

28-06-2023

Shareholder Communication Relating to Computation of Proportionate Cost of Acquisition upon Demerger.

The Scheme of Arrangement for Demerger of E-Governance & IT/ITES Business (Demerged undertaking) of VAKRANGEE LIMITED ('Demerged Company') into VL E-GOVERNANCE & IT SOLUTIONS LIMITED ('Resulting Company') and their respective Shareholders ("Scheme") under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of Companies Act, 2013 was sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench, ('NCLT') vide Order No. C.P. (CAA). 95/MB/2023 dated 19th May, 2023, The Scheme become effective on May 26, 2023, after filing of certified copy of the Order with the Registrar of Companies, Mumbai.

Accordingly, the following steps as envisaged in the Scheme, are deemed to have been effective from 1st April, 2021, being the Appointed Date:

- Demerger of the E-Governance & IT/ITES business of Vakrangee Limited into VL E-Governance & IT Solutions Limited

As provided under the Scheme, the Board of Directors of VL E-Governance & IT Solutions Limited, at the meeting held on 23rd June 2023, issued and allotted to the shareholders of Vakrangee Limited, 1 (one) Equity Share of Rs. 10/- each, for every 10 (Ten) Equity Share of Re. 1/- each held in Vakrangee Limited, as on the Record Date, i.e. 15th June, 2023.

This Communication has been hosted on the website of the Company for the general guidance of the shareholders of Vakrangee Limited for computing the proportionate cost of acquisition of the equity shares of VL E-Governance & IT Solutions Limited vis-a-vis the cost of acquisition of the original equity shares of Vakrangee Limited, for the purpose of computing capital gain/loss as per the provisions of the Income Tax Act, 1961 ('the Act'), as and when the equity shares are sold.

S. 49(2C) of the Act provides that the cost of acquisition of the shares of a Resulting Company is required to be computed by applying the proportion of net book value of the assets of the Demerged Undertaking to the net worth of the Demerged Company immediately before the demerger. Further, S. 49(2D) of the Act provides that the cost of acquisition of the equity shares of the Demerged Company shall be the original cost of acquisition reduced by the cost of acquisition ascertained for the shares of the Resulting Company under S. 49(2C) of the Act.

Based on the prevailing provisions of the Act, the shareholders are advised to apportion their pre-demerger cost of equity shares of Vakrangee Limited in the following manner:

Name of the Company	Percentage of cost of acquisition of equity shares
VL E-Governance & IT Solutions Limited (Resulting Company)	96.23%
Vakrangee Limited (Demerged Company)	3.77%
TOTAL	100.00%



In terms of S. 47(vi)(d) of the Act, the issue of the shares by the Resulting Company (VL E-Governance & IT Solutions Limited) to the shareholders of the Demerged Company (Vakrangee Limited), pursuant to the Scheme, will not be regarded as transfer and hence will not be taxable in the hands of the shareholders. Further in respect of the equity share(s) issued and allotted by VL E-Governance & IT Solutions Limited, the date of acquisition of the equity shares, for the purpose of computation of capital gain/loss in the hands of the shareholder, as and when the shares are sold, will be the date of acquisition of original shares of Vakrangee Limited for each shareholder, as per Clause (g) in explanation 1 to S. 2(42A) of the Income Tax Act, 1961.

This communication is merely for the general guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders may obtain. VL E-Governance & IT Solutions Limited/Vakrangee Limited take no express or implied liability in relation to this guidance and do not take the responsibility of updating this communication at any time in future.

Sachin Khandekar

Company Secretary and Compliance Officer