

**SCHEME OF ARRANGEMENT  
BETWEEN  
WEIKFIELD FOODS PRIVATE LIMITED  
AND  
ECO VALLEY FARMS & FOODS LIMITED  
AND  
THEIR RESPECTIVE SHAREHOLDERS**

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**PRELIMINARY**

This Scheme of Arrangement between Weikfield Foods Private Limited (the “Demerged Company” or “WFPL”) and Eco Valley Farms & Foods Limited (the “Resulting Company” or “EVFFL”) and their respective shareholders is presented under Sections 230 to 232 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for demerger of Fresh Mushroom Division & Organic Manure Division (“Demerged Undertaking” or “FOMD”) of the Demerged Company into the Resulting Company, as a going concern.

This Scheme is divided into following parts:

| PART | PARTICULARS                                                                                                |
|------|------------------------------------------------------------------------------------------------------------|
| I.   | Background, Rationale, Definitions and Share Capital                                                       |
| II.  | Demerger of Demerged Undertaking of Weikfield Foods Private Limited into Eco Valley Farms & Foods Limited. |
| III. | General Terms and Conditions                                                                               |

**PART-I**  
**BACKGROUND, RATIONALE, DEFINITIONS AND SHARE CAPITAL**

**1. BACKGROUND**

**Weikfield Foods Private Limited** is incorporated on 30<sup>th</sup> March 1998 under the Companies Act, 1956, in the State of Maharashtra. The Corporate Identity Number (CIN) of Weikfield Foods Private Limited is

U15549MH1998PTC114249. The registered office of Weikfield Foods Private Limited is situated at #3a ,3rd Floor, Vascon Weikfield Chambers, Nagar Road, Pune, Maharashtra, India, 411014. Weikfield Foods Private Limited is engaged in the business of Food Manufacturing and Distribution business.

**Eco Valley Farms & Foods Limited** is incorporated on 5<sup>th</sup> September 1994 under the Companies Act, 1956. The Corporate Identity Number (CIN) of Eco valley Farms & Foods Limited is U01402MH1994PLC080812. The registered office of Eco Valley Farms & Foods Limited is situated at GAT NO. 323/331, Village Bakori Taluka Haveli, Pune, Maharashtra, India, 412207. Eco valley Farms & Foods Limited is incorporated to carry out the business of trading, producing agricultural products and horticulture products.

## **2. RATIONALE OF THE SCHEME OF ARRANGEMENT**

It is proposed to demerge the Demerged Undertaking or Undertakings consisting of Fresh Mushroom Division & Organic Manure Division of Weikfield Foods Private Limited into Eco valley Farms & Foods Limited. The Demerged Undertaking and Remaining Business has been defined in clause 3.7 and 3.93.8 respectively given below. Both the businesses have matured & developed and are currently at different stages of maturity with differing capital and operating requirements including risk, marketing strategies necessitating different approaches and focus.

This arrangement would *inter alia* have the following benefits:

- 2.1 Creating a dedicated mushroom vertical with focused attention on the mushroom business, which will enable increased efficiencies and generate synergies amongst the various resources owned by EVFFL and better resource allocation, resulting in enhancement of shareholders' value.
- 2.2 FOMD business has a differentiated strategy, operations, different industry specific risks and operate inter alia under different market dynamics and growth trajectory than remaining business. The nature and competition involved in each of the businesses is distinct from

others and consequently each business or undertaking is capable of attracting a different set of strategic partners and other stakeholders.

- 2.3 The demerger will help demerged & resulting company to have unified approach on customer engagement, distribution and supply chain management which would lead to operational and financial efficiencies in all these functions.
- 2.4 The demerger will provide an independent opportunity for attracting different sets of investors, strategic partners if required for enabling independent collaboration and expansion in these specific businesses.
- 2.5 The proposed demerger will permit the management of each of the businesses to independently pursue differentiated strategies to unlock the value for each of the businesses in order to enhance returns for all stakeholders.
- 2.6 Accordingly, Demerged Company proposes to re-organize and segregate, by way of scheme of arrangement, its business and undertakings into different verticals one dealing in FOMD business, and other dealing in remaining FMCG business.

### 3. **DEFINITIONS**

In this Scheme, unless inconsistent with the subject or context, the following expression shall have the following meaning: -

- 3.1 **Weikfield Foods Private Limited or “WFPL” or “the Demerged Company”** means Weikfield Foods Private Limited a company incorporated under the Companies Act, 1956 having Corporate Identity Number (CIN) as U15549MH1998PTC114249, and having its registered office at #3a ,3rd Floor, Vascon Weikfield Chambers, Nagar Road, Pune, Maharashtra, India, 411014.
- 3.2 **Eco Valley Farms & Foods Limited or “EVFFL” or “the Resulting Company”** means Eco Valley Farms & Foods Limited , a company incorporated under the Companies Act, 1956 having Corporate Identity Number (CIN) as U01402MH1994PLC080812 and having its registered office at GAT NO. 323/331, Village Bakori Taluka Haveli, Pune, Maharashtra, India, 412207.

- 3.3 **“Act”** means the Companies Act, 2013 including any rules, regulations, orders and notifications made there under or any statutory modification thereto or re-enactment thereof for the time being in force.
- 3.4 **"Appointed Date"** shall mean 1<sup>st</sup> April 2024.
- 3.5 **“Board of Directors”** or **“Board”** in relation to the Demerged Company and Resulting Company as the case may be, means the Board of Directors of such companies and includes any committee of the Directors, constituted by the Board of Directors of the Respective Companies.
- 3.6 **“Companies”** means the Demerged Company and the Resulting Company collectively
- 3.7 **"Demerged Undertaking " or “Fresh Mushroom Division and Organic Manure Division”** of Weikfield Foods Private Limited shall mean and include (without limitation):
- 3.7.1 All assets and properties whether immovable, movable, tangible and intangible, corporeal or incorporeal, in possession or reversion intellectual property whether in possession or reversion, present or contingent, cash in hand, amounts lying in the Banks, escrow accounts, claims, powers, authorities , allotments, approvals, consents, letter of intent, registration, contracts, engagements, arrangement, rights, credits, titles, interests, benefits, advantages, rights, goodwill, licenses, approvals, Consents, Certificates from various statutory authorities, permits, authorities, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties etc., all earnest money and/or deposits privileges, liberties , easements, advantages, benefits, exemptions, licenses, fixed assets, debtors, current assets, loans and advances, powers, tenancy rights, rights, titles, interests, benefits and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, and all other

interests belonging to or in the ownership, power or possession or in the control of or vested in or granted in favour of or being related to the Demerged Undertaking (hereinafter referred to as “the said **Assets**”).

3.7.2 All debts, liabilities, duties and obligations of the Demerged Undertaking (hereinafter referred to “the said **Liabilities**”).

3.7.3 Without prejudice to the generality of Sub-clause 3.7.1 and 3.7.2 above, the Demerged Undertaking shall include all assets including claims, powers, consents, registrations, contracts, enactments, arrangements, rights, titles, interest, benefits, advantages as may be mutually agreed between the Board of Directors of Demerged and Resulting company and systems of any kind whatsoever, and benefits of all agreements and other interests including rights and benefits under various schemes of different taxation laws as may belong to including refund, rights and powers of every kind, nature and description of whatsoever probabilities, liberties, easements, advantages, and approval of, whatsoever nature and wheresoever situated, belonging to or in ownership, power or possession or control or entitlement and all other assets relating to the Demerged Undertaking as identified and approved by the Board of Directors of the Respective Companies .

3.7.4 All contracts, agreements, purchase orders/service orders, agreement with customers, purchase and other agreements with service providers, other arrangement, undertakings, deeds, bond, schemes, insurance covers and claims clearances and other instruments of whatsoever nature and description including all client registration, forms/ Know your Clients/Power Of Attorney etc, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the demerged business.

- 3.7.5 All books, records, files, papers, records of standard operating procedures, computer programs along with their licenses, manuals, data, catalogues, quotations sales and advertising materials, other records whether in physical or electronic form, in connection with or relating to the demerged business.
- 3.7.6 Permanent employees, if any, engaged by Weikfield Foods Private Limited with respect to the Demerged Undertaking; and
- 3.7.7 For the purpose of this Scheme, it is clarified that liabilities pertaining to the Demerged Undertaking shall include:
- i. Liabilities which directly and specifically arise out of the activities or operations of the Demerged Undertaking;
  - ii. Liabilities both present and contingent;
  - iii. Specific loans and borrowings raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking;
  - iv. Liabilities other than those referred to in (i) or (ii) or (iii) above, i.e. the amounts of general or multi-purpose borrowings of Weikfield Foods Private Limited allocated to the Demerged Undertaking in proportion as identified by the management on the Appointed Date, however, the same without detriment to the security for such borrowings to the lenders as it existed before the Scheme coming into operation.

**Explanation:**

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking or not will be decided by mutual agreement or consent between the Board of Directors of the Demerged Company and the Resulting Company.

- 3.8 **"Operative Date"** means the date on which certified copies of the Tribunal order sanctioning this Scheme is filed with the Registrar of Companies, Pune.
- 3.9 **"Remaining Business" or "FMCG Business"** of Weikfield Foods Private Limited means all business, undertaking and assets and liabilities remaining after demerger of Fresh Mushroom Division & Organic Manure Division and/or all business as may thereafter be undertaken by the WFPL from time to time.
- 3.10 **"Scheme of Arrangement" or "this Scheme" or "the Scheme"** means this Scheme of Arrangement between the Demerged Company and the Resulting Company and their respective shareholders in its present form with any amendment/modifications approved or imposed or directed by the shareholders or creditors and/or by the Tribunal and accepted by the board of directors of the Demerged Company and the Resulting Company.
- 3.11 **"Tribunal" or "NCLT"** shall mean the National Company Law Tribunal, Mumbai Bench (hereinafter referred to as **"the Tribunal" or NCLT**) constituted by the Central Government by a Notification in the Official Gazette and the proceedings initiated under Section 230 to 232 of the Companies Act, 2013.

Any references in the Scheme to "upon the Scheme becoming operative" or "Operativeness of the Scheme" shall mean the Operative 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, including any statutory modification or re-enactment thereof from time to time.

#### **4. SHARE CAPITAL**

- 4.1 The Authorised, Issued, Subscribed and Paid-up Share Capital of WFPL as on 31<sup>st</sup> March 2024 is as under:

| Particulars                                  | Amount in Rs.      |
|----------------------------------------------|--------------------|
| <b>Authorized:</b>                           |                    |
| 27,60,000 Equity Shares of Rs. 10/- each     | 2,76,00,000        |
| <b>Total</b>                                 | <b>2,76,00,000</b> |
| <b>Issued, Subscribed and Fully Paid-Up:</b> |                    |
| 16,82,481 Equity Shares of Rs. 10/- each     | 1,68,24,810        |
| <b>Total</b>                                 | <b>1,68,24,810</b> |

After 31<sup>st</sup> March 2024, there is no change in share capital of WFPL till date.

4.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of EVFFL as on 31<sup>st</sup> March 2024 is as under:

| Particulars                                         | Amount in Rs.       |
|-----------------------------------------------------|---------------------|
| <b>Authorized Share Capital</b>                     |                     |
| 1,70,10,000 Equity Shares of Rs. 10/- each          | 17,01,00,000        |
| <b>TOTAL</b>                                        | <b>17,01,00,000</b> |
| <b>Issued, Subscribed and Paid-up Share Capital</b> |                     |
| 11, 29, 557 Equity Shares of Rs. 10/- each          | 1,12,95,570         |
| <b>TOTAL</b>                                        | <b>1,12,95,570</b>  |

After 31<sup>st</sup> March 2024, there is no change in share capital of EVFFL till date.

## PART-II

### DEMERGER OF DEMERGED UNDERTAKING OF WEIKFIELD FOODS PRIVATE LIMITED INTO ECO VALLEY FARMS & FOODS LIMITED

#### 5. TRANSFER AND VESTING OF THE UNDERTAKING

The Demerged Undertaking of the Demerged Company shall be transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company in the following manner:

5.1 With effect from the Appointed Date, the whole of the Demerged Undertaking comprising of all movable assets and properties and all other assets and liabilities of whatsoever nature and wheresoever situated, shall, under the provisions of



Section 230 to Section 232 and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in clauses 5.2 and 5.3 below) be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company as a going concern so as from appointed date to become as the assets and liabilities of the Resulting Company from the Appointed Date and to vest in the Resulting Company all the rights, title, interest or obligations of the Undertaking of Demerged Company therein.

- 5.2 All the movable assets including cash in hand, if any, of the Demerged Undertaking of Demerged Company, capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Resulting Company in pursuance of the provisions of this Scheme, Section 230 to 232 of the Companies Act, 2013, and other applicable laws, without requiring any deed or instrument of conveyance for the same and upon such transfer the same shall become the property, estate, assets, rights, title interest and authorities of the Resulting Company.
- 5.3 In respect of movables other than those specified in sub-clause 5.2 above, with respect to assets forming part of the demerged undertaking including all rights, title and interests in the agreements, cash in hand, amounts lying in the Banks, investments, escrow accounts, claims, powers authorities , allotments, approvals, consents, letter of intent, registration, contracts, engagements, arrangement, rights, credits, titles, interests, benefits, advantages, rights, goodwill, licenses, approvals, permits, authorities, deposits, advances, recoverable and receivables, investment in shares, mutual fund, bonds and any other securities, sundry debtors, outstanding loans and advances if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies whether or not the same is held in the name of demerged company the same shall without any further act, instrument or

deed be transferred to and vested in and/or be deemed to be transferred to and vested in Resulting Company with effect from Appointed date by operation of law in favor of resulting company, and other persons, the following modus operandi for intimating to third parties shall to the extent possible be followed:

5.3.1 The Resulting Company shall give notice in such form as it may deem fit and proper, to each person, debtor or depositor as the case may be, that pursuant to the Tribunal having sanctioned the Scheme of the Demerged Company and the Resulting Company, the said debt, loan advance or deposit be paid or made good or held on account of the Resulting Company as the person entitled thereto to and that appropriate entry should be passed in its books to record the aforesaid change;

5.3.2 Demerged Company shall also give notice in such form as they may deem fit and proper to each person, debtor or depositor that pursuant to the Tribunal having sanctioned the Scheme of the Demerged Company and the Resulting Company, the said debt, loan, advance or deposit be paid or made good or held on account of the Resulting Company and that the right of the Demerged Company to recover or realize the same stands extinguished.

5.4 With effect from the Appointed Date, all, debts, liabilities, contingent liabilities if any, duties and obligations of every kind, nature and description of the Demerged Undertaking of the Demerged Company shall also under the provisions of Section 230 to 232 of the Act read with rules made thereunder, without any further act or deed, be transferred to or be deemed to be transferred to Resulting Company so as to become as from the Appointed Date the debts, liabilities, contingent liabilities if any, duties and obligations of Resulting Company and it shall not be necessary to obtain the consent of any third party or another person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities,

duties and obligations have arisen, in order to give effect to the provisions of this Sub-clause. The amount of general or multipurpose borrowings, if any, of the demerged company will be apportioned basis the proportion of the value of the assets transferred as part of Demerged Undertaking to the total value of assets of demerged company immediately before Appointed Date;

- 5.5 All assets of the Demerged Undertaking of Demerged Company deemed to be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company as a going concern so as to become the assets of the Resulting Company as from the Appointed Date, upon Scheme becoming operative the Demerged Company will follow the necessary procedure to transfer them in the name of Resulting Company. The registrations including all registrations in the name of the Demerged Company with respect to the Demerged Undertaking shall be deemed to be transferred in the name of the Resulting Company.
- 5.6 In case of registrations in the name of the Demerged Company pertaining to the Demerged Undertaking, other than the registrations mentioned above, the Resulting Company may make a fresh application to the appropriate authorities to procure the same, by complying with the requisite laws or regulations.
- 5.7 It is clarified that the Scheme shall not in any manner affect the rights and interest of the creditors of the Demerged Company or be deemed to be prejudicial to their interests.
- 5.8 For the purpose of effectively transferring the amounts lying in the Bank accounts and shares and securities, if any lying in demat accounts of the Demerged Company pertaining to its Demerged Undertaking and for recovering the amounts due, the Resulting Company shall be entitled to continue with their bank accounts after the operative Date.
- 5.9 The existing encumbrances over the assets and properties of the Resulting Company or any part thereof which relate to the

liabilities and obligations of the Resulting Company prior to the Operative Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Demerged Company transferred to and vested in the Resulting Company by virtue of this Scheme.

5.10 The Arrangement of the Demerged Company with the Resulting Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income Tax Act, 1961, 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 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 the other parts of the Scheme.

**6. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS.**

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments entered into by the Demerged Company, if any, of whatsoever nature and relating only to the Demerged Undertaking subsisting or being in force on the Operative Date, shall be in full force and effect against or in favour of the Resulting Company, as the case may be, 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 thereto from inception. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations, in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any 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 Part II of the Scheme.

**7. LEGAL PROCEEDINGS**

- 7.1. All legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date relating only to the Demerged Undertaking of the Demerged Company, as and from the Operative Date, shall be continued and enforced by or against Resulting Company in the manner and to the same extent as would or might have been continued and enforced by or against the Demerged Company.
- 7.2. After the Operative Date, if any proceedings are taken against the Demerged Company or its successor in respect of the matters referred to in clause 7.1 above, it shall defend the same at the cost of Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company or its successor against all liabilities and obligations incurred by the Demerged Company or its successor in respect thereof. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in clause 7.1 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 or its successor.
- 7.3. In respect of the legal proceedings of whatsoever nature by or against the Demerged Company pending and/or arising at the Appointed Date relating only to the Demerged Undertaking of the Demerged Company, if the Demerged Company or the Resulting Company receive any compensation by the Order of the Court or otherwise which cannot be divided amongst the Demerged Company and the Resulting Company, the same will be so divided between the Demerged Company and the Resulting Company as mutually decided by the Board of Directors of the Demerged Company and the Resulting Company.

**8. EMPLOYEES:**

- 8.1 All permanent Employee/Employees pertaining to the Demerged Undertaking of Demerged Company, in service on the Operative Date, shall become employees of the Resulting Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favorable than those subsisting with reference to the Demerged Company as on the said date. The services of such employees shall not be treated as having been broken or interrupted for the purpose of provident fund or gratuity or superannuation or statutory purposes or otherwise and for all purposes will be reckoned from the date of appointment with the Demerged Company. All the rights, duties, powers and obligations of the Demerged Company in relation to the provident fund or gratuity or superannuation or statutory funds shall become those of the Resulting Company.
- 8.2 It is expressly provided that, upon the Scheme becoming operative, the provident fund, gratuity fund, contribution towards employees state insurance, if any, any type labour welfare fund as may be created, or any other special fund or trusts created or existing for the benefit of the Employees of Demerged Company (collectively referred to as the “**Funds**”) shall be transferred to similar Funds created/ to be created by the Resulting Company and shall be held for their benefit pursuant to this Scheme or, at the Resulting Company’s sole discretion, maintained as separate Funds by the Resulting Company. In the event that the Resulting Company does not have its own Funds in respect of any of the above, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own Funds, at which time the funds and the investments and contributions pertaining to the Employees of Demerged company shall be transferred to the Funds created by the Resulting Company.

**9. ISSUE OF SHARES:**

- 9.1 Upon the Scheme becoming operative and in consideration of the transfer and vesting of the Demerged Undertaking of the Demerged Company in the Resulting Company in terms of this Scheme, the Resulting Company shall, without any application or deed, issue and allot to the shareholders of the Demerged Company whose names appear in the register of members of the Demerged Company either:
- 9.1.1 100 (Hundred) Equity Shares of the face value of Rs. 10/- each fully paid up of the Resulting Company for every 1052 (One Thousand Fifty-Two) Equity Shares of the face value Rs. 10/- each held by the shareholders in the Demerged Company or
- 9.1.2 100 (Hundred) Non-Cumulative Redeemable Preference Shares of the face value of Rs. 10/- each fully paid up of the Resulting Company for every 1052 (One Thousand Fifty-Two) Equity Shares of the face value Rs. 10/- each held by the shareholders in the Demerged Company.
- 9.2 The shares issued by Resulting Company to the Members of Demerged Company pursuant to Clause 9.1 above and holding shares shall be issued in physical or demat mode.
- 9.3 The terms of the Non-Cumulative Redeemable Preference Shares are set out as **Annexure 1** to this Scheme.
- 9.4 Shares of Resulting Company issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank pari passu in all respects amongst them, with all rights thereto and shall be entitled to full dividend, if any, which may be declared by the Resulting Company after the Operative Date of the Scheme.
- 9.5 If any fractional entitlement of share arises out of such above allotment, then the Board of Directors of the Transferee

Company shall instead round off the fractional entitlements to the next integer and issue and allot shares accordingly after making necessary adjustments to the swap ratio to give effect to this provision.

- 9.6 The Resulting Company shall, if necessary and to the extent required, increase its Authorized Share Capital to facilitate issue and allotment of Shares under this Scheme. Consent to this scheme shall be treated as consent required for the increase in authorized capital of the resulting company.
- 9.7 After receipt of the final order from NCLT, the Resulting Company shall approach the Shareholders of the Demerged Company with a notice (“Election Notice”) which shall allow the shareholders of the Demerged Company to choose between options:
- a. Issuance and allotment of Equity Shares by Resulting Company (as consideration pursuant to Clause 9.1 above) or
  - b. Issuance and allotment of Redeemable Preference Shares by Resulting Company (as consideration pursuant to Clause 9.1 above).
- 9.8 After receipt of the notice, within such reasonable period (not lessor than 7 days) as mentioned in the notice, Shareholders shall communicate their decision to the Resulting Company in the format prescribed in the notice.
- 9.9 If any of the shareholders fail to communicate their decision within stipulated period, the Resulting Company shall issue equity shares as a consideration (“Default Option”).
- 9.10 It is clarified that the option to receive equity shares or Non-Cumulative Redeemable Preference Shares shall be available only with resident shareholders and non-resident shareholders shall be compulsorily be allotted equity shares.
- 9.11 The issue and allotment of Shares of the Resulting Company to the shareholders of the Demerged Company as provided in the Scheme as an integral part thereof, shall be deemed to have been carried out under orders passed by the tribunal without requiring any further act on the part of resulting company or



demerged company or their shareholders and made in compliance with the procedure laid down under the provisions of this Act.

## **10. ACCOUNTING TREATMENT**

Notwithstanding anything to the contrary herein, upon this Scheme becoming effective, the Resulting Company shall give effect to the accounting treatment in the books of accounts in accordance with the accounting standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 or any other relevant or related requirement under the Act, as applicable on the Appointed Date.

### **10.1 Accounting Treatment in the books of Weikfield Foods Private Limited**

10.1.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Company shall reduce the book value of all the assets and liabilities pertaining to the Demerged Undertaking relating to the Demerged Undertaking, as identified by the Board of Director of Demerged Company, transferred to the Resulting Company from its books of accounts.

10.1.2 The excess of book value of the assets transferred over the book value of the liabilities of the Demerged Undertaking to WFPL shall be adjusted against the Reserve & Surplus.

### **10.2 Accounting Treatment in the Books of Eco valley Farms & Foods Limited**

10.2.1 Upon coming into effect of this Scheme and with effect from the Appointed Date, Eco valley Farms & Foods Limited shall account for the transfer and vesting of the Demerging Undertaking in its books of accounts as per the applicable accounting principles.

10.2.2 Eco valley Farms & Foods Limited shall, record the assets and liabilities of the Demerged Undertaking vested

in it pursuant to this Scheme at the respective book values appearing in the books of Weikfield Foods Private Limited.

10.2.3 The shares issued by Eco valley Farms & Foods Limited shall be recorded at nominal value.

10.2.4 The difference i.e. the excess of the value of the assets over the transferred liabilities pertaining to the Demerged Undertaking and reserves relating to the Demerged Undertaking transferred from the Demerged Company over the nominal value of the shares issued by the Resulting Company shall be credited to Capital Reserve Account.

#### **11. OPERATIVE DATE OF THE SCHEME**

The Scheme set out herein in its present form or with any modification(s) as approved or imposed or directed by the Hon'ble Tribunal shall be effective from the Appointed Date but shall become operative from the Operative Date.

#### **12. CONDUCT OF ACTIVITIES BY THE DEMERGED COMPANY TILL OPERATIVE DATE:**

With effect from the appointed date of the Scheme and up to and including the Operative Date.

12.1 The Demerged Company shall carry on or deemed to have carried on all their respective activities pertaining to the Demerged Undertaking and shall be deemed to have held or stood possessed of and shall hold and stand possessed of all the said Assets for and on account of and in trust for the Resulting Company. The Demerged Company hereby undertakes to hold the Assets, Properties and Liabilities with utmost prudence until the operative date. All the profits or income accruing or arising to the Demerged Undertaking of the Demerged Company or expenditure or losses arising or incurred by the Demerged Undertaking of the Demerged Company shall for all purposes be treated and be deemed to be and accrued as the profits and

income or expenditure or losses of the Resulting Company, as the case may be.

- 12.2 The Demerged Company shall carry on its respective activities pertaining to the Demerged Undertaking with reasonable diligence, business prudence and shall not alienate, charge, mortgage, encumber or otherwise deal with the assets of the Demerged Undertaking or any part thereof except in the ordinary course or pursuant to any pre-existing obligation undertaken by the Demerged Company prior to the Appointed Date or except with prior written consent of the Resulting Company.
- 12.3 The Undertaking of Demerged Company shall not, without prior written consent of the Resulting Company, undertake any new activities.
- 12.4 The Demerged Company shall not, without prior written consent of the Resulting Company, take any major policy decisions in respect of management and activity of the Company and shall not change its present capital structure.
- 12.5 The Resulting Company shall be entitled, pending the sanction of the Scheme, to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law or rules, for such consents, approvals and sanctions, which the Resulting Company may require pursuant to this Scheme.

### **13. FACILITATION PROVISION**

- 13.1 Immediately upon the scheme being effective the demerged company and the resulting company shall enter into agreements as may be necessary, inter alia in relation to use of office space, infrastructure facilities information technology services , legal , administrative and other services etc., on such terms and conditions that may be mutually agreed between them.
- 13.2 Without prejudice to the generality of the foregoing clause 13.1 above, immediately upon scheme being effective the demerged company and resulting company shall enter into necessary

agreements whereby the demerged company shall provide shared services viz. accounting, tax, human resources , legal ,secretarial etc., to resulting company on such terms and conditions that may be mutually agreed between them.

**14. SAVING OF CONCLUDED TRANSACTIONS & PROCEEDINGS**

The transfer of and vesting of the Demerged Undertaking, as per this Scheme and the continuance of proceedings by or against the Resulting Company shall not affect any transaction or proceedings already concluded by the Demerged Company in respect of the Demerged Undertaking, on or after the Appointed Date till the Operative Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in respect thereto as if done and executed by the Demerged Company on behalf of the Resulting Company.

**15. TAXES AND DUTIES**

- 15.1 All tax liabilities / refunds / credits / claims relating thereto under the Income-tax Act, Customs Act, Goods and services Tax or other applicable laws / regulations dealing with taxes / duties / levies [hereinafter in this Clause referred to as "**Tax Laws**"] pertaining to the Demerged Undertaking of the Demerged Company to the extent not provided for or covered by tax provision in the financial statements made as on the date immediately preceding the Appointed Date shall be treated as liabilities / refunds / credits / claims of the Resulting Company and shall be transferred to the Resulting Company. Any surplus in the provision for taxation/ duties/ levies account including advance tax and TDS, credit for minimum alternate tax/ service tax, Goods and Service Tax or such other credits as on the date immediately preceding the Appointed Date will also be transferred to and become the advance tax/other tax of the Resulting Company.

- 15.2 The refund under the Tax Laws due to the Demerged Company pertaining to its Demerged Undertaking consequent to the assessments made on the Demerged Company whether before or after the appointed date and for which whether credit is taken or not in the financial statements as on the date immediately preceding the Appointed Date shall also belong to and be received by the Resulting Company.
- 15.3 Without prejudice to the generality of the above, all benefits, credits, refunds, exemptions, incentives or concessions under Tax Laws as may be applicable, with respect to the Demerged Undertaking, to which the Demerged Company is entitled to in terms of the applicable Tax Laws of the Union and State Governments in India, shall be available to and vest in the Resulting Company.
- 15.4 The Resulting Company shall be entitled to file / revise its income tax returns, Goods and Service Tax Return, tax deducted at source certificates, tax deducted at source returns and other statutory returns and filings, if required under the Tax Laws, and shall have the right to claim or adjust refunds, advance tax credits, credit for minimum alternate tax / tax deducted at source / foreign taxes withheld/ paid, input tax credits etc. of the Demerged Company if any, as may be required consequent to implementation of this Scheme.
- 15.5 All expenses paid by the Demerged Company under Section 43B, Section 40(a) of the Income-tax Act, 1961 etc., in relation to the Demerged Undertaking, shall be claimed as a deduction by the Resulting Company and the vesting of Demerged Undertaking shall be considered as succession of business by the Resulting Company.
- 15.6 It is clarified that demerger in itself is a specific code and the taxability is envisaged specifically under the Income Tax Act, 1961. Subject to the compliance with the prescribed conditions under Section 2(19AA) of the Income Tax Act, 1961, the demerger shall be exempt as provided under Section 47 of the Act. Further, the provisions of Section 2(22) are not applicable in

the hands of the Resulting Company on the assets vested from the Demerged Company to the Resulting Company.

**16. REMAINING BUSINESS**

The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company which shall continue to exist as a legal entity.

- 16.1 Demerged entity shall carry on its business and activities pertaining to the remaining business in the ordinary course and nothing herein contain shall affect the business and activities of demerged company in relation to remaining business of demerged company.
- 16.2 All assets and properties acquired by demerged company at any time shall to the extent that the same do not related to demerged undertaking, form part of the remaining business of demerged company.
- 16.3 All liabilities, debts and obligations incurred by or arising against demerged company at any time to the extent that same do not relate to demerged undertaking, form part of the remaining business of demerged company.
- 16.4 All employees of Remaining Business of the Demerged Company, who are in service on the date immediately preceding the Operative Date shall continue to remain employees of the Demerged Company without any break or interruption in service and on terms and conditions no less favourable than those on which they are engaged by the Demerged Company as on the Operative Date.
- 16.5 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 and relating to the Remaining Business, shall be continued and enforced by or against the Demerged Company.
- 16.6 All profits accruing to the Demerged Company or all losses incurred by it relating to the Remaining Business with effect from

the Appointed Date and thereafter, shall be treated as the profits or losses, as the case may be, of the Demerged Company.

**17. INCOME TAX COMPLIANCE**

- 17.1 The Scheme is drawn in compliance with Section 2(19AA) and section 2(41A) of the Income Tax Act, 1961 pertaining to demerger and always should be read as in compliance of the said Section.
- 17.2 If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section 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 IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) and section 2(41A) of the IT Act. Such modifications will however not affect the other parts of the Scheme.

**PART – III**

**GENERAL TERMS AND CONDITIONS**

**18. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL**

The Demerged Company and the Resulting Company shall make applications and/or petitions under Sections 230 to 232 read with other applicable provisions of the Act to the Hon'ble Tribunal, Mumbai Bench or such other appropriate authority in respect of the Demerged Company and Resulting Company for sanction of this Scheme.

**19. MODIFICATIONS, AMENDMENTS TO THE SCHEME**

- 19.1 The Demerged Company and the Resulting Company by their respective Directors or authorized person so nominated in that behalf, may assent to any modification or amendment to this Scheme which the Hon'ble Tribunal and/ or any other authority 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 in the best interest of all stakeholders. All amendment/modification pursuant to this clause shall be subject to the approval of Hon'ble Tribunal. The Demerged Company and the Resulting Company by their respective Directors or authorized person so nominated in that behalf be and are hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the 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. All amendment/modification pursuant to this clause shall be subject to the approval of Tribunal.

- 19.2 Any error, mistake, omission, commission which is apparent and/or absurd in the Scheme should be read in a manner which is appropriate to the intent and purpose of the Scheme.

## **20. SCHEME CONDITIONAL UPON APPROVALS / SANCTIONS**

- 20.1 The Scheme has been approved by the respective Board of Directors of the Demerged Company and Resulting Company and approving the filing of requisite Application/Petition before the Hon'ble Tribunal/ NCLT for seeking necessary directions and sanctions of the Scheme.
- 20.2 The scheme is subject to the approval by the requisite majorities of the equity shareholders and creditors of the Demerged Company and the Resulting Company as may be directed by the Hon'ble Tribunal under Section 230 to 232 of the Act.
- 20.3 The sanction of the Hon'ble Tribunal at Mumbai being obtained under Sections 230 to 232 and other relevant provisions of the Act, as required on behalf of the Demerged Company and the Resulting Company.



- 20.4 The requisite consents, approvals or permissions if any of the Government Authority or any other Statutory Authorities which by law may be necessary for the implementation of this Scheme.
- 20.5 The Certified Copies or Authenticated Copies of such orders sanctioning the Scheme being filed with the Registrar of Companies, Pune.
- 20.6 All other sanctions and approvals as may be required under any law with regard to this Scheme are obtained.

**21. EFFECT OF NON-RECEIPT OF APPROVAL/ SANCTION:**

In the event of any of the said sanctions and approvals referred to in the preceding Clause 20 not being obtained and / or the Scheme not being sanctioned by the Hon'ble Tribunal or such other competent authority and / or the order or orders not being passed as aforesaid, or for any other reason, the Scheme cannot be implemented, the Scheme shall become null and void and the Demerged Company shall bear the entire cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

**22. VALIDITY OF EXISTING RESOLUTION ETC.**

Upon the coming into operation of this Scheme, the resolutions, if any of the Demerged Company in relation to the Demerged Undertaking which are valid and subsisting on the Operative date shall continue to be valid and subsisting and be considered as resolutions of the Resulting Company and if any such resolutions have monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then said limits shall be added to the limits, if any, under like resolutions passed by the Resulting Company and shall constitute the aggregate of said limits in the Resulting Company.

**23. EXPENSES CONNECTED WITH THE SCHEME**

All cost including Stamp Duty, charges and expenses in relation to or in connection with this Scheme and of carrying out and completing the terms and provisions of this Scheme and/or incidental to the completion of Arrangement of the Demerged Company and the Resulting

Company in pursuance of the Scheme shall be borne and paid by the Demerged Company/ Resulting Company as may be mutually decided.

**Annexure A**

**Terms of the Redeemable Preference Shares**

| Terms                                                                | Particulars                                                                                                                                                              |
|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Face Value                                                           | INR 10 each                                                                                                                                                              |
| Issue Price                                                          | INR 684 per preference Share (based on the Valuation Report)                                                                                                             |
| Rate of Dividend                                                     | 8% per annum                                                                                                                                                             |
| Cumulative/Non-Cumulative                                            | Non- Cumulative                                                                                                                                                          |
| Redemption / Conversion Option                                       | Non-Cumulative Preference Shares shall be compulsorily redeemed at fair value as on the date of redemption.                                                              |
| Maximum Tenure                                                       | 19 years & 11 months                                                                                                                                                     |
| Redemption/Conversion Time                                           | The Company can any time after period of one year from the issue can give notice to the holders for redemption.                                                          |
| Priority with respect to payment of dividend or repayment of capital | Preference Shares will carry a preferential right vis-à-vis equity shares of the company with respect to payment of dividend and repayment of capital during winding up. |
| Participation in surplus funds                                       | Preference Shares shall be non-participating in the surplus funds and profits, on winding-up which may remain after the entire capital has been repaid                   |
| Voting Rights                                                        | Preference Shares voting rights will be governed as prescribed under the provisions of the Companies Act, 2013                                                           |