

FORBES & COMPANY LIMITED

Registered Office: Forbes Building, Charanjit Rai Marg, Fort, Mumbai - 400 001.

COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF FORBES & COMPANY LIMITED

Day : Tuesday

Date : 26th May, 2009

Time : 3.00 p.m.

Venue :

M. C. Ghia Hall, Bhogilal Hargovindas Building,
2nd Floor, 18/20, K. Dubash Marg,
Behind Prince of Wales Museum,
Mumbai - 400 001

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 467 OF 2009**

IN THE MATTER of the Companies Act, 1956;

AND

IN THE MATTER of Sections 391 to 394 of the
Companies Act, 1956;

AND

IN THE MATTER of Forbes & Company Limited;

AND

IN THE MATTER of Scheme of Arrangement between
Volkart Fleming Shipping & Services Limited and Forbes
& Company Limited and their respective Shareholders and
Creditors for the demerger and transfer of Shipping
Agency Division of Volkart Fleming Shipping & Services
Limited into Forbes & Company Limited.

Forbes & Company Limited,)
a Company under the provisions of the)
Companies Act, 1956 and having its)
registered office at Forbes Building,)
Charanjit Rai Marg, Fort,)
Mumbai - 400 001) ... Applicant

**NOTICE CONVENING THE MEETING OF THE
EQUITY SHAREHOLDERS OF FORBES & COMPANY LIMITED**

To,

The Equity Shareholder(s) of Forbes & Company Limited

TAKE NOTICE THAT by an Order made on 23rd day of April, 2009, in the above Company Application the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of Forbes & Company Limited be convened and held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Behind Prince of Wales Museum, Mumbai - 400 001 on, the 26th day of May, 2009 at 3.00 p.m. for the purpose of considering, and, if thought fit, approving with or without modification, a Scheme of Arrangement between Volkart Fleming Shipping & Services Limited and Forbes & Company Limited and their respective Shareholders and Creditors.

TAKE FURTHER NOTICE THAT in pursuance of the said Order, a meeting of the Equity Shareholders of Forbes & Company Limited will be convened and held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Behind Prince of Wales Museum, Mumbai - 400 001 on the 26th day of May, 2009 at 3.00 p.m. at which time and place you are requested to attend.

TAKE FURTHER NOTICE THAT you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you is deposited at the Registered Office of Forbes & Company Limited as aforesaid, not later than 48 hours before the time of the aforesaid meeting.

The High Court of Judicature at Bombay has appointed Mr. Shapoor P. Mistry, Chairman, and in his absence Mr. Ashok Barat, Managing Director and in his absence Mr. D.B. Engineer, Director of Forbes & Company Limited to be Chairman respectively of the said meeting. A copy each of the said Scheme of Arrangement, the Statement under Section 393 of the Companies Act, 1956 and Form of Proxy is enclosed.

Shapoor P. Mistry
Chairman appointed for the Meeting

Date : 24th April, 2009

Registered Office :
Forbes Building,
Charanjit Rai Marg, Fort,
Mumbai - 400 001

Note:

1. All alterations made in the Form of Proxy should be initialled.
2. Only registered shareholders of the Applicant Company may attend and vote (either in person or by proxy) at the shareholders' meeting. The representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders' meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at the registered office of the Applicant Company before the meeting authorising such representative to attend and vote at the Equity Shareholders' meeting.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 467 OF 2009**

IN THE MATTER of the Companies Act, 1956;

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Volkart Fleming Shipping & Services Limited and Forbes
& Company Limited and their respective Shareholders and
Creditors for the demerger and transfer of Shipping
Agency Division of Volkart Fleming Shipping & Services
Limited into Forbes & Company Limited

Forbes & Company Limited,)
a Company under the provisions of the)
Companies Act, 1956 and having its)
registered office at Forbes Building,)
Charanjit Rai Marg, Fort,)
Mumbai - 400 001) ... Applicant

**EXPLANATORY STATEMENT UNDER SECTION 393 OF
THE COMPANIES ACT, 1956**

1. In this statement, Volkart Fleming Shipping & Services Limited is referred to as the “Demerged Company” or “VFSSL” and Forbes & Company Limited is referred to as the “Resulting Company” or “FCL”. The other definitions contained in the Scheme (as defined below), will also apply to this Statement.
2. Pursuant to the Order dated 23rd day of April, 2009 passed by the Hon’ble High Court of Judicature at Bombay in respect of the above Company Application, a meeting of the Equity Shareholders of Forbes & Company Limited, the Applicant Company shall be convened and held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Behind Prince of Wales Museum, Mumbai - 400 001 on the 26th day of May, 2009 at 3.00 pm for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme of Arrangement (hereinafter referred to as the “Scheme”) which, inter alia, provides for the demerger of the Shipping Agency Division of Demerged Company and transfer and vesting thereof into the Resulting Company. A certified copy of the said Order is available at the Registered Office of the Company, Forbes Building, Charanjit Rai Marg, Fort, Mumbai - 400 001.
3. A copy of the Scheme of Arrangement for the demerger and transfer of Shipping Agency Division of the Demerged Company into the Applicant Company which has been approved by the Board of Directors of the Demerged Company and the Applicant Company at their respective meetings held on March 12, 2009, is attached to this Explanatory Statement.
4. The Applicant Company was incorporated on the 18th day of November 1919 under the provisions of the Indian Companies Act, 1913 under the name The Gokak Mills Limited. Its name was changed to Gokak Patel Volkart Limited on 31st day of December, 1973 and on 28th day of September, 1992 it was changed to Forbes

Gokak Limited. Subsequently, it was changed to its present name Forbes & Company Limited on 25th day of October, 2007. The Applicant Company has its Registered Office at Forbes Building, Charanjit Rai Marg, Fort, Mumbai - 400 001.

5. The authorised, issued, subscribed and paid-up share capital of the Applicant Company as on March 31, 2008 was as set out below:

(Amount in Rs.)	
Authorised Capital	
1,50,00,000 Equity Shares of Rs.10 each	15,00,00,000
Total	15,00,00,000
Issued, subscribed and fully paid-up	
1,28,98,616 Equity Shares of Rs.10 each	12,89,86,160
Total	12,89,86,160

The equity shares of the Applicant Company are listed on the Bombay Stock Exchange Limited. Subsequent to the aforesaid Balance Sheet date, there is no change in the authorised, issued, subscribed and paid-up share capital of the Applicant Company.

6. The main objects of the Resulting Company are as set out in the Memorandum of Association.
7. The Demerged Company was incorporated on 5th day of August, 1920 under the provisions of the Indian Companies Act, 1913 under the name of John Fleming and Company Limited and its name was changed to Volkart Fleming Shipping & Services Limited on the 2nd day of August, 1985. The Demerged Company has its Registered Office at Cassinath Building, A.K. Nayak Marg, Fort, Mumbai - 400 001.
8. The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on March 31, 2008 was as set out below:

(Amount in Rs.)	
Authorised Capital	
1,00,000 Equity Shares of Rs.100 each	1,00,00,000
Total	1,00,00,000
Issued, subscribed and fully paid-up	
60,000 Equity Shares of Rs.100 each	60,00,000
Total	60,00,000

Subsequent to the aforesaid Balance Sheet date, there is no change in the authorised, issued, subscribed and paid-up share capital of the Demerged Company.

9. The Main Objects of the Demerged Company are as set out in its Memorandum of Association.
10. The background, circumstances and benefits which justify the proposed Scheme are *inter alia*, as follows:

The nature of competition and risk involved in each of the businesses of the Demerged Company is distinct from each other and each business of the Demerged Company is capable of attracting strategic partners, investors and lenders. In order to enable distinct focus to the operation of shipping agency business of the Demerged Company, the Demerged Company proposes to re-organise and segregate by way of demerger its Shipping

Agency Division to the Resulting Company. The Board of Directors of the Demerged Company are of the opinion that the transfer and vesting of the Shipping Agency Division of the Demerged Company into the Resulting Company by way of demerger, is in the interest of all concerned including the shareholders, creditors and employees as it would provide focused management orientation due to individual specialisation, leadership vision, capability for future growth and expansion and create a structure geared to take an advantage of growth opportunities, leadership vision, capability for future growth and expansion and create a structure geared to take an advantage of growth opportunities.

11. The salient features of the Scheme are as follows:-

- (i) "Appointed Date" means the 1st day of April, 2008 or such other date as may be approved by the Hon'ble High Court / National Company Law Tribunal.
- (ii) "Demerged Undertaking" means the Shipping Agency Division of VFSSL, comprising of the business activity of shipping agency on commission and related activities, being carried on by VFSSL on a going concern basis, as on the Appointed Date, including in particular:
 - (a) All assets wherever situated, whether moveable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including land, buildings, offices, plant and machinery, warehouses, godowns, depots, vehicles, other fixed assets, licenses, brands, trademarks, patents, copyrights and other intellectual property rights, investments, leases, tenancy rights, premises, hire purchase and lease arrangements, computers, office equipment, furniture, telephones, telexes, facsimile connections, communication facilities, electrical and other installations, current assets, sundry debtors, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, taxes, tax credits, various exemption/ incentives granted under different schemes of the Central/ State Governments including carried forward losses of all types under the Income-tax Act, 1961 and other industrial and intellectual property, import quotas, import entitlements, right to use and avail of telephones, telexes, facsimile and other communication facilities and all other interests, rights and power of every kind, nature and description, whatsoever, privileges, liberties, advantages, benefits, consents, sanctions and approvals (including but not limited to credits in respect of income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, etc.), bills of exchange, letters of intent and loans and advances appearing in the books of accounts of VFSSL pertaining to or relatable to the Shipping Agency Division.
 - (b) All liabilities present, future and the specified contingent liabilities of VFSSL allocable or pertaining to the business of Shipping Agency Division. For the purpose of this Scheme, it is clarified that liabilities allocable or pertaining to the Shipping Agency Division shall include:
 - (i) The liabilities which arise out of the activities or operations of the Shipping Agency Division;
 - (ii) The specific loans or borrowings raised, incurred and utilized, if any solely for the activities or operations of the Shipping Agency Division; and
 - (iii) In cases, other than those referred to in sub-clauses (i) and (ii), so much of the amounts of general or multipurpose liabilities of VFSSL, allocable to the Shipping Agency Division as stand in the same proportion which the value of the assets transferred to FCL under this Scheme bears to the total value of the assets of VFSSL immediately before the Demerger, as prescribed under the Income-tax Act, 1961.
 - (c) Without prejudice to the generality of the provisions of sub clauses above, the Shipping Agency Division shall include all rights and licences, all assignments and grants thereof, benefits of agreements, contracts and arrangements, powers, authorities, municipal permissions, registrations, quotas, permits, allotments, approvals, export licences, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations, benefits, entitlements and incentives of any nature whatsoever including sales tax remissions and custom duty exemption certificates, consents, privileges, liberties, advantages, easements and all the right, title, interests, goodwill, benefits, entitlement and advantages and all other

rights and claims of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by VFSSL and / or to which VFSSL is entitled to in connection with or pertaining to or relatable to the Shipping Agency Division, all respective books of account, papers, documents and records relating to the Shipping Agency Division, and all deposits including security deposits paid by VFSSL in connection with or relating to the Shipping Agency Division.

- (d) All permanent employees of VFSSL employed in the Shipping Agency Division as on the Effective Date and those employees that are determined by the Board of Directors of VFSSL, to be substantially engaged in or in relation to the Shipping Agency Division.
- (iii) "Effective Date" means the date on which the certified copy of the order passed by the High Court / National Company Law Tribunal sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai.
- (iv) With effect from the Appointed Date, the Demerged Undertaking shall pursuant to the provisions of Sections 391 to 394 of the Act and all other applicable provisions of applicable laws, rules and regulations for the time being in force, without any further act or deed, stand transferred to and be vested, as a going concern, into the Resulting Company together with all the interest of the Demerged Company therein, subject however, to all charges, liens, mortgages and encumbrances, if any, affecting the same or any part thereof. The transfer and vesting of the Demerged Undertaking shall be effected as follows:
- (a) All the moveable assets including cash in hand of the Demerged Undertaking capable of being passed by manual delivery or by endorsement shall be physically handed over by manual delivery or endorsement and delivery, to the end and intent that the ownership and property therein passes to the Resulting Company on such handing over in pursuance of the provisions of Section 394 of the Act (as an integral part of the Undertaking). Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors of Resulting Company and the Demerged Company.
- (b) In respect of any assets, other than those referred to in sub-clause 4.1.1 above including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, the following modus operandi for intimating to third parties shall, to the extent possible, be followed:
- The Resulting Company shall give notice in such form as it may deem fit and proper to each party, debtor or depositor of the Demerged Company as the case may be, that pursuant to the Scheme coming into effect, the said debt, loan, advances, etc. be paid or made good or held on account of the Resulting Company as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands extinguished, and that such rights to recover or realise the same shall vest in the Resulting Company.
 - The Demerged Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the Scheme coming into effect, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to the account of the Resulting Company and that the right of the Resulting Company to recover or realise the same is in substitution of the right of the Demerged Company.
- (c) Upon the coming into effect of this Scheme, all debts, liabilities, loans and obligations incurred, duties or obligations of any kind, nature or description (including contingent liabilities) of the Demerged Company (as on the Appointed Date) and relating to the Demerged Undertaking including general and multipurpose borrowings dealt with in accordance with Section 2(19AA) of the Income Tax Act, 1961 shall, without any further act or deed, stand transferred to and vested in and be deemed to be transferred to and vested in the Resulting Company to the extent that they are outstanding as on the Effective Date and on the same terms and conditions as applicable to the Demerged Company, and shall become the debts, liabilities, loans, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same and further that it shall not be necessary to obtain the consent of any third party

or other person who is a party to any contract or arrangement by virtue of any of the liabilities which have arisen in order to give effect to the provisions of this clause.

- (d) With effect from the Appointed Date, all permits, quotas, rights, entitlements, tenancies and licences relating to brands, trademarks, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking to the benefit of which the Demerged Undertaking is and / or be eligible and which are subsisting or having effect immediately before the Appointed Date, shall be and remain in full force and effect in favour of the Resulting Company and may be enforced fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a beneficiary or obligee thereto.
- (e) Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, tax remissions (including remittance under income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs), holidays, incentives, concessions and other authorizations relating to the Demerged Undertaking, shall stand transferred under this Scheme to the Resulting Company, the Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.
- (f) It is clarified that all the taxes and duties payable by the Demerged Company, relating to the Demerged Undertaking, from the Appointed Date onwards including all or any refund and claims shall, for all purposes, be treated as the tax liabilities or refunds and claims of the Resulting Company. Accordingly, upon the Scheme becoming effective, the Demerged Company is expressly permitted to revise and the Resulting Company is expressly permitted to file their respective income-tax, sales tax / value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds / credits, pursuant to the provisions of this Scheme.
- (v) The Demerged Company is a Wholly Owned Subsidiary of the Resulting Company and its entire share capital is held by the Resulting Company and its nominees. Accordingly, there would be no issue of shares of Resulting Company to the shareholders of the Demerged Company.
- (vi) The Scheme provides for manner of accounting in the books of Resulting Company and Demerged Company.
- (vii) All employees of the Demerged Undertaking and those employees that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Demerged Undertaking, in service on the Effective Date shall be deemed to have become the employees of the Resulting Company with effect from the Appointed Date without any interruption or break in their service as a result of the transfer and vesting of the Demerged Undertaking to the Resulting Company. The terms and conditions of their employment with the Resulting Company with effect from the Effective Date shall not be less favourable than those applicable to them with reference to the Demerged Undertaking on the Effective Date.
- (viii) The Demerged Company shall carry on and be deemed to have carried on its business and activities in relation to the Demerged Undertaking, and shall hold and deal with all assets and properties and stand possessed of all rights, title, interest and authorities of the Demerged Undertaking, for and on account of and in trust for the Resulting Company.
- (ix) The Remaining Business shall continue to belong to and be vested in and be continued to be owned and managed by the Demerged Company. All legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company.
- (x) The Scheme is conditional upon and subject to the approval by the requisite majorities of the shareholders and creditors of the Demerged Company and Resulting Company, the scheme being approved by the High Court/

National Company Law Tribunal, the sanction or approval of all persons or authorities concerned under any law or of the Central Government or any other Agency, Department or Authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required and the certified copies of the Orders of the High Court being filed with the Registrars of Companies of Maharashtra at Mumbai under Section 391 to 394 and other applicable provisions of the Act.

- (xi) All costs, charges and expenses, including stamp duty and registration charges, if any, of or in respect of any deed, document, instrument or Orders of the High Court of Judicature at Mumbai in relation to or connection with negotiations leading up to this Scheme and of carrying out and implementing the terms and provisions of this Scheme shall be paid by the Demerged Company.

N.B. : The members are requested to read the entire text of the Scheme attached herewith to get fully acquainted with the provisions thereof. What is stated hereinabove, are brief salient features of the said Scheme.

12. The Scheme would not be prejudicial to the interests of the creditors (secured and unsecured) of either of the companies. There is no likelihood that any secured or unsecured creditor of either of the companies would lose or be prejudiced as a result of the Scheme being passed, since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner. Hence, the demerger will not cast any additional burden on the shareholders or creditors of either company, nor will it adversely affect the interest of any of the shareholders or creditors.
13. The Demerged Company is a Wholly Owned Subsidiary of the Resulting Company and its entire share capital is held by the Resulting Company and its nominees. Accordingly, there would be no issue of shares of Resulting Company to the shareholders of the Demerged Company and thus there is no change in the issued, subscribed and paid-up capital of the Resulting Company post arrangement.
14. The Board of Directors of both the Demerged Company and the Resulting Company have, at their meetings held on March 12, 2009, passed resolutions approving the Scheme.
15. The Bombay Stock Exchange Limited (BSE) has, vide their letter dated April 1, 2009 granted their no-objection under Clause 24(f) of the Listing Agreement to the said Scheme.
16. No investigation proceedings have been instituted or are pending under Sections 235 to Section 251 of the Companies Act, 1956 against the Demerged Company and the Resulting Company.
17. The Directors of the Demerged Company and the Resulting Company may be deemed to be concerned and/or interested in the proposed Scheme to the extent of the shares that may be held by them or by the companies, firms, institutions or trusts of which they are Directors, Partners, Members or Trustees in the Demerged Company or the Resulting Company, as the case may be. None of the Directors of the Demerged Company and / or the Resulting Company have any material interest in the Scheme except as shareholders to the extent, which will appear from the Register of Directors' Shareholding maintained by the Demerged Company and the Resulting Company. None of the Directors of the Demerged Company are Directors of the Resulting Company.

The shares held by the Directors of the Demerged Company, either individually or jointly, as on 31st March, 2009 are as follows:

Name of Director	Equity Shares of Rs.100 each held in Demerged Company	Equity Shares of Rs.10 each held in Resulting Company
Mr. Amit Mittal	8 *	Nil
Mr. C.A. Karnik	8 *	Nil
Capt. S.K. Panda	Nil	Nil

* Jointly with Forbes & Company Limited as its nominee.

The shares held by the Directors of the Resulting Company, either individually or jointly, as on 31st March, 2009 are as follows:

Name of Director	Equity Shares of Rs.100 each held in Demerged Company	Equity Shares of Rs.10 each held in Resulting Company
Mr. Pallonji S. Mistry	Nil	Nil
Mr. Shapoor P. Mistry	Nil	Nil
Mr. Ashok Barat	Nil	Nil
Mr. Cyrus P. Mistry	Nil	Nil
Mr. D.B. Engineer	Nil	385
Mr. D.S. Soman	Nil	Nil
Mr. N.D. Khurody	Nil	Nil
Mr. R.N. Jha	Nil	Nil
Mr. S.L. Goklaney	Nil	Nil
Mr. T.R. Doongaji	Nil	Nil

18. The pre and post arrangement (expected) shareholding patterns of the Demerged Company and the Resulting Company are given herein below:

Demerged Company – Pre and Post Arrangement as on 31st March, 2009

Sr. No.	Name of Shareholder	Pre-Demerger	Post-Demerger
		Number of Equity Shares of Rs.100 each	Number of Equity Shares of Rs.100 each
1.	Forbes & Company Limited	59,960	59,960
2.	Forbes & Company Limited Jointly with Mr. Amit Mittal	8	8
3.	Forbes & Company Limited Jointly with Mr. C.A. Karnik	8	8
4.	Forbes & Company Limited Jointly with Mr. A.T. Shah	8	8
5.	Forbes & Company Limited Jointly with Mr. G. Mukherji	4	4
6.	Forbes & Company Limited Jointly with Mr. R.T. Doshi	4	4
7.	Forbes & Company Limited Jointly with Mr. S.P. Kadakia	8	8
	TOTAL	60,000	60,000

Resulting Company – Pre and Post Arrangement as on 31st March, 2009

Sr. No.	Description	Pre-Demerger			Post-Demerger		
		Nos. of share-holders	Total number of shares	%	Nos. of share-holders	Total number of shares	%
1.	Promoter & Promoter Group	4	9461691	73.35	4	9461691	73.35
	Sub Total (A)	4	9461691	73.35	4	9461691	73.35
	Foreign and Non Resident Holding						
2.	Foreign Institutional Investor	2	16010	0.12	2	16010	0.12
3.	Non Residents	91	80736	0.63	91	80736	0.63
	Sub Total (B)	93	96746	0.75	93	96746	0.75
	Banks / Mutual Funds / Indian Financial Institutions						
4.	Banks	27	20955	0.16	27	20955	0.16
5.	Mutual Funds	7	43102	0.33	7	43102	0.33
6.	Financial Institutions	3	817551	6.34	3	817551	6.34
	Sub Total (C)	37	881608	6.83	37	881608	6.83
	Others						
7.	Private Corporate Bodies	232	935793	7.25	232	935793	7.25
8.	Indian Public / HUF	11860	1522038	11.81	11860	1522038	11.81
9.	Trusts & Clearing Members	3	740	0.01	3	740	0.01
	Sub Total (D)	12095	2458571	19.07	12095	2458571	19.07
	Grand Total (A + B + C + D)	12229	12898616	100	12229	12898616	100

19. Following documents will be open for inspection by the members and creditors of the Demerged Company and Resulting Company at the Registered Office of the Demerged Company and the Resulting Company on any working day (except Saturday, Sunday and a Public Holiday) between from 9.30 AM to 4.30 PM:

- Memorandum and Articles of Association of the Demerged Company and the Resulting Company.
- Annual Report of the Demerged Company for the year 2007-08.
- Annual Report of the Resulting Company for the year 2007-08.
- Certified copy of the Order dated 23rd day of April, 2009 passed by the Hon'ble High Court of Bombay at Mumbai in Company Application No. 466 of 2009 for the Demerged Company.
- Certified copy of the Order dated 23rd day of April, 2009 passed by the Hon'ble High Court of Bombay at Mumbai in Company Application No. 467 of 2009 for the Resulting Company.
- Register of Directors' shareholdings of the Demerged Company.
- Register of Directors' shareholdings of the Resulting Company.
- Copy of the letter dated April 1, 2009 received from the Bombay Stock Exchange Limited.
- A copy of the Scheme of Arrangement, Statement under Section 393 of the Companies Act, 1956 and Form of Proxy may also be obtained from the Registered Office of the Demerged Company and the Resulting Company.

Date : 24th April, 2009

Shapoor P. Mistry
Chairman appointed for the Meeting

Registered Office :
Forbes Building, Charanjit Rai Marg, Fort,
Mumbai - 400 001

SCHEME OF ARRANGEMENT
BETWEEN
VOLKART FLEMING SHIPPING & SERVICES LIMITED
AND
FORBES & COMPANY LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956

Volkart Fleming Shipping & Services Limited (“VFSSL”), particulars in respect of which are provided in sub-clause 1.3, is engaged in the business of i) shipping agency and ii) earning rental income by hiring out its real estate. VFSSL is a wholly owned subsidiary of Forbes & Company Limited (“FCL”). The Scheme of Arrangement provides for demerger of Shipping Agency Division of VFSSL into FCL pursuant to the relevant provisions of the Companies Act, 1956.

The nature of competition and risk involved in each of the businesses of VFSSL is distinct from each other and each business of VFSSL is capable of attracting strategic partners, investors and lenders. In order to enable distinct focus to the operation of shipping agency business of VFSSL, VFSSL proposes to re-organise and segregate by way of demerger its Shipping Agency Division to FCL. The Board of Directors of VFSSL are of the opinion that the transfer and vesting of the Shipping Agency Division of VFSSL into FCL by way of demerger, is in the interest of all concerned including the shareholders, creditors and employees as it would provide focused management orientation due to individual specialisation, leadership vision, capability for future growth and expansion and create a structure geared to take an advantage of growth opportunities.

This Scheme of Arrangement has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme of Arrangement are found or interpreted to be inconsistent with the said provisions at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said section of the Income-tax Act, 1961 shall prevail and the Scheme of Arrangement shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income-tax Act, 1961. Such modification will however not affect other parts of the Scheme of Arrangement.

1. DEFINITIONS

- 1.1 “Act” or “the Act” means the Companies Act, 1956 including any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 1.2 “Appointed Date” means the 1st day of April, 2008 or such other date as may be approved by the Hon’ble High Court / National Company Law Tribunal.
- 1.3 “Demerged Company” or “Transferor Company” or “VFSSL”, means Volkart Fleming Shipping & Services Limited, a company under the Companies Act, 1956 and having its registered office at Cassinath Building, A.K. Nayak Marg, Fort, Mumbai - 400 001.
- 1.4 “Demerged Undertaking” means the Shipping Agency Division of VFSSL, comprising of the business activity of shipping agency on commission and related activities, being carried on by VFSSL on a going concern basis, as on the Appointed Date, including in particular:

- (a) All assets wherever situated, whether moveable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including land, buildings, offices, plant and machinery, warehouses, godowns, depots, vehicles, other fixed assets, licenses, brands, trademarks, patents, copyrights and other intellectual property rights, investments, leases, tenancy rights, premises, hire purchase and lease arrangements, computers, office equipment, furniture, telephones, telexes, facsimile connections, communication facilities, electrical and other installations, current assets, sundry debtors, deposits, receivables, funds, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, taxes, tax credits, various exemption / incentives granted under different schemes of the Central/ State Governments including carried forward losses of all types under the Income-tax Act, 1961 and other industrial and intellectual property, import quotas, import entitlements, right to use and avail of telephones, telexes, facsimile and other communication facilities and all other interests, rights and power of every kind, nature and description, whatsoever, privileges, liberties, advantages, benefits, consents, sanctions and approvals (including but not limited to credits in respect of income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, etc.), bills of exchange, letters of intent and loans and advances appearing in the books of accounts of VFSSL pertaining to or relatable to the Shipping Agency Division.
- (b) All liabilities present, future and the specified contingent liabilities of VFSSL allocable or pertaining to the business of Shipping Agency Division. For the purpose of this Scheme, it is clarified that liabilities allocable or pertaining to the Shipping Agency Division shall include:
- (i) The liabilities which arise out of the activities or operations of the Shipping Agency Division;
 - (ii) The specific loans or borrowings raised, incurred and utilized, if any solely for the activities or operations of the Shipping Agency Division; and
 - (iii) In cases, other than those referred to in sub-clauses (i) and (ii), so much of the amounts of general or multipurpose liabilities of VFSSL, allocable to the Shipping Agency Division as stand in the same proportion which the value of the assets transferred to FCL under this Scheme bears to the total value of the assets of VFSSL immediately before the Demerger, as prescribed under the Income-tax Act, 1961.
- (c) Without prejudice to the generality of the provisions of sub clauses above, the Shipping Agency Division shall include all rights and licences, all assignments and grants thereof, benefits of agreements, contracts and arrangements, powers, authorities, municipal permissions, registrations, quotas, permits, allotments, approvals, export licences, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations, benefits, entitlements and incentives of any nature whatsoever including sales tax remissions and custom duty exemption certificates, consents, privileges, liberties, advantages, easements and all the right, title, interests, goodwill, benefits, entitlement and advantages and all other rights and claims of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by VFSSL and / or to which VFSSL is entitled to in connection with or pertaining to or relatable to the Shipping Agency Division, all respective books of account, papers, documents and records relating to the Shipping Agency Division, and all deposits including security deposits paid by VFSSL in connection with or relating to the Shipping Agency Division.
- (d) All permanent employees of VFSSL employed in the Shipping Agency Division as on the Effective Date and those employees that are determined by the Board of Directors of VFSSL, to be substantially engaged in or in relation to the Shipping Agency Division.

It is intended that the definition of Demerged Undertaking under this sub-clause would enable the transfer of all property, assets, liabilities, rights, obligations, entitlements and benefits (including under income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, etc. to which the Demerged Undertaking is entitled to in terms of the various statutes / schemes, etc. and accumulated loss and allowance for unabsorbed depreciation under Income-tax Act, 1961) of the Demerged Undertaking to FCL pursuant to this Scheme, without any further act or deed.

- 1.5 “Effective Date” means the date on which the certified copy of the order passed by the High Court / National Company Law Tribunal sanctioning the Scheme is filed with the Registrar of Companies, Maharashtra at Mumbai.

- 1.6 “High Court” shall mean the High Court of Judicature at Bombay,
- 1.7 “Remaining Business” means all the business units, divisions and their respective assets and liabilities (including portion of general or multipurpose borrowings and accumulated and unabsorbed tax losses including accumulated and unabsorbed depreciation not allocated to the Demerged Undertaking) of VFSSL, other than those being transferred with the Demerged Undertaking.
- 1.8 “Resulting Company” or “Transferee Company” or “FCL” means, a company incorporated under the Companies Act, 1956 having its registered office at Forbes Building, Charanjit Rai Marg, Fort, Mumbai - 400 001.
- 1.9 “Scheme” or “the Scheme” or “this Scheme” means this Scheme of Arrangement in its present form, together with all the schedules and annexures, which shall form part of this Scheme of Arrangement or with any modification(s) made under clause 15 of this Scheme.
- 1.10 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Income-tax Act, 1961, the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT

The Scheme shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

- 3.1 The authorised, issued, subscribed and paid up share capital of the Demerged Company as on March 31, 2008 is as under:

	(Amount in Rs.)
Authorised Capital	
1,00,000 Equity Shares of Rs.100 each	1,00,00,000
Total	1,00,00,000
Issued, subscribed and fully paid-up	
60,000 Equity Shares of Rs.100 each	60,00,000
Total	60,00,000

As on date, there is no change in the issued, subscribed and paid-up capital of the Demerged Company. The Demerged Company shall not, pending the sanction of this Scheme, make any change in its share capital structure either by any increase, [by issue of equity shares (rights issue, preferential issue or otherwise), bonus shares, convertible debentures, convertible instruments or otherwise] decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner.

- 3.2 The authorised, issued, subscribed and paid up share capital of the Resulting Company as on March 31, 2008 is as under:

	(Amount in Rs.)
Authorised capital	
1,50,00,000 Equity Shares of Rs.10 each	15,00,00,000
Total	15,00,00,000
Issued, subscribed and fully paid-up	
1,28,98,616 Equity Shares of Rs.10 each	12,89,86,160
Total	12,89,86,160

As on date, there is no change in the issued, subscribed and paid-up capital of the Resulting Company.

4. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

- 4.1 With effect from the Appointed Date, the Demerged Undertaking shall pursuant to the provisions of Sections 391 to 394 of the Act and all other applicable provisions of applicable laws, rules and regulations for the time being in force, without any further act or deed, stand transferred to and be vested, as a going concern, into the Resulting Company together with all the interest of the Demerged Company therein, subject however, to all charges, liens, mortgages and encumbrances, if any, affecting the same or any part thereof. The transfer and vesting of the Demerged Undertaking shall be effected as follows:-
- 4.1.1 All the moveable assets including cash in hand of the Demerged Undertaking capable of being passed by manual delivery or by endorsement shall be physically handed over by manual delivery or endorsement and delivery, to the end and intent that the ownership and property therein passes to the Resulting Company on such handing over in pursuance of the provisions of Section 394 of the Act (as an integral part of the Undertaking). Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors of Resulting Company and the Demerged Company.
- 4.1.2 In respect of any assets, other than those referred to in sub-clause 4.1.1 above including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, the following modus operandi for intimating to third parties shall, to the extent possible, be followed:
- (a) The Resulting Company shall give notice in such form as it may deem fit and proper to each party, debtor or depositor of the Demerged Company as the case may be, that pursuant to the Scheme coming into effect, the said debt, loan, advances, etc. be paid or made good or held on account of the Resulting Company as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same stands extinguished, and that such rights to recover or realise the same shall vest in the Resulting Company.
- (b) The Demerged Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the Scheme coming into effect, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to the account of the Resulting Company and that the right of the Resulting Company to recover or realise the same is in substitution of the right of the Demerged Company.
- 4.1.3 Upon the coming into effect of this Scheme, all debts, liabilities, loans and obligations incurred, duties or obligations of any kind, nature or description (including contingent liabilities) of the Demerged Company (as on the Appointed Date) and relating to the Demerged Undertaking including general and multipurpose borrowings dealt with in accordance with Section 2(19AA) of the Income Tax Act, 1961 shall, without any further act or deed, stand transferred to and vested in and be deemed to be transferred to and vested in the Resulting Company to the extent that they are outstanding as on the Effective Date and on the same terms and conditions as applicable to the Demerged Company, and shall become the debts, liabilities, loans, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of any of the liabilities which have arisen in order to give effect to the provisions of this clause.
- 4.1.4 Where any of the debts, liabilities, loans and obligations incurred, duties and obligations of the Demerged Undertaking of Demerged Company as on the Appointed Date deemed to be transferred to and vested in the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- 4.1.5 All debts, liabilities, loans and obligations incurred, duties and obligations of the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been incurred for and on behalf of the Resulting Company in which the Demerged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed, stand transferred to and vested in and be deemed to be transferred to and vested in the Resulting Company and shall become the debts, liabilities, loans, duties

and obligations of the Resulting Company which shall meet, discharge and satisfy the same. Provided however that no debts, liabilities, loans, duties and obligations shall have been assumed by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date without the prior written consent of the Resulting Company otherwise than in the ordinary course of business.

- 4.1.6 The Demerger and the transfer and vesting of the assets comprised in the Demerged Undertaking to and in the Resulting Company under this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.
- 4.1.7 The existing securities, mortgages, charges, encumbrances or liens (the “Encumbrances”) or those, if any created by the Demerged Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Demerged Undertaking or any part thereof transferred to the Resulting Company by virtue of this Scheme, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they related or attached prior to the Effective Date and as are transferred to the Resulting Company, and such Encumbrances shall not relate or attach to any of the other assets of the Resulting Company.
- 4.1.8 In so far as any Encumbrances over the assets comprised in the Demerged Undertaking are security for liabilities of the Remaining Business retained with the Demerged Company and in so far as any Encumbrances over the assets comprised in the Remaining Business retained with the Demerged Company are security for liabilities of the Demerged Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets retained with the Demerged Company and shall cease to operate against any of the assets transferred to the Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.
- 4.1.9 In so far as any Encumbrances over the assets comprised in the Remaining Business retained with the Demerged Company are security for liabilities of the Demerged Undertaking, it is clarified that the Resulting Company shall create adequate security equivalent to the value of the security over the assets of the Remaining Business in respect of the liabilities of the Demerged Undertaking and such security shall extend to and operate over the assets of the Demerged Undertaking that are being transferred to the Resulting Company pursuant to this Scheme.
- 4.1.10 Without prejudice to the above and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and / or modification(s) of charge, with the relevant Registrar of Companies under the Act to give formal effect to the above provisions, if required.
- 4.1.11 It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the liabilities transferred to the Resulting Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 4.1.12 Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of above sub-clauses shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document.
- 4.1.13 With effect from the Appointed Date, all permits, quotas, rights, entitlements, tenancies and licences relating to brands, trademarks, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking to the benefit of which the Demerged Undertaking is and /or be eligible and which are subsisting or having effect immediately before the Appointed Date, shall be and remain in full force and effect in favour of the Resulting Company and may be enforced fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a beneficiary or obligee thereto.
- 4.1.14 With effect from the Appointed Date, any statutory licences, permissions, approvals and/or consents held by the Demerged Company required to carry on operations of the Demerged Undertaking shall stand vested in or transferred to the Resulting Company without any further act or deed and shall be appropriately mutated by the statutory authorities or any other person concerned therewith in favour of the Resulting Company. The benefit of all statutory and regulatory permissions, licences, environmental approvals and consents including the statutory

licenses, permissions or approvals or consents required to carry on the operations of the Demerged Undertaking shall vest in and become available to the Resulting Company pursuant to the Scheme coming into effect. Any no-objection certificates, licences, permissions, consents, approvals, authorizations, registrations or statutory rights as are jointly held by the Demerged Undertaking and any other division of the Demerged Company shall be deemed to constitute separate licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, upon the filing of the Scheme as sanctioned with such authorities and licensors after the same becomes effective, so as to facilitate the continuation of operations of the Demerged Undertaking in the Resulting Company without any let or hindrance from the Effective Date.

- 4.1.15 The entitlement to various benefits under incentive schemes and policies in relation to the Demerged Undertaking shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Resulting Company together with all benefits, entitlements and incentives of any nature whatsoever. Such entitlements shall include (but shall not limited to) income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs and other and incentives in relation to the Demerged Undertaking to be claimed by the Resulting Company with effect from the Appointed Date as if the Resulting Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under such incentive schemes were made available to the Demerged Company.
- 4.1.16 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, tax remissions (including remittance under income-tax, sales tax, value added tax, turnover tax, excise duty, service tax, customs), holidays, incentives, concessions and other authorizations relating to the Demerged Undertaking, shall stand transferred under this Scheme to the Resulting Company, the Resulting Company shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the Scheme coming into effect.
- 4.1.17 It is clarified that all the taxes and duties payable by the Demerged Company, relating to the Demerged Undertaking, from the Appointed Date onwards including all or any refund and claims shall, for all purposes, be treated as the tax liabilities or refunds and claims of the Resulting Company. Accordingly, upon the Scheme becoming effective, the Demerged Company is expressly permitted to revise and the Resulting Company is expressly permitted to file their respective income-tax, sales tax / value added tax returns, excise returns, service tax returns and other tax returns, and to claim refunds / credits, pursuant to the provisions of this Scheme.

5. LEGAL AND OTHER PROCEEDINGS

- 5.1 Upon the Scheme becoming effective, all legal and other proceedings, including before any statutory or quasi-judicial authority or tribunal of whatsoever nature by or against the Demerged Company pending and / or arising at the Appointed Date and relating to the Demerged Undertaking, shall be continued and enforced by or against the Resulting Company only, to the exclusion of the Demerged Company in the manner and to the same extent as would have been continued and enforced by or against the Demerged Company. On and from the Effective Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the Demerged Undertaking.
- 5.2 In the event that the legal proceedings referred to above, require the Demerged Company and the Resulting Company to be jointly treated as parties thereto, the Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the Demerged Company. In the event of any difference or difficulty in determining whether any specific legal or other proceeding relates to the Demerged Undertaking or not, the decision of the Board of Directors of the Demerged Company as to whether such proceeding relates to the Demerged Undertaking or not, shall be conclusive evidence of the relationship with Demerged Undertaking.
- 5.3 After the Appointed Date, in case the proceedings referred to in sub-clause 5.1 cannot be transferred for any reason, the Demerged Company shall defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

6. CONTRACTS, DEEDS, ETC.

- 6.1 Notwithstanding anything contrary contained in this Scheme, any and all existing contracts, deeds, bonds, agreements and other instruments if any, of whatsoever nature relating to the Demerged Undertaking and to which the Demerged Company is party and subsisting or having effect on the Effective Date, shall be in full force and effect in favour of the Resulting Company and may be enforced by or against the Resulting Company as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto, without any further act or deed.
- 6.2 The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Demerged Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. The Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme.
- 6.3 Even after this Scheme becomes effective, the Resulting Company shall, as its own right, be entitled to realize all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking in the name of the Demerged Company, in so far as may be necessary, until the transfer of rights and obligations of the Demerged Company to the Resulting Company under this Scheme is formally accepted by the third parties.

7. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the properties, liabilities and obligations of the Demerged Undertaking pursuant to this Scheme shall not affect any transactions or proceedings already completed by the Demerged Company on or before the Appointed Date to the end and intent that, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Company in relation to the Demerged Undertaking which shall vest in the Resulting Company in terms of this Scheme as acts, deeds and things made, done and executed by and on behalf of the Resulting Company.

8. EMPLOYEES OF THE DEMERGED UNDERTAKING

- 8.1 All employees of the Demerged Undertaking and those employees that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or in relation to the Demerged Undertaking, in service on the Effective Date shall be deemed to have become the employees of the Resulting Company with effect from the Appointed Date without any interruption or break in their service as a result of the transfer and vesting of the Demerged Undertaking to the Resulting Company. The terms and conditions of their employment with the Resulting Company with effect from the Effective Date shall not be less favourable than those applicable to them with reference to the Demerged Undertaking on the Effective Date.
- 8.2 The existing Provident fund, Gratuity fund, Superannuation fund or any other fund for the transferred employees of the Demerged Undertaking in terms of this Scheme shall be continued for the benefit of such employees on the same terms and conditions. With effect from the Effective Date, the Resulting Company shall make the necessary contribution for such employees taken over by the Resulting Company until the Resulting Company constitutes its own Provident fund, Gratuity fund, Superannuation fund or any other fund and obtain necessary approval for the same. Upon the Scheme being effective, the Resulting Company shall stand substituted for the Demerged Company for all purposes whatsoever related to the administration or operation of such fund or in relation to the obligations to make a contribution to the said funds in accordance with the provisions of the fund or according to the terms provided in the respective fund deeds or other documents. The Resulting Company undertakes all the duties and obligations and assumes all the rights and powers of the Demerged Company, upon the Scheme being effective, in relation to aforesaid funds of the Demerged Company in relation to the Demerged Undertaking. The services of the staff, workmen and other employees of the Demerged Undertaking will be treated as having been continuous for the purposes of the aforesaid funds or provisions of any funds for employees.

8.3 The Resulting Company undertakes to continue to abide by any agreement(s) / settlement(s) entered into with any trade unions / permanent employees by the Demerged Company in relation to the Demerged Undertaking. The Resulting Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such permanent employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.

9. CONDUCT OF BUSINESS OF THE DEMERGED UNDERTAKING FROM APPOINTED DATE TILL EFFECTIVE DATE

9.1 The Demerged Company shall carry on and be deemed to have carried on its business and activities in relation to the Demerged Undertaking, and shall hold and deal with all assets and properties and stand possessed of all rights, title, interest and authorities of the Demerged Undertaking, for and on account of and in trust for the Resulting Company.

9.2 Any income or profit accruing or arising to the Demerged Company in relation to the Demerged Undertaking and all costs, charges, expenses, losses or taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credit, taxes withheld / paid in a foreign country, etc.), arising or incurred by the Demerged Company in relation to the Demerged Undertaking shall for all purposes be treated as the income, profits, costs, charges, expenses and losses, as the case may be, of the Resulting Company.

9.3 The Demerged Company shall not utilize the profits or income, if any, relating to the Demerged Undertaking for the purpose of declaring or paying any dividend or for any other purpose in respect of the period from and after the Appointed Date, without the prior written consent of the Resulting Company.

9.4 The Demerged Company shall not (without the prior, written consent of the Resulting Company) alienate, charge or otherwise deal with or dispose of the Demerged Undertaking or any part thereof except in the usual course of business or pursuant to any pre-existing obligation undertaken prior to the Appointed Date.

9.5 The Demerged Company shall carry on the business of the Demerged Undertaking with reasonable diligence and prudence, in the ordinary course of business, and the Demerged Company shall not, in any material respect, alter or expand the business of the Demerged Undertaking, other than such alterations or expansions as have already been commenced, except with the prior written consent of the Resulting Company and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitment either for itself or on behalf of its subsidiaries or group companies or any third party, or sell, transfer, alienate, charge, mortgage or encumber or deal with the Demerged Undertaking, save and except, in each case, in the following circumstances:

(a) if the same is in the ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court / National Company Law Tribunal; or

(b) if the same is expressly permitted by this Scheme; or

(c) if the written consent of the Resulting Company, as the case may be, has been obtained.

9.6 The Demerged Company shall not vary or alter, except in the ordinary course of its business and as may be required for reorganization, the terms and conditions of employment of any of its employees in relation to the Demerged Undertaking.

9.7 The Demerged Company shall be entitled, pending the sanction of the Scheme by the High Court / National Company Law Tribunal, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require to own and carry on the business of the Demerged Undertaking.

With effect from the Effective Date, the Resulting Company shall commence and carry on and shall be authorized to carry on the businesses carried on by the Demerged Undertaking of the Demerged Company.

10. REMAINING BUSINESS

10.1 The Remaining Business shall continue to belong to and be vested in and be continued to be owned and managed by the Demerged Company. All legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company.

10.2 With effect from the Appointed Date and upto and including the Effective Date:

10.2.1 The Demerged Company shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf; and

10.2.2 All profits and cash accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Business shall, for all purposes, be treated as the profits / cash or losses, as the case may be, of the Demerged Company.

11. ISSUE OF SHARES

The Demerged Company is a Wholly Owned Subsidiary of the Resulting Company and its entire share capital is held by the Resulting Company and its nominees. Accordingly, there would be no issue of shares of Resulting Company to the shareholders of the Demerged Company.

12. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

On Scheme becoming effective, the Demerged Company shall account for the Scheme and its effects in its books of account with effect from the Appointed Date as under:

12.1 Upon the coming into effect of this Scheme the Demerged Company shall write-off the voluntary retirement compensation reflected as Miscellaneous Expenditure in its Balance Sheet as at 31st March 2008 by debiting it against the balance in "General Reserve" in its Balance Sheet as at 31st March 2008. The aforesaid shall be given effect to in the financial statements of the Demerged Company for the year ending on March 31, 2009.

12.2 The accounts representing the assets and liabilities of the Demerged Undertaking shall stand closed on transfer to the Resulting Company. In so far as the accounts representing general or multipurpose borrowings are concerned, they shall stand reduced by the amounts transferred to the Resulting Company in accordance with the provisions of this Scheme. The difference between the amount of assets and liabilities so transferred and reduced shall be adjusted against the balances appearing in the books of the Demerged Company, in General Reserve and Profit and Loss Account.

12.3 With effect from the Appointed Date, the Demerged Company shall adjust the deferred tax asset and the deferred tax liability to give effect to the transfer of assets and liabilities of the Demerged Undertaking to the Resulting Company against the "General Reserve".

12.4 Upon the coming into effect of this Scheme, the Demerged Company shall write-off all expenses incurred in connection with this Scheme and matters incidental thereto, referred in clause 17, against the "General Reserve" or the charge the same against Profit and Loss Account.

13. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

On Scheme becoming effective, the Resulting Company shall account for the Scheme and its effects in its books of account with effect from the Appointed Date as under:

13.1 The Resulting Company shall record the assets and liabilities of the Demerged Undertaking vested in it in accordance with clause 4, at their respective values (ignoring revaluation), as appearing in the books of account of the Demerged Company at the close of the business of the day immediately preceding the Appointed Date.

13.2 Any difference, whether an excess or a shortfall in the recorded value of assets in the books of account of the Resulting Company over recorded value of liabilities in the books of account of the Resulting Company shall be recorded by the Resulting Company as in the General Reserve.

13.3 The Resulting Company shall determine the deferred tax asset and the deferred tax liability as on April 1, 2008 based on the assets and liabilities of the Demerged Undertaking and adjust the same in the “General Reserve”.

14. APPLICATION TO HIGH COURTS/ NATIONAL COMPANY LAW TRIBUNAL

14.1 The Demerged Company and the Resulting Company shall with all reasonable dispatch make all necessary applications under Sections 391 to 394 of the Act and other applicable provisions of the Act to the High Court/ National Company Law Tribunal seeking orders for dispensing with or convening, holding and conducting of the meetings of the respective classes of the members and/or creditors of Resulting Company and the Demerged Company as may be directed by the High Court / National Company Law Tribunal.

14.2 On the Scheme being agreed to by the requisite majorities of the classes of the members and/or creditors of the Resulting Company and the Demerged Company as directed by the High Court / National Company Law Tribunal, the Resulting Company and the Demerged Company shall, with all reasonable dispatch, apply to the High Court / National Company Law Tribunal for sanctioning the Scheme of Arrangement under Sections 391 and 394 of the Act, and for such other order or orders, as the said High Court/ National Company Law Tribunal may deem fit for carrying this Scheme into effect

15. MODIFICATIONS AND OTHER ISSUES RELATING TO THE SCHEME

15.1 The Demerged Company (by its Directors or its Committee thereof) and the Resulting Company (by its Directors or its Committee thereof) in their full and absolute discretion may assent to any modification(s) or amendment(s) in this Scheme which the High Court / National Company Law Tribunal or such other appropriate authority and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme.

15.2 The Demerged Company (by its Directors or its Committee thereof) and the Resulting Company (by its Directors or its Committee thereof) are hereby authorized to give assent to any modification(s) or amendment(s) in the Scheme which may be considered necessary or desirable for any reason whatsoever and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, the implementation of the Scheme shall not get adversely affected as a result of acceptance of any such modification by the Board of Directors or its Committee thereof of the Demerged Company or by the Board of Directors or its Committee thereof of the Resulting Company, who are hereby authorised to take such steps and to do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions whether by reason of any orders of the High Courts/ National Company Law Tribunal or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

15.3 If any question that may arise as to whether a specified asset or liability pertains to or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided by mutual agreement between the Boards of Directors of the Demerged Company and the Resulting Company.

15.4 The Boards of Directors of the Demerged Company hereby authorise the Board of Directors of the Resulting Company or any committee thereof to give assent to any modification(s) or amendment(s) in the Scheme which may be considered necessary or desirable for any reason whatsoever and without prejudice to the generality of the foregoing, any modification to the Scheme involving withdrawal of any of the parties to the Scheme at any time and for any reason whatsoever, the implementation of the Scheme shall not get adversely affected as a result of acceptance of any such modification by the Board of the Resulting Company and the Board of the Resulting Company be and is hereby authorised by the Boards of Directors of the Demerged Companies to take such steps and to do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions anywise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

16. CONDITIONALITY OF THE SCHEME

- 16.1 This Scheme is and shall be conditional upon and subject to the approval by the requisite majorities of the shareholders and creditors of the Demerged Company and the shareholders and creditors of the Resulting Company
- 16.2 The scheme being approved by the High Court / National Company Law Tribunal,
- 16.3 The sanction or approval of all persons or authorities concerned under any law or of the Central Government or any other Agency, Department or Authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required
- 16.4 The certified copies of the Orders of the High Court being filed with the Registrars of Companies of Maharashtra at Mumbai under Section 391 to 394 and other applicable provisions of the Act.

17. COSTS, CHARGES & EXPENSES

All costs, charges and expenses, including stamp duty and registration charges, if any, of or in respect of any deed, document, instrument or Orders of the High Court of Judicature at Mumbai in relation to or connection with negotiations leading up to this Scheme and of carrying out and implementing the terms and provisions of this Scheme shall be paid by the Demerged Company.

18. REVOCATION AND SEVERABILITY

- 18.1 In the event of any of the said sanctions and approvals referred to in clause 16 not being obtained and/or complied with and / or satisfied and/or this Scheme not being sanctioned by the High Court/ National Company Law Tribunal or such other appropriate authority and / or order or orders not being passed as aforesaid before December 31, 2009 or such other date as may be mutually agreed upon by the respective Boards of Directors of the Demerged Company and the Resulting Company who are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s), this Scheme shall stand revoked, cancelled and be of no effect.
- 18.2 In the event of revocation under sub-clause 18.1, no rights and liabilities whatsoever shall accrue to or be incurred inter se to the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, the Resulting Company shall bear all costs.
- 18.3 If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.
- 18.4 The Boards of Directors of the Demerged Company and the Resulting Company shall be entitled to revoke, cancel and declare the Scheme of no effect if the Boards of Directors are of view that the coming into effect of the Scheme could have adverse implications on the Demerged Company and/ or the Resulting Company.

19. INDEMNITY

After the Effective Date, the Resulting Company undertakes to keep harmless and indemnify and keep indemnified from time to time the Demerged Company from and against any and all debts, duties, liabilities, loans incurred, contingent liabilities and obligations of every kind, nature and description relating to the Demerged Undertaking including all demands, claims, suits, proceedings and the like (save and except all costs, charges and taxes referred to in clause 17 and agreed to be borne and paid by the Demerged Company in full) which have, shall or may be made or instituted by any person, authority, government of India, firm, company, body corporate or organisation against the Demerged Company, directly relating to the Demerged Undertaking and / or against any financial liability/claim that may arise against Demerged Company by virtue of transfer and vesting of the Demerged Undertaking into the Resulting Company under and pursuant to this Scheme.



FORBES & COMPANY LIMITED

Registered Office: Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400 001, India

ATTENDANCE SLIP

Folio No. / DP - Client ID:

Name of the Shareholder / Proxy holder:

No. of Shares:

I hereby record my presence at the meeting of the equity shareholders of the Company convened under the court directive at M.C. Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20, K. Dubash Marg, Behind Prince of Wales Museum, Mumbai 400 001.

SIGNATURE OF THE ATTENDING SHAREHOLDER / PROXY _____

NOTES:

1. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
2. Shareholder / Proxy holder desiring to attend the meeting must bring his copy of the Scheme of Amalgamation for reference at the meeting.



IN THE HIGH COURT OF JUDICATURE AT BOMBAY
 ORDINARY ORIGINAL CIVIL JURISDICTION
 COMPANY APPLICATION NO. 467 OF 2009

IN THE MATTER of the Companies Act, 1956;

AND

IN THE MATTER of Sections 391 to 394 of the Companies Act, 1956;

AND

IN THE MATTER of Forbes & Company Limited;

AND

IN THE MATTER of Scheme of Arrangement between Volkart Fleming Shipping & Services Limited and Forbes & Company Limited and their respective Shareholders and Creditors for the demerger of and transfer of Shipping Agency Division of Volkart Fleming Shipping & Services Limited into Forbes & Company Limited.

Forbes & Company Limited, a Company under the provisions)
 of the Companies Act, 1956 and having its Registered)
 Office at Forbes Building, Charanjit Rai Marg, Fort,)
 Mumbai - 400 001) Applicant

FORM OF PROXY

I/We, the undersigned, being an Equity Shareholder(s) of the above Applicant Company hereby appoint of and failing him / her of

as my / our proxy, to act for me / us at court convened meeting of the Equity Shareholders of the Applicant Company to be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20, K. Dubash Marg, Behind Prince of Wales Museum, Mumbai 400 001 on Tuesday, the 26th May, 2009 at 3.00 p.m., for the purpose of considering and if thought fit, approving, with or without modification(s), the Scheme of Arrangement between Volkart Fleming Shipping & Services Limited and Forbes & Company Limited and their respective Shareholders and Creditors for the demerger and transfer of Shipping Agency Division of Volkart Fleming Shipping & Services Limited into Forbes & Company Limited, and at such meeting and at any adjournment(s) thereof, to vote, for me / us and in my / our name(s) **(here, if 'for', insert 'for', if 'against', insert 'against', and in the latter case, strike out the words 'with or without modification' after 'the Scheme of Arrangement')** the Scheme of Arrangement with or without modifications as my / our proxy may approve.

(Strike out what is not necessary)

Dated this day of2009

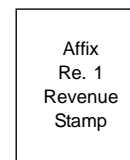
Name :

Address :

Folio No. / DPID :

Client ID No. :

No. of Shares :



Signature across the Stamp

- Notes:**
1. Proxy to be deposited at the Registered Office of the Applicant Company at Forbes Building, Charanjit Rai Marg, Fort, Mumbai - 400 001, not later than FORTY EIGHT hours before the meeting.
 2. In case of multiple proxies, proxy later in time shall be accepted.
 3. All alterations made in the Form of Proxy should be initialled.