

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF VAKRANGEE LIMITED ('COMPANY') IN
ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 AT ITS MEETING HELD ON
12th NOVEMBER, 2021.**

1. The Board of Directors ('Board') of the Company at their meeting held on 12th November, 2021 had approved a draft of the proposed Scheme of Arrangement for Demerger of E-Governance & IT/ITES division (Demerged undertaking) of VAKRANGEE LIMITED into VL E-GOVERNANCE & IT SOLUTIONS LIMITED and their respective shareholders.

Pursuant to this Scheme of Arrangement the shareholders of the Demerged Company will be issued One (1) new Equity share of the Resulting Company of the face value of Rs. 10/- each fully paid up on every Ten (10) Equity Shares of the face value of Re.1/- each fully paid up held by him / her / it in the Demerged Company;

2. As per Section 232(2) (c) of the Companies Act, 2013 a report is required to be adopted by the Directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters, non-promoter shareholders of the Company laying out in particular the Share exchange ratio, specifying any special valuation difficulties.
3. Having regard to the applicability of the aforesaid provisions, the scheme and the following documents are placed before the Board;
 - a. Valuation Report dated 11th November, 2021 issued by Mr. Lalit Kumar Dangi, Registered Valuer, Mumbai, describing inter alia the methodology adopted by them in arriving at the share valuation including the share entitlement ratio and setting out the details of computation of fair entitlement ratios for the proposed arrangement ("Valuation Report")
 - b. Fairness Opinion dated 12th November, 2021 issued by M/s. Ashika Capital Limited, a SEBI Registered Merchant Banker, providing its opinion on the fairness of the Valuation Report and the Share Entitlement Ratio.

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- c. Certificate dated 12th November, 2021 from A.P. Sanzgiri & Co., Chartered Accountants, the Statutory Auditors of the Company confirming that the accounting treatment in the draft Scheme is in accordance with the applicable accounting standards and applicable law.
- d. A copy of the Audit Committee Report dated 12th November, 2021 in terms of the requirement of circular no. Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 issued by the Securities and Exchange Board of India.
- e. A Copy of the report of the Committee of Independent Directors is made in order to comply with the requirements of the circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated November 03, 2020 issued by the Securities and Exchange Board of India (SEBI).
- f. Undertaking certified by the A.P. Sanzgiri & Co., Statutory Auditors of the company to the effect that para 10 of SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 shall not be applicable (i.e. the approval only by public shareholders) since no allotment is proposed to be made to any of the persons mentioned in the aforesaid para of said circular pursuant to the proposed Scheme of Arrangement.

4. Rationale of the Scheme

The demerger of digital division undertaking of the Demerged Company into Resulting Company would *inter alia* have the following benefits:

Since Inception, Vakrangee has been One of India's largest e-Governance player functioning as a systems integrator and end-to-end service provider for various e-Governance projects. The Company has an experience of over two decades in delivering systems integration and other IT/ITES services for India's e-Governance plan. We have a strong track record of successfully implementing various timebound Mission Mode Projects (MMPs) under the government's National e-Governance Plan. Some of these MMPs are: computerisation of Election Commission, UIDAI Aadhaar Enrolment services, Ministry of Corporate Affairs Project (MCA21), Rashtriya Swasthya Bima Yojana (RSBY), Common Service Centres (CSC), smart-card based Public Distribution System (PDS), computerisation of registration department in Maharashtra, and passport Services, among others.

Over the years, the Company has evolved into a technology-enabled company focussed around building India's largest network of last-mile physical retail outlets to deliver services to the unserved and the underserved rural, semi-urban and urban population of the country. The Assisted Digital Convenience stores are called as Nextgen Vakrangee Kendras, which act as the 'One Stop Shop' for

availing multiple products and services. The Company offer an extensive array of services across various sectors by providing BFSI, ATM, Assisted E-Commerce, Telemedicine, Online Pharmacy & Logistics Services. Vakrangee has emerged as a well diversified distribution platform offering various goods and services under one roof to citizens at affordable prices, same time and same quality.

The Company currently has two Business divisions which are as follows –

1.1 Vakrangee Kendra Business

1.2 E-Governance & IT/ITES Business

The details for the both the Businesses are provided below: -

1.1 Vakrangee Kendra Business:

Vakrangee is a technology-driven company focussed around building India's largest network of last-mile physical retail outlets to deliver services to the unserved and the underserved rural, semi-urban and urban population of the country. The Assisted Digital Convenience stores are called as Nextgen Vakrangee Kendras, which act as the 'One Stop Shop' for availing multiple products and services. The Company offer an extensive array of services across various sectors by providing BFSI, ATM, Assisted E-Commerce, Telemedicine, Online Pharmacy & Logistics Services. Vakrangee has emerged as a well-diversified distribution platform offering various goods and services under one roof to citizens at affordable prices, same time and same quality with Brick & Mortar exclusive touch points designed by L&H (Lewis & Hickey).

Vakrangee Kendra is an asset Light Franchisee based Business model. The model is Highly Scalable as well as has Strong Operating leverage in built into it. Vakrangee has emerged as one of the largest Financial Inclusion player (Banking business correspondent) in the country and has also emerged the fourth largest ATM operator in Rural India with Pan India presence. Vakrangee has developed Strong on-ground execution skills with deep rural presence. Vakrangee currently has 11,900+ (as on 30th June 2021) operational Exclusive Branded outlets and is well placed to achieve its March-2022 target of 25,000 operational outlets across the country. Vakrangee's growth plan is well defined with a long term target of 75,000 kendra outlets by 2025 and to emerge as the Largest Rural Distribution platform in India.



Vakrangee has recently launched an online digital platform to enable seamless services for the consumer at the comfort of their homes. Through this, company has evolved into the unique O2O (Online to Offline) platform, whereby there is Assistance available through the Physical Kendra network along with Digital Online Services The company has Initiated this Unique Hybrid proposition with launch of first Digital service of Telemedicine services The company plans to make many more services live through this platform. The Company is also launching a Mobile Super App based business platform.

The Company would be providing various services digitally through its Mobile app platform such as :-

- o Online Shopping
- o Total Healthcare services (Doctor consultation, Home Blood Test facility, Covid Care packages)
- o Online Pharmacy
- o Money Transfer
- o Insurance
- o Loan products / Financial products
- o Mutual funds / Credit Cards
- o All type of Bill payments
- o Mobile / DTH recharges
- o Travel services (Bus / Train / Flights / Hotel Bookings)
- o Movie Tickets / Entertainment
- o Online Education
- o Online Agri Products – Seeds & Pesticides
- o Courier Booking

Strategy 2.0: Next 5 Year Growth Strategy

- o Our vision is now set to create the world's largest franchisee based distribution channel in India with a strong focus on Rural India. We are confident of delivering strong growth momentum over the next 5 years as our network would grow from 11,900+ to 25,000+ outlets by March 2022 and to 75,000 outlets by March 2026. We estimate that our Gross Transaction value would cross US\$50 Billion on an annualised basis over the next 5 years, while the number of



transactions would cross a billion transactions annually. This would result into significant growth in revenues and profitability, especially as we will continue to take advantage of our asset-light franchisee-based model with strong operating leverage. Our Cash Adjusted Return on Capital would improve significantly.

Sustainable Competitive Advantage

- o One of India's largest e-Governance player with about two decades of experience
- o One of the leading systems integrator for key government projects :
 - ISO/IEC 27001:2013 Certified: Information Security Management System (ISMS)
 - ISO/IEC 20000-1:2011 Certified: Information Technology service management system (ITSMS)
- o Strong expertise from data digitisation to technology management
- o Strong track record of delivering time-bound mission critical projects
- o Efficient back-end for assimilating and processing data related to G2C and B2C services
- o Participation in Mission Mode Projects – MCA 21, RSBY, Passport Seva Kendra, UIDAI

5. Effect of the Scheme on Stakeholders

Sr. No.	Category of Stakeholder	Effect of the Scheme
(i)	Shareholders	<p>The Company has only Equity Shareholders and does not have any Preference Shareholders.</p> <p>Upon this scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company, in terms of this scheme, the Resulting Company shall, without any further act</p>



		deed, issue and allot to every member of the Demerged Company holding fully paid up equity shares in the Demerged Company and whose names appear in the Register of Members of the Demerged Company on the record date in respect of every Ten (10) Equity Shares of the face value of Re.1/- each fully paid up held by him / her / it in the Demerged Company One (1) new Equity share of the Resulting Company of the face value of Rs. 10/- each fully paid up;
(ii)	Promoters	Promoters of the Company who are holding shares in the Demerged Company will get the shares in the same ratio as stated in point no. (i) in the Resulting Company as there will be mirror image be created after the Demerger of demerged undertaking.
(iii)	Non- Promoter Shareholders	Please refer to point (i) above the details regarding effect on shareholder.
(iv)	Debentures and Debenture Trustees	The Company has not issued any debentures hence this clause is not applicable
(v)	Creditors	Upon the Scheme coming into effect the creditors obligation with respect to Demerged undertaking (as defined in the scheme) shall become the obligations to VL E-Governance & IT Solutions Limited and Creditors (Resulting Company) obligations with respect to remaining undertaking (as defined in the scheme) shall remain with the Company.







(vi)	Key Managerial Personnel	Key Managerial Personnel of the Company who are holding shares in the Demerged Company will get the shares in the same ratio as stated in point no. (i) in the Resulting Company as there will be mirror image be created after the Demerger of demerged undertaking.
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6) **Valuation**

Valuation Report dated 11th November, 2021 issued by Mr. Lalit Kumar Dangi, Registered Valuer, Mumbai, describing inter alia the methodology adopted by them in arriving at the share valuation including the share entitlement ratio and setting out the details of computation of fair entitlement ratios for the proposed arrangement ("Valuation Report").

7) **Adoption of Report by the Directors**

The Directors of the Company have adopted this report after noting and considering information set forth in this report. The Board or any duly authorised person/ committee by the Board is entitled to make relevant modification to this report, if required, and such modifications or amendments shall be deemed to form part of this report.

Date: 12/11/2021

Place: Mumbai


CHAIRMAN

