

Dear Shareholders,

The Hon'ble Mumbai Bench of the National Company Law Tribunal, has by its Order dated February 9, 2024 approved the Scheme of Arrangement between Forbes & Company Limited (FCL) and Forbes Precision Tools and Machine Parts Limited (FPTL) and their respective Shareholders.

As per Para 8 of the Scheme, in consideration for the demerger of Precision Tools Business (Demerged Undertaking), FPTL is required to issue and allot 4 (four) fully paid-up equity shares of Rs. 10 each to the equity shareholders of FCL (whose names appear in the register of members as on the Record Date) against 1 (one) fully paid-up equity shares of Rs. 10 each held by them in FCL.

FCL had fixed Tuesday, March 7, 2024 as the Record Date for the purpose of determining the shareholders of FCL to whom the fully paid-up equity shares of FPTL would be issued and allotted pursuant to the Scheme.

Accordingly, the Board of Directors of Forbes Precision Tools and Machine Parts Limited have on March 13, 2024 allotted in aggregate 5,15,94,464 equity shares of Rs. 10 each to those shareholders of FCL whose names appeared in the Register of Members as on the Record Date.

Section 49 of the Income Tax Act, 1961 ("Act") deals with the cost of capital assets with reference to certain modes of acquisition, including demerger.

As per the provisions of Section 49(2C) of the Act, the cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger.

As per the provisions of Section 49(2D) of the Act, the cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount as so arrived at under Section 49(2C) of the Act.

The net worth of FCL (on book value basis) as on March 31, 2023 (i.e. net worth of FCL prior to demerger of Precision Tools Business (Demerged Undertaking) into FPTL based on audited standalone financial statements of FCL as on March 31, 2023 was Rs. 206.85 crores. Further, the net book value of Precision Tools business/Demerged Undertaking transferred by the demerged company/FCL by way of demerger to resulting company/FPTL based on audited special purpose interim standalone financial statement of Forbes Precision Tools and Machine Parts Limited as on March 01, 2024 is Rs. 107.94 Crores. The proportion of the net book value of the assets of FCL demerged into FPTL vis-à-vis the net worth of FCL immediately before such demerger will be 52.18%.

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Based on the opinion obtained by the Company, to determine post demerger cost of acquisition of equity shares of FCL & FPTL in accordance with the provisions of Section 49(2C) & 49(2D) of the Act, the cost of acquisition for shareholders of FCL holding shares as on Record Date be apportioned in the following manner to arrive at the proportionate cost of acquisition of the equity shares of FCL and FPTL:

Name of the Company	Percentage of cost of acquisition of equity shares of FCL & FPTL
Forbes Precision Tools and Machine Parts Limited (as under Section 49(2C) of the Act)	52.18%
Forbes & Company Limited (as under Section 49(2D) of the Act)	47.82%
Total	100.00%

This communication is merely for the general guidance pertaining to the cost of acquisition and should not be construed as a substitute for any independent legal and/or tax opinion that may be obtained by the shareholders at their discretion. The Company does not take any express or implied liability in relation to this guidance nor any responsibility for any errors or omissions in this guidance or tax authorities taking a different view or any change in law or interpretation thereof.
