SCHEME OF REDUCTION OF CAPITAL

BETWEEN

TRANSGLOBE FOODS LIMITED

AND

ITS

SHAREHOLDERS

This scheme of Reduction of Capital is presented under Sections 66 and other applicable provisions, if any, of the Companies Act, 2013 for undertaking financial restructuring of TRANSGLOBE FOODS LIMITED ("The Company" or "TFL") whereby TFL would create Capital Restructuring Account by reducing the Equity share capital to adjust part of the debit balance in Profit and Loss Account as detailed in the Scheme as under.

PART I - PREAMBLE

1. Back ground

TRANSGLOBE FOODS LIMITED, a company registered under the Companies Act, 1956 having its registered office at 701/2, Sai Janak Classic, Near Sudhir Phadke Flyover, Devidas Lane, Borivali (West), Maharashtra ,400 103 and was engaged in the business of manufacturing, producing, processing, importing and exporting of vegetarian and non-vegetarian processed foods from grain, cereals, seeds, vegetables, fruits, plants, oilseeds, edible oil, meal, fish and eggs. However there is no significant activities in the recent past and have not generated any revenue from its operations during the last year.

The share capital structure of the Company as on March 31, 2018 and 31st March, 2017 is as follows:

Authorised Share Capital:	**Rs.**
40,00,000 Equity Shares of Rs. 10/- each.	4, 00, 00,000
Issued, subscribed and paid up Share Capital	
28,97,900 Equity Shares of Rs.10/- each fully paid up	2,89,79,000
Add Forfeited Shares	27,64,000
Total	3,17,43,000

TRANSGLOBE FOODS LIMITED PRK

A summarized view of the financials of the Company as per Audited Balance Sheet as at 31st March, 2018 are as under:

PARTICULARS	Amount (In Rupees) 31.03.2018
Paid up Capital	2,89,79,000
Add Forfeited shares	27,64,000
Non Current Assets	35,641
Current Liabilities	1,15,558
Current Assets	2,30,148
Revenue from Operations	-
Indirect Income	240
Total Revenue	240
Expenditure	24,67,500
Profit / (Loss) for the year	(24,65,656)
Accumulated Losses	(3,15,92,769)

As per the last audited Balance Sheet as at 31st March, 2018, the Company has accumulated losses of Rs.3,15,92,769/- respectively.

Due to heavy losses incurred by the Company during last few years, the capital of the company has been eroded and the net worth has virtually become negative.

The promoter of the Company planned strategy to revive the Company with the financial help of Business associates.

The Board of Directors of the Company propose to reduce share capital in accordance with Sections 66 of the Companies Act, 2013 to reflect its assets and liabilities at their real value and maximize its business value.

Part II-DEFINITIONS

2. Definitions

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

A "**Act**" means the Companies Act, 2013, as applicable, and the rules and regulations made there under and will include any statutory modifications, re-enactments and/ or amendments thereof from time to time.

TRANSGLOBE FOODS LIMITED PRK

B "**Appointed Date**" means 1st April, 2018 or such other date as may be fixed or approved by the Hon'ble National Company Law Trubunal, Mumbai Bench, Mumbai.

C **Accumulated Losses**" means and include the total amount shown under the head "Reserve and Surplus (debit balance of Profit and Loss Account)" as appearing in the audited balance sheet of the Company as at 31st March, 2018 respectively.

D "**Board**" means Board of Directors of the Company, as the case may be.

E "**BSE**" means BSE Limited

F "**Company** "means "TRANSGLOBE FOODS LIMITED"

G "**Capital Restructuring Account**" means the special account created by transferring amount from the Paid up Equity Share Capital of the Company for the purpose of this Scheme and to be utilized for writing off Accumulated Losses of the Company in accordance with Clause 5 at the Scheme.

H "**CSE**" means the Calcutta Stock Exchange Limited

I "**Effective Date**" means the last of the dates on which all the conditions and matters referred to in Clause 11 of this Scheme occur or have been fulfilled or waived in accordance with this Scheme. References in this Scheme to date of 'coming into effect of the Scheme' or 'effectiveness of the Scheme' shall mean the Effective Date.

J "**Equity Shares**" means fully paid equity shares of Rs. 10/ - each issued by the Company till the effective date and post effective date, number of fully paid up Equity shares will be reduced.

K "**Financial Statements**" would include stand alone quarterly/annual accounts of the Company (including balance sheet, cash flow statements, profit and loss account) and other financials published along with annual accounts, and quarterly/public reported financial statements of the Company.

TRANSGLOBE FOODS LIMITED PRK

L "**Record Date**" (for reduction of capital) means the date(s) to be decided by the Board of Directors or a committee for the purpose of reckoning the name of the Equity Shareholders who shall be entitled to new shares upon giving effect to the order of the Hon'ble National Company Law Tribunal sanctioning the Scheme.

M "**This Scheme** or The Scheme or Scheme" means this Scheme of Arrangement for restructuring of capital as provided herein its present form or with such alterations/modifications as may be approved or imposed or directed by the any of the Regulatory Authorities and may be approved by Hon'ble National Company Law Tribunal.

N "**Shareholder**" means a person holding Equity Shares, who is registered as a member in the Register of Members of the Company.

O "**Stock Exchange**" means BSE Limited and the Calcutta Stock Exchange Limited, the stock exchanges on which the shares of the Company are listed.

P "**SEBI**" means the Securities and Exchange Board of India.

Q "**National Company Law Tribunal**" means National Company Law Tribunal, Mumbai Bench, Mumbai.

All terms and words not defined in the scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, Securities Contract Regulation Act, 1956, Securities and Exchange Board of India Act, 1992, Depositories Act, 1996, SEBI(LODR) Regulations, 2015 and other applicable laws, rules, regulations, bye laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.

PART III – OBJECTIVE OF THE SCHEME

3. Broadly, the objectives of the financial restructuring are as under:

a. Continuous losses have substantially wiped off the value represented by the Capital, reserves and surplus and accordingly the financial statements do not reflect the correct picture of the health of the Company.

TRANSGLOBE FOODS LIMITED PRK

b. For ensuring that the financial statements of the Company reflect the real picture and the Capital, reserves and surpluses which are lost are not continued to be shown on the face of balance sheet, it is necessary to carry out reduction of capital of the Company.

c. Since writing off losses has become inevitable for growth of the Company and its shareholders, the Company is now proposing to undertake a financial restructuring exercise whereby the Company would create a "Capital Restructuring Account" from its paid up Equity Share capital whereby the Company would write off Part off its debit balance of Profit and Loss Account.

d. The reduction of share capital would cause the Balance Sheet to bring in true and fair representation of the Company by the available assets of the Company and reflect the real financial position of the Company

e. The financial restructuring will help the Company to reflect the true shareholder value which would place the company in a position to pay dividend or raise capital in future.

f. The restructuring will also not cause any prejudice to the creditors of the Company. For the sake of clarity, it is specified that the reduction in Share Capital does not involve either the diminution of any liability in respect of any unpaid capital or the payment to any shareholder of any paid-up capital nor is any call being waived. The Creditors of the Company are in no way affected by the proposed restructuring by way of the reduction of capital as there is no reduction in the amount payable to any of the creditors, no compromise or arrangement is contemplated with the creditors. Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or to pay its debts in the ordinary course of business.

g. The reduction of share capital does not involve any cash out flow as the shares are getting extinguished against the debit balance of Profit and Loss Account.

h. Hence, the proposed reduction will be for the benefit of the Company and its shareholders, creditors and all concerned as a whole.

TRANSGLOBE FOODS LIMITED
PRK

i. Accordingly, the Board of Directors of the Company at their meeting held on 14th June, 2018 has considered necessary to carry out financial restructuring so as to show a true and fair view of the Balance sheet and operate with a leaner base Balance Sheet.

PART IV - APPLICABILITY OF THE SCHEME

4. Applicability of the Scheme of Arrangement:

(i) The existing issued, subscribed and paid up Equity share capital of the Company shall be reduced from Rs.2,89,79,000/- divided into 28,97,900 Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid up **to** Rs.14,48,950/- divided into 1,44,895 Equity Shares of Rs. 10/- (Rupees Ten only) each and that such reduction be effected by cancelling of 27,53,005 Equity Shares of Rs. 10/- each amounting to Rs. 2,75,30,050/- which is lost or un-represented by the available assets i.e. Debit balance in Profit and Loss Account

(ii)Consequent upon Reduction, the Equity Share Capital of the company will be Rs. 14,48,950/- divided into 1,44,895 Equity Shares of Rs. 10/- (Rupees Ten only) each.

(iii) Consequent upon reduction, the accumulated losses will be Rs. 40,62,719 /-

(iv) An Equity share holder holding 100 Equity shares of Rs.10/- each, then post reduction, he will get it 5 new Equity shares of Rs.10/- each. The face value of Equity share will remain at Rs.10/- only.

For better understanding and clarification, a shareholder in Transglobe Foods Limited, post reduction of share capital will be holding shares as mentioned hereinbelow.

S. No.	Particulars	No of Shares	Paid up value per share	Total Value (Rs.)
1	Before the Scheme	100	10	1000
2	After the Scheme	5	10	50

(v) The details of Pre and post reduction of Capital and accumulated losses are as under.

Particulars	Pre Reduction of Capital	Post Reduction of Capital
Number of Equity Shares	28,97,900	1,44,895
Value of each Share (Rs.)	10	10
Total Paid up Capital (Rs.)	2,89,79,000	14,48,950
Accumulated Losses (31.03.2018) (Rs.)	3,15,92,769	40,62,719

TRANSGLOBE FOODS LIMITED PRK

(vi) The Pre and Post reduction of capital structure of the Company is as under.

Particulars	Pre Reduction (Rs.)	Particulars	Post Reduction (Rs.)
Authorised 40,00,000 Equity shares of Rs.10/- each	4,00,00,000	Authorised 40,00,000 Equity shares of Rs.10/- each	4,00,00,000
Issued, Subscribed and Paid up Capital 28,97,900 Equity Shares of Rs.10/- each	2,89,79,000	Issued, Subscribed and Paid up Capital 1,44,895 Equity shares of Rs.10/- each	14,48,950

(vii) The pre and post shareholding pattern of the Company, upon the approval of Scheme shall be in the following manner:

Category of Equity Shareholders	Pre Reduction As on 16th December 2016 face Value Rs. 10/- each		Post Reduction (Expected) Face Value Rs. 10/- each	
	No. of Shares	Percentage	No. of Shares	Percentage
Promoter and Promoter Group	4,14,400	14.30	20,720	14.30
Public:				
Bodies Corporate	4,15,675	14.34	20,784	14.34
Non Resident Indians(NRIs)	24,873	0.86	1244	0.86
Individuals / HUF	20,42,952	70.50	1,02,147	70.50
Custodian	--	--	--	--
Total	**28,97,900**	**100**	**1,44,895**	**100**

There is no change in the pre and post reduction shareholding pattern of the company.

(viii) **Treatment of Fractional Shares.**

A In case any member's holding in the Company is such that the member becomes entitled to a fraction of an equity share of the Company, then the Company shall not issue fractional share certificates to such member but shall instead consolidate all such fractional entitlements to which the members of the Company may be entitled on the issue and allotment of equity shares of the

TRANSGLOBE FOODS LIMITED PRK

Company and allot consolidated equity shares to a Director nominated by the Company in that behalf.

B The Director nominated by the Company as above shall, at his discretion, sell such shares in the open market and distribute the net sale proceeds (after deduction of the expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements.

(ix) The shares issued to the members of the company pursuant to clause as above shall be issued in dematerialized form by the Company, unless otherwise notified in writing by the shareholders of the company on or before such date as may be determined by the Board of Directors of the Company or a committee thereof. In the event that such notice has not been received by the Company in respect of any of the members of the Company, the shares shall be issued to such members in dematerialized form provided that the members of the Company shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required, it is only thereupon that the Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Company. In the event that the Company has received notice from any member that shares are to be issued in certificate form or if any members has not provided the requisite details relating to the account with depository participant or other confirmations as may be required, then the Company shall issued shares in certificate form to such member.

(x) The Scheme set out herein in its present form or with such modification(s) as may be approved by the Tribunal or made pursuant to Clause 12 *(Modifications/ Amendments to the Scheme) of* the Scheme, shall become effective from the Appointed Date, but shall be operative from the Effective Date.

PART V- FINANCIAL RESTRUCTURING AND ACCOUNT1NG TREATMENT

5. CREATION AND UTILISATION OF CAPITAL RESTRUCTURING ACCOUNT:

Pursuant to the Scheme of Reduction of capital, the treatment in the books of accounts of the Company will be as follows:

On the Effective Date

TRANSGLOBE FOODS LIMITED PRK

i. A sum of Rs. 2,75,30,050/- upon reduction from existing Equity Capital of Rs.2,89,79,000/- divided into 28,97,900 Equity Shares of Rs.10/- (Rupees Ten) each fully paid up to Rs.14,48,950/- divided into 1,44,895 Equity Shares of Re.10/- (Rupees Ten) each be transferred to "Capital Restructuring Account.

ii. As referred above, the issued, subscribed and paid up Equity Share capital of the company, post reduction, will be Rs.14,48,950/- divided into 1,44,895 Equity Shares of Rs.10/- (Rupees Ten) each.

iii. Part of the balance of Accumulated Losses amounting to Rs. 2,75,30,050/- as at 31st March, 2018, be transferred to "Capital Restructuring Account".

iv. The Company shall comply with all the Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013.

v. To the extent of the amount transferred to the Capital Restructuring Account under this Para above, there shall be reduction of share capital of the Company, which shall be effected as an integral part of the Scheme in accordance with the provisions of Sections 66 of the Companies Act, 2013 without involving either diminution of liability in respect of the unpaid share capital or payment to any shareholder of paid up share capital.

vi. Notwithstanding the reduction as mentioned above, the Company shall not be required to add "and reduced" as suffix to its name and the Company shall continue with its existing name.

vii. The form of the minute proposed to be registered under Section 66 of the Companies Act, 2013 is as follows

The Capital of Transglobe Foods Limited is henceforth Rs.14,48,950/- (Rupees Fourteen Lacs Forty Eight Thousand Nine Hundred and Fifty only) divided into 1,44,895 Equity Shares of Rs.10/- each fully paid up reduced from Rs.2,89,79,000/- (Rupees Two Crores Eighty Nine Lacs Seventy Nine Thousand only) divided into 28,97,900 Equity Shares of Rs.10/- each effected by cancelling 27,53,005 Equity Shares of Rs. 10/- each amounting to Rs.2,75,30,050/-. At the date of this registration of this minute 1,44,895 Equity shares numbered 01 to 1,44,895 have been issued and are deemed to be fully paid up.

TRANSGLOBE FOODS LIMITED
PRK

6. CONDUCT OF BUSINESS

6.1 Nothing contained in the Scheme shall affect the conduct of business of the Company and for any deeds, bonds, contracts, agreements and any other instruments to which the Company is a party and/or all legal or other proceedings by or against the Company.

6.2 Further, nothing contained in the Scheme shall affect the existing rights of the creditors, workers and employees of the Company.

PART VI - GENERAL TERMS AND CONDITIONS

7. In term of Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company, being a listed Company, will file application with the stock exchanges for obtaining No-Objection / Observation Letter for reduction of share capital.

8. The Company needs to obtain Shareholders Approval by way of a Special Resolution, as per the provisions of Section 66 of the Companies Act, 2013 and the same will be complied with once the company gets observation letter from BSE Limited and the Calcutta Stock Exchange Limited under Regulation 37 of the SEBI (LODR), Regulations, 2015.

9. The scheme is only for reduction of capital of the Company and it does not envisage transfer or vesting of any properties and/ or liabilities to or in favour of the Company.

10. The Scheme does not involve any conveyance or transfer of any property and consequently the order of the Hon'ble National Company Law Tribunal approving the Scheme will not attract any stamp duty, under the Bombay Stamp Act in this regard.

11. APPLICATION TO THE NATIONAL COMPANY LAW TRIBUNAL

The Companies shall, make and file all applications and petitions to the Tribunal for sanctioning this Scheme under Sections 66 of the Act and other applicable provisions for carrying this Scheme of Reduction of Share Capital into effect and shall apply for such approvals as may be required under Applicable Law(s).

GLOBE FOODS LIMITED TALAJA
PRK

12. MODIFICATION OR AMENDMENTS TO THE SCHEME:

12.1 The Company through their Board of Directors may consent on behalf of all persons concerned to any modifications or amendments of this Scheme or to any conditions which the Tribunal and/or any other authorities under law may deem fit to approve of or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting this Scheme into effect.

12.2 However no modifications and / or amendments to the Scheme can be carried out or effected by the Board of Directors without approval of the National Company Law Tribunal (NCLT).

12.3 For the purpose of giving effect to this Scheme or to any modifications thereof, the Directors of the Company are authorized to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

12.4 The Company shall take such other steps as may be necessary or expedient to give full and formal effect to the provisions of this Scheme.

13. CONDITIONALITY OF THE SCHEME:

This Scheme is conditional upon and subject to:

13.1 The Company obtaining the observation letters from the Designated Stock Exchange i.e. BSE Limited for implementation of the Scheme.

13.2 the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors of the Company as required under the Act and the requisite order of the Hon'ble National company Law Tribunal being obtained;

13.3 such other sanctions and approvals as may be required by law in respect of this Scheme being obtained; and

13.4 the Certified copies of the Hon'ble National company Law Tribunal order

TRANSGLOBE FOODS LIMITED
PRK

referred to in this Scheme being filed with the Registrar of Companies, Maharashtra, Mumbai.

13.5 All other sanction and approvals as may be required by law in respect of this Scheme being obtained.

14. BINDING EFFECT:

Upon the Scheme becoming, effective the same shall be binding on the Company, shareholders, creditors and all concerned parties without any further act, deed manner or thing.

15. EFFECT OF NON-RECEIPT OF APPROVALS:

15.1 In case the Scheme is not sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench or such other Competent Authority or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme not being obtained or complied or for any other reason, the Scheme cannot be implemented, the Scheme shall become null and void.

15.2 The Board of Directors may withdraw the Scheme at any time should they consider appropriate to do so.

16. SEVERABILITY:

If any part of this Scheme hereof is invalid, ruled illegal by any appropriate authority of competent jurisdiction or unenforceable under present or future laws, then it is the intention of the Board that such part shall be severable from the remainder of the Scheme and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme become materially adverse, in which case the Board shall attempt to bring a suitable modification in the Scheme. The Board of Directors of the Company shall be entitled to revoke, cancel and declare the Scheme of no effect, if the Board of Directors is of view that the coming into effect of the Scheme could have adverse implications on the Company.

TRANSGLOBE FOODS LIMITED
PRK