

SCHEME OF ARRANGEMENT

**UNDER SECTION 232 READ WITH SECTION 230 OF THE COMPANIES ACT, 2013 AND OTHER
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER**

BETWEEN

FORBES & COMPANY LIMITED
(“FCL” or “Demerged Company”)

AND

FORBES PRECISION TOOLS AND MACHINE PARTS LIMITED
(“FPTL” or “Resulting Company”)

AND

THEIR RESPECTIVE SHAREHOLDERS

1. PREAMBLE

This Scheme of Arrangement (“Scheme”) is presented under Section 232 read with Section 230 and other applicable provisions of the Companies Act, 2013 and the rules and regulations made thereunder for demerger of the Demerged Undertaking (hereinafter defined) from Forbes & Company Limited into Forbes Precision Tools and Machine Parts Limited on a going concern basis, in the present form or with such alterations / modifications, as may be approved or imposed or directed by National Company Law Tribunal (“NCLT”).

2. DESCRIPTION OF COMPANIES

Forbes & Company Limited (“FCL” or “Demerged Company”) was incorporated in the State of Maharashtra on 18th November, 1919 as ‘The Gokak Mills Limited’ under the Indian Companies Act, 1913. Thereafter, the name was changed to ‘Gokak Patel Volkart Limited’ on 31st December, 1973. Further, on 28th September, 1992, its name was changed to ‘Forbes Gokak Limited’ and finally, on 25th October, 2007, it was changed to its current name ‘Forbes & Company Limited’. It has its Corporate Identity Number as L17110MH1919PLC000628. The Registered Office is situated at Forbes Building, Charanjit Rai Marg, Fort, Mumbai 400 001 and having PAN AAACF1765A and Email ID of its authorised representative is rupa.khanna@forbes.co.in.

Forbes Precision Tools and Machine Parts Limited (“FPTL” or “Resulting Company”), was incorporated as a Public limited company in the State of Maharashtra on 30th August 2022. It has Corporate Identity Number U29256MH2022PLC389649. The Registered Office is situated at Forbes Building, Charanjit Rai Marg Fort Mumbai, MH 400001, India and having PAN AAFCF2015G and email ID of its authorised representative is nirmal.jagawat@forbes.co.in

3. RATIONALE OF THE SCHEME

- 3.1. Forbes & Company Limited, a company listed on the BSE Limited, is engaged in the business of:
- (a) Precision Tools business
 - (b) Industrial Automation, Coding, Medical Devices, Parts and Applications and Ventilator business;
 - (c) Real Estate Business, and
 - (d) Investment into Subsidiaries, Joint Ventures and Associates
- 3.2. Forbes Precision Tools and Machine Parts Limited, a wholly owned subsidiary of Forbes & Company Limited is incorporated on 30th August 2022 to carry on the business of manufacturers, importers, exporters, buyers, sellers, traders, dealers, distributors, service providers of engineering and electrical products and services including taps, carbon and/or steel taps, drills, rotary burrs, tools, threading tools, grinding tools, measuring tools, hand tools, precision tools, tools of any kind, jigs, fixtures, dies, spare parts, accessories, filtering materials, designs, patterns, plants, apparatus, equipment, machinery, machine parts and to carry on such other activities as may be incidental or conducive or advantageously carried on with any of the above activities.
- 3.3. The nature of risk, competition, challenges, opportunities and business methods for Precision Tools business is separate and distinct from the Remaining Business carried out by the Demerged Company.
- 3.4. Each of the varied businesses carried out by the Demerged Company have significant potential for growth and profitability and can attract different set of investors, strategic partners, lenders, etc. Therefore, as these businesses approach their next phase of growth, it would be strategically apt to segregate the Precision Tools business from the Remaining Business.
- 3.5. The segregation shall enable them to move forward independently, with greater focus and specialization, building on their respective capabilities and their strong brand presence. It will also help to channelize resources required for all the businesses to focus on the growing businesses and attracting right talent and providing enhanced growth opportunities to

existing talent in line with a sharper strategic focus on the business segment under separate entity.

3.6. The Scheme will also enable the Demerged Company and the Resulting Company to focus and enhance its respective businesses by streamlining operations and its management structure ensuring better and more efficient management control.

3.7. Bifurcation of these businesses will enable unlocking value of its verticals thereby paving way for focused growth with a view to create significant stakeholder value and at the same time allow investors to allocate their portfolio into separate entities, focused on the distinct entities. Further, it will enable independent and distinct capital allocation approach and balance sheet management based on the distinct needs of each business.

3.8. Thus, the demerger pursuant to this Scheme is expected, inter-alia, to result in the following benefits:

- i. Create a sector focused Company;
- ii. Unlock the value for the shareholders of the Demerged Company by listing of the shares of the Resulting Company;
- iii. Allowing managements of the each of the Demerged Company and the Resulting Company to pursue independent growth strategies;
- iv. Allow in creating the ability to achieve valuation based on respective risk-return profile and cash flows, attracting the right investors and thus enhancing flexibility in accessing capital;
- v. Independent collaboration and expansion.

3.9. The Scheme is in the interest of the shareholders, creditors, lenders and various other stakeholders of the respective companies. It is not prejudicial to the interests of shareholders, creditors, lenders and various other stakeholders of the respective companies.

4. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

Part I deals with definitions and Interpretation;

Part II deals with Demerger and vesting of the Demerged Undertaking (hereinafter defined) from Forbes & Company Limited into Forbes Precision Tools and Machine Parts Limited on a going concern basis; and

Part III deals with the General Terms and Conditions.

5. TREATMENT OF THE SCHEME FOR THE PURPOSES OF INCOME TAX ACT, 1961

The provisions of this Scheme have been drawn up to comply with the conditions relating to “Demerger” as defined under section 2(19AA) of the Income Tax Act, 1961. If, at a later date, any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of section 2(19AA) of the Income Tax Act, 1961, including as a result of an amendment of law or enactment of new legislation or any other reason whatsoever, the provisions of section 2(19AA) of the Income Tax Act, 1961, or a corresponding provisions of any amended or newly enacted law, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with section 2(19AA) of the Income Tax Act, 1961. Such modifications, if required to be made will, however, not affect the other provisions (including those relating to accounting treatment) of the Scheme.

PART I
DEFINITIONS AND INTERPRETATION

1. DEFINITIONS

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

- 1.1. **“Act”** means the Companies Act, 1956 and/or Companies Act, 2013, to the extent its provisions relevant for this Scheme are notified and ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof for the time being in force.
- 1.2. **“Appointed Date”** means **1st April 2023** or such other date as may be fixed or approved by National Company Law Tribunal, Mumbai Bench.
- 1.3. **“Board of Directors” or “Board”** means the Board of Directors of the Demerged Company and the Resulting Company, as the case may be, and shall include a duly constituted committee thereof.
- 1.4. **“Effective Date”** means the date on which the certified copy of the order sanctioning this Scheme, passed by the National Company Law Tribunal at Mumbai, is filed with the Registrar of Companies, Mumbai by the Demerged Company and the Resulting Company
- 1.5. **“FCL” or “Demerged Company”** means Forbes & Company Limited having its Corporate Identity Number as L17110MH1919PLC000628, having registered office at Forbes Building, Charanjit Rai Marg, Fort Mumbai 400001.
- 1.6. **“FPTL” or “Resulting Company”** means Forbes Precision Tools and Machine Parts Limited having its Corporate Identity Number as U29256MH2022PLC389649, having registered office at Forbes Building, Charanjit Rai Marg Fort Mumbai, MH 400001.
- 1.7. **“Demerged Undertaking”** means the Precision Tools business of the Demerged Company, carried on anywhere in India either by itself or through its subsidiaries, inter alia, including the business activity of manufacturing & trading of cutting tools, HSS Taps, HPT, Rotary Burrs, HSS Drills, CST Dies, Spring Washer, Threading Tools and Carbide Tools, and such other precision tools and assets, properties, liabilities and obligations of whatsoever nature and kind and wheresoever situated, of the Demerged Company as on the Appointed Date, belonging

to, or forming part of, or relating or appertaining to, or attributable to the division identified as the Precision Tools business of the Demerged Company and shall include the following without limitation:

- a) all assets and properties, whether movable or immovable (as per Annexure 1), tangible or intangible, whether corporeal or incorporeal, leasehold land including leasehold land at Waluj, Aurangabad (together with the building and structure standing thereupon), plant and machinery, capital work in progress, advances, deposits, sundry debtors, inventories, cash and bank balances, bills of exchange, other fixed assets, trademarks, brands, including brands such as 'Totem', 'BBBB', 'Forbes Kendo', etc., development rights, outstanding loans and advances including advances given for purchase of immovable property, recoverable in cash or in kind or for value to be received inventory and work in progress wherever situated pertaining to the Demerged Undertaking;
- b) assets other than those referred to in sub-clauses (a) above being general in nature, if any, of the Demerged Company be allocated to the Demerged Undertaking in the manner as may be decided by the Board of the Demerged Company.
- c) all present and future liabilities arising out of the activities or operations of the Demerged Undertaking including loans, debts, current liabilities and provisions, duties and obligations relating to the Demerged Undertaking;
- d) without prejudice to the generality of the above, the Demerged Undertaking shall include in particular:
 - i. all properties constituting, relating to or required for the Demerged Undertaking wherever situated, including all fixed assets, work in progress, current assets, plant and machinery, equipment, funds, offices, office equipment, accessories, computer, fixtures, fittings, furniture, vehicles and other goods, in respect of the Demerged Undertaking; including leasehold improvements, all other tangible and intangible assets of whatsoever nature, lease and hire purchase contracts, contracts, engagements, arrangements, rights, assignment/ sub-letting of tenancy rights with or without the consent of the landlord, as may be required by law, leave and license agreements, titles, interests, benefits and advantages of any nature whatsoever and where-so-ever situated.
 - ii. all permits, quotas, rights, entitlements, bids, powers, allotments, authorities, tenders, approvals, letters of intent, expressions of interest, municipal and other statutory permissions, approvals, permissions, including municipal permissions, consents, licenses, registrations, subsidies, concessions, exemptions, remissions, tax deducted at source, tax deferrals, advance taxes paid tenancies in relation to office and/or residential property for the employees, goodwill, intellectual property, cash balances, the benefit of any deposit, financial assets, belonging to or proposed to be utilized for the Demerged Undertaking, bank balances and bank accounts relating to the day to day operations and specific to the working of the Demerged Undertaking,

- privileges, all other rights and benefits, lease rights, patents, trademarks, domain names, copyrights, trade name, designs and drawings, plans including building plans, clearances, certificates including commencement certificates issued by any local authorities, domain names and utility models, inventions, and any similar rights and the benefit of any of the foregoing and other intellectual property rights of any nature whatsoever and licenses in respect thereof, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephone, telexes, facsimile connection and installations, utilities, power lines, electricity and other services, provisions, funds, benefits of all agreements, subsidies, grants, special incentive schemes and any other incentive schemes formulated by Central or State Government, if any, contracts and arrangements, other records, whether in physical form or electronic form, insurance policies and all other interest in connection with or relating to the Demerged Undertaking;
- iii. all records, files, papers, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former clients and suppliers, clients credit information, clients pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Demerged Undertaking;
 - iv. all contracts, agreements including development agreements, purchase orders / service orders, operation and maintenance contracts, understanding in connection with or pertaining to or relatable to the Demerged Undertaking;
 - v. all employees of the Demerged Company employed in and / or relatable to the Demerged Undertaking as identified by the Board of the Demerged Company as on the Effective Date; and
 - vi. all earnest moneys and/or security deposits, if any, paid or received by the Demerged Company in connection with or relating to the Demerged Undertaking.
- e) For the purpose of this Scheme, the liabilities pertaining to the Demerged Undertaking means and includes:
- i. all liabilities (including contingent liabilities) arising out of the activities or operation of the Demerged Undertaking including in relation or connection with Taxes or under or in relation to its contracts, other obligations, duties and sums owing;
 - ii. specific loans and borrowings raised, if any, incurred and utilized solely for the activities or operations of the Demerged Undertaking;
 - iii. liabilities other than those referred to in sub-clauses (i) and (ii) above being the amounts of general or multipurpose borrowings, if any, of the Demerged Company be allocated to the Demerged Undertaking in the same proportion in which the value of the assets transferred under this clause bears to the total value of the assets of the Demerged Company immediately before the Appointed Date of the Scheme.

- iv. Whether any particular asset or liability should be included as asset or liability of the Demerged Undertaking or otherwise shall be decided mutually by the Board or any committee thereof of the Demerged Company and the Resulting Company.
- 1.8. **“NCLT”** means the National Company Law Tribunal, Mumbai Bench having jurisdiction in relation to the Demerged Company and the Resulting Company and shall be deemed to include, if applicable, a reference to such other forum or authority which may be vested with any of the powers of NCLT to sanction the Scheme under the Act.
- 1.9. **“Record Date”** means the date fixed by the Board of Directors or a committee thereof of the Resulting Company for the purpose of issue of shares of the Resulting Company to the shareholders of the Demerged Company.
- 1.10. **“Remaining Business”** means all the undertakings, businesses, activities, operations, assets and liabilities of the Demerged Company other than those comprised in the Demerged Undertaking.
- 1.11. **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement, in its present form as submitted to the NCLT for approval, with or without any modifications pursuant to Clause 14 of this Scheme, as may be approved or imposed or directed by the NCLT or any other appropriate authority.
- 1.12. **“SEBI Circular”** means circulars issued by SEBI being Circular CFD/DIL3/CIR/2017/21 dated 10th March, 2017 and any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 1.13. **“Stock Exchange”** means BSE Limited.
- 1.14. **“Taxation”** or **“Tax”** or **“Taxes”** means all forms of taxes and statutory, governmental, state, provincial, local government or municipal impositions, duties, contribution and levies and whether levied by reference to income, profit, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Demerged Company and the Resulting Company, as the case may be, or any other person and all penalties, charges, costs and interest relating thereto;

1.15. **“Transition period”** means period starting from the date immediately after the Appointed Date till the Effective Date.

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 Act and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2. SHARE CAPITAL

2.1. The share capital structure of the Demerged Company as on 30th June, 2022 is as under –

Share Capital	Amount (INR)
Authorized Share Capital 4,30,50,000 equity shares of INR 10 each	43,05,00,000
TOTAL	43,05,00,000
Issued, subscribed and paid-up Share Capital 1,28,98,616 equity shares of INR 10 each	12,89,86,160
TOTAL	12,89,86,160

There is no change in the authorised, issued, subscribed and paid-up share capital of the Demerged Company from 30th June, 2022 till the date of approval of the Scheme by the Board of the Demerged Company.

2.2. The share capital structure of the Resulting Company as on its date of incorporation i.e. 30th August, 2022 is as under –

Share Capital	Amount (INR)
Authorized Share Capital 50,000 equity shares of INR 10 each	5,00,000
TOTAL	5,00,000
Issued, subscribed and paid-up Share Capital 50,000 equity shares of INR 10 each	5,00,000
TOTAL	5,00,000

There is no change in the authorised, issued, subscribed and paid-up share capital of the Resulting Company from 30th August, 2022 till the date of approval of the Scheme by the Board of the Resulting Company. The entire share capital of the Resulting Company is held by the Demerged Company.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 3.1. The Scheme shall be effective in its present form or with any modification(s) approved or imposed or directed by the NCLT or any other appropriate authority and shall become effective from the Appointed Date as provided in Section 232(6) of the Act in terms of Clause 1.2 mentioned above.

PART II – DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING INTO THE RESULTING COMPANY ON A GOING CONCERN BASIS

4. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING INTO THE RESULTING COMPANY

4.1. Upon coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the Demerged Undertaking as defined in Clause 1.7, shall pursuant to the provisions of section 232 read with section 230 and other applicable provisions, if any, of the Act, without any further act, instrument or deed, be transferred to and vested in or deemed to be transferred to and vested in the Resulting Company, as a going concern, in accordance with section 2(19AA) of the Income-tax Act, 1961, so as to vest in the Resulting Company all the rights, title and interest of the Demerged Undertaking therein, subject to the subsisting charges and pledges, if any.

4.2. Without prejudice to the provisions of Clause 4.1, in respect of such assets and properties of the Demerged Company relating to the Demerged Undertaking, as are moveable in nature, including cash in hand, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, and shall upon such delivery or endorsement and delivery, become the assets and properties of the Resulting Company, without requiring any deed or instrument or conveyance for the same.

4.3. In respect of any movable assets other than those mentioned in Clause 4.2 above, including investments, interests, intangible assets, actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the government, semi-government, local and other authorities and bodies and customers, the Demerged Company shall if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the NCLT having sanctioned this Scheme, the relevant debt, loan, advance or other asset, 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 realize the same stands transferred to the Resulting Company.

4.4. If any asset relating to the Demerged Undertaking (including but not limited to any estate, rights, title, interest in or authorities relating to such asset) which the Demerged Company owns, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall, (i) hold such asset in trust for the sole benefit of the Resulting Company till the same is transferred and shall hold and deal with the same in accordance with the reasonable instructions as may be given by the Resulting Company in that regard; and (ii)

make reasonable efforts to transfer such asset to the Resulting Company (along with any benefits attached thereto) within the earliest possible period pursuant to the Scheme becoming effective.

4.5. All patents, patent rights applications, brands, trademarks, trade names, knowhow, content, software, manuals, copyrights and other industrial properties and rights of any nature whatsoever and licenses assignments, grants in respect thereof, privileges, liberties, easements, contract advantages, benefits, goodwill, quota rights, permits, approvals, authorisations, right to use and avail of telephones, telexes, facsimile and other communication facilities, connections, equipments and installations, utilities, electricity and electronic and all other services of every kind, nature and descriptions whatsoever, reserves, provisions, funds, benefit of all agreements, arrangements including but not limited to indemnities/ guarantees given by the Demerged Company in relation to the Demerged Undertaking, deposits, advances, recoverable and receivables whether from government, semi-government, local authorities or any other customs etc., and all other rights, interests, claims and powers of every kind, nature and description of and arising to them, cash and bank balances, all earnest moneys and/ or deposits including security deposits paid by them, the entire business and benefits and advantages of whatsoever nature and where-so-ever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Company and relating to the Demerged Undertaking, stand transferred to and vested in and/ or be deemed to be and stand transferred to and vested in the Resulting Company pursuant to the provisions of section 230 to section 232 of the Act so as to become as and from the Appointed Date, the estate, assets, right, title and interests of the Resulting Company.

4.6. All the immovable property whether or not included in the books of the Demerged Company pertaining to the Demerged Undertaking, whether freehold or leasehold (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such immovable property) shall stand transferred to and be vested in the Resulting Company, with effect from the Appointed Date, without any act or deed to be done or executed by the Demerged Company and/or the Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required.

4.7. Upon the coming into effect of this Scheme and with effect from the Appointed Date, the debts, advances, liabilities and obligations pertaining to the Demerged Undertaking shall, under the provisions of sections 232 read with section 230 of the Act, without any further act or deed shall stand transferred to or be deemed to be transferred to the Resulting Company and shall become the debts, liabilities and obligations of the Resulting Company which it

undertakes to meet, discharge and satisfy and 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 which such debts, advances, liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.

4.8. In so far as the assets comprised in the Demerged Undertaking are concerned, the security, existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof or charge over such assets relating to any loans or borrowings not relating to the Demerged Undertaking shall, without any further act or deed, be released and discharged from the same and shall no longer be available as security in relation to the liabilities, which are not related to Demerged Undertaking. The Demerged Company to apply to the authorities for release of such assets and apply to Registrar of Companies for modification of charges, encumbrances created on such assets, if required.

4.9. All assets, estate, rights, title, interest and authorities acquired by the Demerged Company including but not limited to all construction and investments related approvals / permissions, other approvals, etc. that may be received from the various authorities from time to time, after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking shall also stand transferred to and vested in the Resulting Company with effect from the Effective Date.

4.10. All accrued or unaccrued advance income tax, service tax, sales tax, goods and services tax, any tax deduction / collection at source of any other taxes of any nature, duties, cesses or any other like payments or deductions made by the Demerged Company pertaining to the Demerged Undertaking to any statutory authorities including all or any refunds/credit/claims relating thereto shall be deemed to have been on account of or paid by the Resulting Company.

5. STAFF, EMPLOYEES AND WORKERS

5.1. Upon the Scheme coming into effect, all staff, employees and workers pertaining to the Demerged Undertaking, including all staff, employees and workers forming part of the Demerged Undertaking in service (including but not limited to permanent, temporary or contractual) immediately preceding the Effective Date shall be deemed to have become staff, employees and workers of the Resulting Company with effect from the Appointed Date, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Resulting Company shall not be less

favorable than those applicable to them as a part of the Demerged Undertaking of the Demerged Company immediately preceding the transfer.

- 5.2. The equitable interest in accounts/funds of the staff, employees and workers, if any, whose services are vested with the Demerged Company, relating to superannuation, provident fund and gratuity fund and other funds similar in nature, shall be identified, determined and vested with the respective trusts/funds of the Resulting Company and such staff, employees and workers shall be deemed to have become members of such trusts/funds of the Resulting Company. Until such time, the Resulting Company in relation to the Demerged Undertaking may, subject to necessary approvals and permissions, if any, continue to make contributions pertaining to the employees of the Demerged Undertaking to the relevant funds of the Demerged Company in relation to the Demerged Undertaking.

6. LEGAL PROCEEDINGS

- 6.1. Upon the Scheme coming into effect, if any suit, appeal or other legal proceedings of whatsoever nature by or against the Demerged Company in relation to the Demerged Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the Demerger and by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company in relation to the Demerged Undertaking as if this Scheme had not been made. In the event that the legal proceedings referred to herein require the Demerged Company in relation to the Demerged Undertaking as party thereto, the Resulting Company shall be added as party to such proceedings and shall prosecute and defend such proceedings in co-operation with the Demerged Company in relation to the Demerged Undertaking.
- 6.2. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company in relation to the Demerged Undertaking referred to above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company in relation to the Demerged Undertaking.
- 6.3. After the Effective Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the Demerged Company in relation to the Demerged Undertaking.

7. DEMERGER NOT TO AFFECT TRANSACTIONS / CONTRACTS OF THE DEMERGED COMPANY IN RELATION TO THE DEMERGED UNDERTAKING:

7.1. The Demerger of the Demerged Undertaking of the Demerged Company and the continuance of the said proceedings by or against the Demerged Company in relation to the Demerged Undertaking shall not affect any transaction or proceedings already concluded by or against the Demerged Company in relation to the Demerged Undertaking after the Appointed Date to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done or executed by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date as done and executed on its behalf. The said transfer and vesting pursuant to Section 232 of the Act, shall take effect from the Appointed Date unless the NCLT otherwise directs.

8. CONSIDERATION

8.1. Upon coming into effect of the Scheme and in consideration for Demerger of Demerged Undertaking of the Demerged Company into the Resulting Company, the Resulting Company shall, without any further application or deed, issue and allot equity shares of face value INR 10/- each, credited as fully paid up, to all the equity shareholders of the Demerged Company whose names appear in the register of members of the Demerged Company as on the Record Date or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, in the following proportion:

4 (Four) fully paid up equity shares of INR 10/-each of the Resulting Company shall be issued and allotted to the equity shareholders of the Demerged Company for every 1(One) fully paid up equity shares of INR 10/- each held by them in the Demerged Company as on the Record Date.

8.2. The equity shares shall be issued by the Resulting Company in dematerialized form to those equity shareholders of the Demerged Company who hold shares of the Demerged Company in dematerialized form, into the account in which the Resulting Company shares are held or such other account as is intimated by the shareholders to the Demerged Company and / or its Registrar. All those shareholders who hold shares of the Demerged Company in physical form shall also have the option to receive the equity shares in the Resulting Company in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Resulting Company and / or its Registrar, otherwise, they would be issued equity shares in physical form.

- 8.3. The Resulting Company shall take necessary steps to increase or alter or re-classify, (if necessary), its authorized share capital suitably to enable it to issue and allot equity shares required to be issued and allotted by it under this Scheme.
- 8.4. Approval of this Scheme by the equity shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of section 62 and section 42 of the Companies Act, 2013, and other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Resulting Company to the equity shareholders of the Demerged Company, as provided in this Scheme.
- 8.5. The approval of this Scheme by the equity shareholders of the Demerged Company and the Resulting Company under Sections 230 to 232 of the Act shall be deemed to have the approval under sections 13 and 14 of the Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.
- 8.6. The shares issued under this clause shall, in compliance with the applicable laws, be listed and admitted to trading on the Stock Exchange pursuant to this Scheme and the relevant SEBI Circular and no lock-in shall be applicable to the shares issued under this clause on account of the post Scheme shareholding pattern of the Resulting Company being exactly similar to the shareholding pattern of the Demerged Company. The Resulting Company shall make all requisite applications and shall otherwise comply with the provisions of the relevant SEBI Circular and applicable laws and promptly take all steps to procure the direct listing of the shares issued by it pursuant to this clause.
- 8.7. The equity shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depository system till listing / trading permission is given by the Stock Exchange.
- 8.8. The equity Shares to be issued by the Resulting Company pursuant to this Scheme in respect of any equity shares of the Demerged Company and which are held in abeyance, if any under the provisions of Section 126 of the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by the Resulting Company.
- 8.9. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Demerged Company, the Board of the Demerged Company shall be empowered prior to or even subsequent to the Record Date, to effectuate such transfers in the Demerged Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the shares issued by the Resulting Company. The Board of the Demerged

Company shall be empowered to remove such difficulties that may arise in the course of implementation of this Scheme and registration of new shareholders in the Resulting Company on account of difficulties faced in the Transition Period.

9. ACCOUNTING TREATMENT

The Resulting Company and the Demerged Company shall account for demerger in their respective books of account as under:

9.1. In the books of the Resulting Company

Notwithstanding anything to the contrary contained herein, the Resulting Company shall account for the arrangement in its books of account by applying the principles prescribed in Appendix C (Business combinations of entities under common control) of Indian Accounting Standard (Ind AS) 103, Business Combinations, other accounting principles prescribed under the Companies (India Accounting Standards) Rules, 2015 as notified under section 133 of Companies Act, 2013 and relevant clarifications issued by the Institute of Chartered Accountants of India and on the date determined in accordance with Ind AS.

Any matter not dealt with in Clause 9.1 hereinabove shall be dealt with in accordance with the Indian Accounting Standards applicable to the Resulting Company.

9.2. In the books of the Demerged Company

Notwithstanding anything to the contrary contained herein, the Demerged Company shall account for transfer of the Demerged Undertaking to the Resulting Company in its books of accounts as per Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") as notified under Section 133 of the Companies Act, 2013 and the clarifications issued by the Institute of Chartered Accountants of India and on the date as determined in accordance with Ind AS.

10. CONDUCT OF THE BUSINESS UNTIL EFFECTIVE DATE

With effect from the Appointed Date to the Effective Date:

- 10.1. The Demerged Company in relation to the Demerged Undertaking undertakes to preserve and carry on the business, with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber or otherwise deal with or dispose of any undertaking or any part thereof save and except in each case:

- if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the NCLT; or
- if the same is expressly permitted by this Scheme; or
- if the prior written consent of the Board of Directors of the Resulting Company has been obtained.

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

10.3. All profits and cash accruing to or losses arising or incurred (including the effect of Taxes if any thereon), by the Demerged Company in relation to the Demerged Undertaking, shall for all purposes, be treated as the profits/ cash, Taxes or losses of the Resulting Company and shall be available to the Resulting Company for being disposed off in any manner as it thinks fit.

10.4. All Taxes paid or payable by the Demerged Company in relation to the Demerged Undertaking in respect of the operations and / or profits of the business from the Appointed date till the Effective Date, shall be on account of the Demerged Company in relation to the Demerged Undertaking and in so far as it relates to the Tax payment by the Demerged Company in relation to the Demerged Undertaking in respect of the profits or activities or operation of the business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company and shall in all proceedings be dealt with accordingly.

Any refund under Income Tax Act, 1961 or other applicable laws or regulations dealing with Taxes allocable or related to the business of the Demerged Undertaking and due to the Demerged Company in relation to the Demerged Undertaking consequent to the assessment made on the Demerged Company in relation to the Demerged Undertaking shall also belong to and be received by the Resulting Company.

All taxes benefits of any nature, duties, cesses or any other like payments or deductions available to the Demerged Company in relation to the Demerged Undertaking under any Tax Law up to the Effective Date shall be deemed to have been on account of or paid by the Resulting Company and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Resulting Company upon the passing of the order by the NCLT.

11. REDUCTION IN PAID UP SHARE CAPITAL OF THE RESULTING COMPANY AND CANCELLATION OF INTER-COMPANY INVESTMENTS

- 11.1. The existing share capital i.e. shares held by the shareholders of the Resulting Company viz. the Demerged Company prior to the Scheme becoming effective shall stand cancelled without any further application, act, instrument or deed, as an integral part of this Scheme.
- 11.2. The share certificate(s) in relation to the shares held by the existing shareholders of the Resulting Company (i.e. the Demerged Company), shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and no new share certificates will be issued by the Resulting Company, in lieu of share certificates already held by existing shareholders of the Resulting Company in the Resulting Company.
- 11.3. The said cancellation of investments held by the Demerged Company in the Resulting Company and the said reduction in the share capital of the Resulting Company shall be adjusted to capital reserve in the books of the Resulting Company and shall be effected as an integral part of the Scheme and the orders of the NCLT sanctioning the Scheme shall be deemed to be an order under section 66 of the Act confirming the reduction and no separate sanction under section 66 of the Act will be necessary.
- 11.4. Notwithstanding the reduction of capital of the Resulting Company, the Resulting Company shall not be required to add "And Reduced" as suffix to its name.

12. ENFORCEMENT OF CONTRACTS, DEEDS, BONDS & OTHER INSTRUMENTS:

- 12.1. Subject to other provisions contained in this Scheme, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which the Demerged Company in relation to the Demerged Undertaking is a party subsisting or having effect immediately before the demerger, shall remain in full force and effect against or, as the case may be, in favour of the Resulting Company and may be enforced as fully and effectively as if instead of the Demerged Company in relation to the Demerged Undertaking, the Resulting Company was a party thereto. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that demerged and vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds, confirmations or other writings or arrangements to which the Demerged Company in relation to the Demerged Undertaking is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company in relation to the Demerged Undertaking and to carry out or perform all such formalities or

compliances referred to above on the part of the Demerged Company in relation to the Demerged Undertaking to be carried out or performed.

12.2. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall receive relevant approvals from the Government Authorities concerned as may be necessary in this behalf.

PART III - GENERAL TERMS AND CONDITIONS

13. APPLICATION TO NCLT

13.1. The Demerged Company and the Resulting Company shall dispatch, make and file all applications and petitions under Sections 230 to 232 and other applicable provisions of the Act before the NCLT for sanction of this Scheme under the provisions of applicable laws, and shall apply for such approvals as may be required under applicable laws.

13.2. The Demerged Company and the Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to any appropriate authority, if required, under any applicable laws for such consents and approvals which the Demerged Company and the Resulting Company may require to own the assets and/or liabilities of the Demerged Undertaking and to carry on the business of the Demerged Undertaking.

14. MODIFICATION OR AMENDMENTS TO THE SCHEME

14.1. Subject to approval of NCLT, the respective Boards or the respective authorized representative appointed by the Board of the Demerged Company and the Resulting Company may make modifications or assent to any modifications, alterations or amendments of this Scheme or any conditions which the NCLT and / or any other competent authority may deem fit to direct or impose and the said respective Boards may do all such acts, things and deeds necessary in connection with or to carry out the Scheme into effect and take such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any order of the NCLT or any directions or

order of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and / or matters concerned or connected therewith.

- 14.2. The Board of the Demerged Company and the Resulting Company or through persons authorized by the respective Boards or through sub-committee of the respective Boards in their full and absolute discretion, may withdraw this Scheme or any part of the Scheme prior to the Scheme becoming effective at any time.

15. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

The Scheme is conditional upon and subject to:

- 15.1. Obtaining no-objection from the Stock Exchanges in relation to the Scheme under Regulation 37 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 (as amended from time to time);
- 15.2. The approval by the requisite majorities of the respective members and / or creditors (including but not limited to secured and unsecured) of the Demerged Company and the Resulting Company, as required under the Act and directed by the NCLT.
- 15.3. The sanction or approval of the authorities concerned being obtained and granted in respect of any of the matters for which such sanction or approval being required.
- 15.4. The sanction of the Scheme by the NCLT under Sections 230 to 232 of the Act and other applicable provisions of the Act.
- 15.5. The requisite orders of the NCLT being obtained for sanctioning the Scheme under Section 230 read with Section 232 of the Act being filed with the concerned Registrar of Companies.

16. OPERATIVE DATE OF THE SCHEME

- 16.1. The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

17. BINDING EFFECT

17.1. Upon the Scheme becoming effective, the same shall be binding on the Demerged Company and the Resulting Company and all concerned parties without any further act, deed, matter or thing.

18. EFFECT OF NON-RECEIPT OF APPROVALS

18.1. In the event any of the said approvals or sanctions referred to above not being obtained or conditions enumerated in the Scheme not being complied with, or for any other reason, the Scheme cannot be implemented, the Boards of Directors or committee empowered thereof of the Demerged Company and the Resulting Company shall by mutual agreement waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, the Scheme shall become null and void and shall stand revoked, cancelled and be of no effect and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

19. GIVING EFFECT TO THE SCHEME

19.1. For the purpose of giving effect to the Scheme, the Board of Directors of the Demerged Company and the Resulting Company or any Committee thereof, is authorized to give such directions as may be necessary or desirable and to settle as they may deem fit, any question, doubt or difficulty that may arise in connection with or in the working of the Scheme and to do all acts, deeds and things necessary for carrying into effect the Scheme.

20. COSTS

All costs, charges, Taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by the Resulting Company.

Annexure 1

List of Immovable Properties

Sr. No.	City	Type of Property	Property details
1	Waluj, Aurangabad	Lease hold Land	Plot B-13, Waluj Industrial Area Waluj, Aurangabad-431 133
2	Waluj, Aurangabad	Factory Building	Factory Building 1, Factory Building 2, Office Building and Canteen

For Forbes & Company Limited

Mahesh Tahilyani
Managing Director
DIN: 01423084

Nirmal Jagawat
Chief Financial Officer