



**IN THE NATIONAL COMPANY LAW TRIBUNAL,  
MUMBAI BENCH – V**

**C.A(CAA)/196/MB-V/2023**

*In the matter of*  
Companies Act, 2013

**AND**

*In the matter of*  
*Companies Act, 2013 (18 of 2013) and*  
Section 230-232 of the Companies Act, 2013  
and other applicable provisions of the  
Companies Act, 2013 read with the  
Companies (Compromises, Arrangements and  
Amalgamations) Rules, 2016;

*In the matter of*  
Scheme of Arrangement between FORBES  
& COMPANY LIMITED, the Demerged  
Company and FORBES PRECISION TOOLS  
AND MACHINE PARTS LIMITED, the  
Resulting Company and their respective  
shareholders

**FORBES & COMPANY LIMITED, a )**  
company incorporated under the Companies )  
Act, 1913 having its registered office at Forbes' )  
Building, Charanjit Rai Marg, Fort, Mumbai 400 )  
001. )  
[CIN: L17110MH1919PLC000628] )

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) ...Applicant Company No.1

**FORBES PRECISION TOOLS AND )**

**MACHINE PARTS LIMITED, a company )**

incorporated under the Companies Act, 2013 )

having its registered office at Forbes Building, )

Charanjit Rai Marg, Fort, Mumbai 400 001. )

[CIN: U29256MH2022PLC389649.] )

) ...Applicant Company No.2

**Order Dated: 27.09.2023**

**Coram:**

Hon'ble Ms. Reeta Kohli, Member (Judicial)

Hon'ble Ms. Madhu Sinha, Member (Technical)

**Appearance:**

For the Applicants

: Mr. Ahmed Chunawala, i/b Rajesh  
Shah & Co, Advocates


**ORDER**

***Per: Ms. Reeta Kohli, Member (Judicial)***

1. The Learned Counsel for the Transferor Companies and Transferee Company (collectively referred to as '**Applicant Companies**') states that the present Scheme is a Scheme of Arrangement between FORBES & COMPANY LIMITED, the Demerged Company and FORBES

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PRECISION TOOLS AND MACHINE PARTS LIMITED, the Resulting Company and their respective shareholders under sections 230 to 232 of the Companies Act, 2013 ('Scheme').

2. The Learned Counsel for the Applicant Companies states that the Board of Directors of the Demerged Company and Resulting Company in their respective meetings conducted on 26<sup>th</sup> September, 2022 for the Demerged Company and the Resulting Company have approved the Scheme.

3. The **rationale for the proposed Scheme** is as under:

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.

Forbes Precision Tools and Machine Parts Limited, a wholly owned subsidiary of Forbes & Company Limited is incorporated on 30<sup>th</sup> 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.

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.

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.

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 each business segment under separate entity.

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.

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.

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 each, 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.

4. The Business Clause is as follows:

- i. The Applicant Company No. 1 is engaged in the business of providing engineering services, which primarily includes products such as threading tools and carbide tools. It is also engaged in Industrial Automation, Coding, Medical Devices, Parts and Applications and Ventilator business, Real Estate Business, and Investment Business.
- ii. The Applicant Company No. 2 was set up in the year 2022 and is incorporated 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.

5. The **Authorised Share Capital of the Applicant Company No.1**, as on the 31<sup>st</sup> day of March, 2023 is as under:

<b>Particulars</b>	<b>Amount in (Rs.)</b>
<b>Authorised Capital</b>	
4,30,50,000 Equity Shares of Rs.10/- each.	43,05,00,000
<b>Total</b>	<b>43,05,00,000</b>
<b>Issued and Subscribed and Paid-up</b>	
1,28,98,616 Fully Paid – Up Equity Shares of Rs. 10/- each fully paid-up.	12,89,86,160
<b>TOTAL</b>	<b>12,89,86,160</b>

As on date there is no change in the capital structure of the Applicant Company No.1

6. That there are **13,584 total number of equity shareholders in Applicant Company no. 1** as at the end of quarter 1 of FY 2023-24 i.e. 30<sup>th</sup> June 2023. The Application was filed on 15<sup>th</sup> July 2023. That the convening and holding the meeting of the Equity Shareholders of the Applicant Company No.1 for the purpose of considering and, if thought fit, approving, with or

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without modification(s) the proposed Scheme of Arrangement between FORBES & COMPANY LIMITED, the Demerged Company and FORBES PRECISION TOOLS AND MACHINE PARTS LIMITED, the Resulting Company shall be convened & held on Tuesday, 31<sup>st</sup> October, 2023 at 11.00 A.M either through virtual meeting or physically at Indian Merchant Chambers, Churchgate, Mumbai 400020.

7. The Share Capital of the **Applicant Company No.2** as on the 31<sup>st</sup> day of March, 2023 is as under:

<b>Particulars</b>	<b>Amount in (Rs.)</b>
<b>Authorised Capital</b>	
50,000 Equity Shares of Rs.10/- each.	5,00,000
<b>Total</b>	<b>5,00,000</b>
<b>Issued, Subscribed and Paid-up</b>	
50,000 Equity Shares of Rs. 10/- each fully paid-up.	5,00,000
<b>Total</b>	<b>5,00,000</b>

As on date, there is no change in the capital structure of the Applicant Company No.2.


8. That there are **7(seven) Equity Shareholders in the Applicant Company No.2**. That the convening and holding the meeting of the Equity Shareholders of the Applicant Company No.2 for the purpose of considering and, if thought fit, approving, with or without modification(s)



the proposed Scheme of Arrangement between FORBES & COMPANY LIMITED, the Demerged Company and FORBES PRECISION TOOLS AND MACHINE PARTS LIMITED, the Resulting Company is dispensed with in view of **the consent affidavits given by the seven Equity Shareholders of the Applicant Company No.2**, which are annexed to the Company Scheme Application.


9. That there is **1 (One) Secured Creditors of having value of Rs. 12,65,11,730/- in the Applicant Company No.1**. That the convening and holding the meeting of the Secured Creditors of the Applicant Company No.1 for the purpose of considering and, if thought fit, approving, with or without modification(s) the proposed Scheme of Arrangement between FORBES & COMPANY LIMITED, the Demerged Company and FORBES PRECISION TOOLS AND MACHINE PARTS LIMITED, the Resulting Company is dispensed with **an undertaking that No objection letter/Certificate/affidavit from the sole secured creditor in Applicant Company No. 1 be filed at the time of filing of Company Petition.**
10. That the counsel for the Applicant Companies submits that there are **no Secured Creditors in the Applicant Company No. 2** mentioned in Para 25 of the Application
11. That there are **1116 (One Thousand One Hundred Sixteen) Unsecured Creditors** having value of Rs. 281,47,18,885/- (Two Hundred and Eighty-One Crores Forty Seven Lakhs Eighteen Thousand Eight Hundred and Eighty Five Only) as on 31<sup>st</sup> March, 2023 in **Application Company No. 1**. That the convening and holding the meeting of the Unsecured Creditors of the Applicant Company No.1 for the purpose of considering and, if thought fit, approving, with or without modification(s) the proposed Scheme of Arrangement between FORBES & COMPANY LIMITED, the Demerged






Company and FORBES PRECISION TOOLS AND MACHINE PARTS LIMITED, the Resulting Company shall be convened & held on Tuesday, 31<sup>st</sup> October, 2023 at at 2.00 P.M. **either through virtual meeting or physically at Indian Merchant Chambers, Churchgate, Mumbai 400020.**

12. That there are **2 (Two) Unsecured Creditors having value of Rs. 49,700/-** (Rupees Forty Nine Thousand Seven Hundred only) as on 31<sup>st</sup> March, 2023 **in Applicant Company No. 2.** That the convening and holding the meeting of the Unsecured Creditors of the Applicant Company No.2 for the purpose of considering and, if thought fit, approving, with or without modification(s) the proposed Scheme of Arrangement between FORBES & COMPANY LIMITED, the Demerged Company and FORBES PRECISION TOOLS AND MACHINE PARTS LIMITED, the Resulting Company is dispensed with an **undertaking that the no objection letter/Certificate/affidavit from both the Unsecured Creditors in Applicant Company No. 2 be filed at the time of filing of Company Petition.**
13. At least 30 clear days before the meeting of all the **Equity Shareholders and Unsecured Creditors of Applicant Company No. 1** to be held on Tuesday, 31<sup>st</sup> October, 2023 at 11.00 A.M and 2:00 P.M. respectively by Virtual or physical Meeting. A notice convening the meeting of all the Equity Shareholders of Applicant Company, together with a copy of the Scheme, a copy of the Explanatory Statement required to be sent under Section 230 of the Companies Act, 2013 and the prescribed form of proxy, shall be sent by registered post or by air mail or by courier or by speed post or by hand delivery or email to each of the Equity Shareholders and Unsecured Creditors of all the Applicant Company No. 1 at their




respective registered or last known addresses or by e-mail to the registered e-mail address of the Equity Shareholders and Unsecured Creditors as per the records of the Applicant Company No.1 or can be obtained free of charge at the registered office of the Applicant Company. The Applicant Company No.1 shall publish the notice convening the meeting of Equity Shareholders and Unsecured Creditors in 'Business Standard' in English and 'Navshakti' in Marathi having circulation in the State of Maharashtra in which the registered office of the company is situated.

14. The Applicant Company No. 1 undertakes to:
- i. Issue notice convening meeting of the Equity Shareholders and Unsecured Creditors as per Form No. CAA.2 (Rule 6) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016
  - ii. issue statement containing all the particulars as per Section 230 of the Companies Act, 2013;
  - iii. Issue form of proxy as per Form No. MGT-11 (Rule 19) of the Companies (Management and Administration) Rules, 2014; and
  - iv. advertise the notice convening meeting as per Form No. CAA.2 (Rule 7) the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
15. That Mr. Mahesh Tahilyani, Managing Director, shall be the Chairperson of the meeting of Equity Shareholders of the Applicant Company No. 1 and failing him, Mr. Nirmal Jagawat, Chief Financial Officer shall be the alternate Chairperson of the said meeting. The **Scrutinizer for the meeting of Equity Shareholders of the Applicant Company No. 1** shall be Mr. Bipin B Shah & Co., Chartered Accountant having address at – Flat



no. 1003, B-wing, Shree Swami Samarth, LJ road, Dadar – West Mumbai - 400016 on a fees of Rs. 50,000/- excluding taxes.

16. That Mr. Mahesh Tahilyani, Managing Director, shall be the Chairperson of the meeting of Unsecured Creditors of the Applicant Company No. 1 and failing him, Mr. Nirmal Jagawat, Chief Financial Officer shall be the alternate Chairperson of the said meeting. The **Scrutinizer for the meeting of Unsecured Creditors of the Applicant Company No. 1** shall be Mr. Bipin B Shah & Co., Chartered Accountant having address at – Flat no. 1003, B-wing, Shree Swami Samarth, LJ road, Dadar – West Mumbai - 400016 on a fees of Rs. 50,000/- excluding taxes.
17. The Chairperson appointed for the meeting of Equity Shareholders and Unsecured Creditors of the Applicant Company No. 1 to issue the notices of the meeting referred to above. The said Chairperson shall have all powers under the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 in relation to the conduct of the meeting(s), including for deciding procedural questions that may arise or at any adjournment thereof or any other matter including an amendment to the Scheme or resolution, if any, proposed at the meeting by any person(s).
18. The quorum for the meeting of the Equity Shareholders and Unsecured Creditors of the Applicant Company No. 1 shall be as prescribed under Section 103 of the Companies Act, 2013.
19. The voting by proxy or authorized representative in case of body corporate be permitted, provided that a proxy in the prescribed form/ authorization duly signed by the person entitled to attend and vote at the meeting, is filed with all the Applicant Company No.1 at their respective Registered Office not later than, 48 hours before the Equity Shareholders and Unsecured



Creditors meeting of Applicant Company No. 1 as required under Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

20. The value and number of the shares of each member shall be in accordance with the books/ register of all the Applicant Company No. 1 or depository records and where the entries in the books / register / depository records are disputed, the Chairperson of the Meeting shall determine the value for the purpose of the meeting of the Equity shareholders and Unsecured Creditors of Applicant Company No. 1 and his decision in that behalf would be final.
21. The Chairperson to file an affidavit not less than seven days before the date fixed for the holding of the meeting and do report this Tribunal that the direction regarding the issue of notices and advertisement have been duly complied with as per Rule 12 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
22. The Chairperson to report to this Tribunal, the result of the meeting of the Equity Shareholders of Applicant Company No. 1 within thirty days of the conclusion of the meeting, as per Rule 14 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
23. That Counsel for all the Applicant Company No. 1 submits that since the Scheme is an arrangement between the Applicant Company and their respective shareholders, only a meeting of the Equity Shareholders and Unsecured Creditors is proposed to be held in accordance with the provisions of Section 230(1)(b) of the Companies Act 2013.
24. The Consideration is as follows:



- i. 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*

25. The **Applicant Company is listed on the Bombay Stock Exchange (BSE)** and the approval from the BSE was obtained on 7<sup>th</sup> July, 2023 which is annexed to the Company Application being Exhibit Q. The Applicant Company No. 1 is not listed on any other stock exchange including National Stock Exchange (NSE).
26. The Applicant Companies to serve the notice upon the **Regional Director, Western Region**, Ministry of Corporate Affairs, Mumbai Maharashtra, pursuant to Section 230(5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. If no response is received by the Tribunal from Regional Director within 30 days of the date of receipt of the notice it will be presumed that Regional Director and/ or Central Government has no objection to the

proposed Scheme as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

27. The Applicant Companies to serve the notice upon **the Registrar of Companies**, Mumbai, pursuant to Section 230(5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, If no response is received by the Tribunal from the Registrar of Companies within 30 days of the date of receipt of the notice it will be presumed that Registrar of Companies has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules. 2016.
28. The Applicant Companies to serve the notice on the **concerned Income Tax Authority** within whose jurisdiction, The Applicant Company No. 1 and the Applicant Company No. 2. The Applicant Company's assessments are made, pursuant to Section 230(5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. If no response is received by the Tribunal from the Income Tax Authority within 30 days of the date of receipt of the notice it will be presumed that Income Tax Authority has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
29. The Applicant Companies are directed to serve Notice by Registered Post AD/Speed Post/Courier and Hand Delivery to the **concerned GST Authorities (if registered)** as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. If no response is received by the Tribunal from the GST Authority within 30 days of the date of receipt of the notice it will be presumed that GST Authority has no

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objection to the proposed Scheme as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

30. The Applicant Companies to serve the notice upon **the Bombay Stock Exchange Limited**, pursuant to Section 230(5) of the Companies Act, 2013 as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, If no response is received by the Tribunal from the Registrar of Companies within 30 days of the date of receipt of the notice it will be presumed that Bombay Stock Exchange Limited has no objection to the proposed Scheme as per Rule 8 of the Companies (Compromises, Arrangements and Amalgamations) Rules. 2016.
31. The Applicant Companies to file an affidavit of service within 10 working days after serving to notice to all the regulatory authorities as stated above and do report to this Tribunal that the directions regarding the issue of notices have been duly complied with.
32. The Appointed Date is 1<sup>st</sup> April, 2023.
33. Ordered accordingly.

SD/-

**Madhu Sinha**

**Member (Technical)**

/Abhay/LRA

SD/-

**Reeta Kohli**

**Member (Judicial)**