Company need not be increased to accommodate issue of fresh shares, proposed in the subsequent resolutions.

In terms of provisions contained in section 16 of the Companies Act, 1956 such change in the capital clause of the Memorandum of Association of the Company requires prior approval from the Share holders.

NONE OF THE DIRECTORS IS IN ANY WAY CONCERNED OR INTERESTED IN THE RESOLUTION

ITEM NO. 9,10,11 & 12

The Company has been undergoing serious financial constraints over the last two to three years.

The Company proposes to file a scheme of arrangement under Section 391 and 394 of the Companies Act, 1956 for making a proposal of compromise to its secured and unsecured creditors where under it is to offer a debt share exchange as recommended by Ernst & Young.

NOTICE



The resolutions for allotment are to be implemented only after the scheme of arrangement is approved at the creditors meeting.

The Company has proposed these resolutions so that they can be implemented even when the Scheme is pending sanction and confirmation in the High Court.

The Company is intending this, since it desires to enter into a composition with its creditors and offer shares, especially when it is engaged in non fund based activity whilst commencing activity for information technology training.

The issue of share capital to the secured and unsecured creditors is not truly in the nature of preferential allotments but are enabling resolutions, to permit issue of capital otherwise than on rights basis for debt equity exchange or quasi equity debt exchange to reduce outstandings to the creditors.

The Company proposes that authorized capital be held at a base line of Rs. 60 cores up to a period of 1 year.

ITEM NO. 9

The present scheme envisages that DCM International Ltd., one of the three Promoters will fund and make a placement of equity in one or more tranches, to the maximum extent of Rs.16 Crores, pursuant to the commitment given to the Company Law Board after the first set of resolutions of the creditors (both secured and unsecured) meetings have approved the draft Scheme of Arrangement whether with or without modification.

The Company's management is making all attempts at reviving the Company and facilitating the Company to make payment to creditors and to increase the funds available to the Company, for engaging in new activities viz. information technology. The investment by the promoter namely DCM International Ltd. is conditional upon the support to the Scheme by the secured and unsecured creditors to the extent required. If the Scheme of Arrangement, which is expected to be contemporaneously moved in the High Court of Delhi, is rejected, or is not permitted to be made by the High Court of Delhi, then this resolution shall not be implemented. At present the Board of Directors have not received final opinions and advice from Ernst & Young in relation to the scheme to be proposed and hence the Company is not in a position to advise the shareholders in this connection.

DCM International Ltd. has deliberately proposed to the Company to subscribe to the shares of the Company at a premium, which is much higher than the premium calculated in accordance with SEBI formula, to support the Company and to demonstrate its faith in the scheme of revival and restructuring of the Company and its future potential for earnings. Issue price as on date - computed in accordance with the SEBI formula would be Rs. 16.74.

In compliance with the SEBI (Substantial Acquisition of Shares

and Takeovers) Regulations, 1997, the following information is being provided:-

The revised shareholding pattern after the issue and allotment of shares to the promoter namely DCM International Ltd., will be as under (assuming no debt exchange of shares takes place prior to allotment of shares to DCM International Ltd.): -

Name of Allottees	Shareholding before preferential issue		Shareholding after preferential issue	
	Nos.	%	Nos.	%

DCM International Ltd.	75,43,332	40.16	1,15,43,332	50.67
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Remaining	1,12,38,655	59.84	1,12,38,655	49.33
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Since all the Directors are appointed by the Share holders and will continue to be so, no disclosure is required in this regard.

Further there shall be no change in the control over the Company as a result of the proposed allotment(s).

NONE OF THE DIRECTORS IS IN ANY WAY CONCERNED OR INTERESTED IN THE RESOLUTION

Item No. 10

The debt exchange, without a stipulated ratio, is being proposed, since the sanction of the Scheme may take long and there may be several small creditors or large creditors who, may agree to discount their debt for current shares.

The revised maximum shareholding pattern after the issue and allotment of shares to the secured and unsecured creditors, will be as under (assuming that the debt exchange of shares takes place for allotment of shares to the secured and unsecured creditors):-

Name of Allottees	Shareholding before preferential issue		Shareholding after preferential issue	
	Nos.	%	Nos.	%
DCM International Ltd.	75,43,332	40.16	1,15,43,332	24.15
Creditors	Nil	N.A	2,50,00,000	52.32
Remaining	1,12,38,655	59.84	1,12,38,655	23.53

NONE OF THE DIRECTORS IS IN ANY WAY CONCERNED OR INTERESTED IN THE RESOLUTION EXCEPT TO THE EXTENT OF SHARES WHICH MAY BE OFFERED TO THEM AS BEING CREDITORS .

ITEM NO. 11

Through this enabling resolution, the Board of Directors seeks to have authority to make issue of shares on preferential basis to specified class of Investors as provided in the resolution.

In the event that the Scheme of Arrangement is approved, the maximum revised shareholding pattern after the issue and allotment of shares to the Institutional Investors will be as under: