

SCHEME OF ARRANGEMENT
FOR DEMERGER
UNDER SECTIONS 230 to 232 READ WITH SECTION 66
OF THE COMPANIES ACT, 2013
BETWEEN
VAKRANGEE LIMITED ('VL')
... DEMERGED COMPANY
AND
VL E-GOVERNANCE & IT SOLUTIONS LIMITED ('VL E-GOV') RESULTING
COMPANY
AND
THEIR RESPECTIVE SHAREHOLDERS

A) PREAMBLE

This Scheme of arrangement (herein after referred to as "Scheme") is presented under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013, which inter alia provides for Demerger of E-Governance & IT/ITES Business (Demerged undertaking) of **VAKRANGEE LIMITED** into **VL E-GOVERNANCE & IT SOLUTIONS LIMITED**.

This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

B) DISCRIPTION OF THE DEMERGED COMPANY AND RESULTING COMPANY

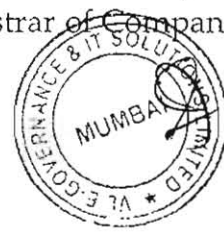
1. Vakrangee Limited ('VL')

The Demerged Company (VL) was incorporated as a Private Limited company under the Companies Act, 1956 on 28th May, 1990 in the name of Vakrangee Investment And Consultancy Private Limited in the State of Maharashtra.

The name of the Demerged Company was changed from Vakrangee Investment And Consultancy Private Limited to Vakrangee Investment Limited and obtained a fresh certificate of incorporation dated 3rd April, 1992 consequent on change of name from the Registrar of Companies, Maharashtra, Mumbai.

The name of the Demerged Company was further changed from Vakrangee Investment Limited to Vakrangee Limited and obtained a fresh certificate of incorporation dated 31st March, 1995 consequent on change of name from the Registrar of Companies, Maharashtra, Mumbai.

The name of the Demerged Company was further changed from Vakrangee Limited to Vakrangee Softwares Limited and obtained a fresh certificate of incorporation dated 24th August, 1999 consequent on change of name from the Registrar of Companies, Maharashtra, Mumbai.



The name of the Demerged Company was further changed from Vakrangee Software's Limited to its present name Vakrangee Limited and obtained a fresh certificate of incorporation dated 1st October, 2013 consequent on change of name from the Registrar of Companies, Maharashtra, Mumbai.

The CIN of the Company is L65990MH1990PLC056669.

The Demerged Company is a Public Company and its shares are listed on BSE Limited ('BSE') and National Stock Exchange of India Ltd ('NSE').

The main object clauses of the Memorandum of Association of the Demerged Company authorize the Demerged Company:

- To carry on business as manufactures, products, developers, processors, dealers, traders, importers, exporters, stockists, distributors or agents in software, information technology, e-commerce, e-mail, internet, multimedia, data processing, data management, telefilms, motion movies, web paging, telecommunication including peripherals computer data processing machine, systems and components thereof.
- To undertake designing & development, research of software systems, products and solutions in all areas of application including those in emerging niche segments like internet, website, applications solutions software, enterprise resource planning (ERP), ecommerce, value added products and other business applications either for its own use or for sale in India or for export outside India and to design, develop such systems and application software for or on behalf of manufactures, owners and users of computer systems, telecom, digital, electronic equipment in India or elsewhere in world.
- To develop, provide, undertake design, import, export, distribute and deals in Systems and application software for microprocessor based information systems, offshore software development project, software project consultancy, development of computer languages and allied computer service and to own and/or operate data processing and service bureau centres in India and Abroad, and to invest in/manage/assist, overseas software companies for the fulfilment of above objectives and to develop, design, own T.V. Channel, media company.
- To advice and render services like staff and management recruitment, training and placements, technical analysis of data, electronic data processing, preparation of project reports, surveys and analysis for implementation of project and their progress review, critical path analysis, organization and methods studies and other economic, mathematical, statistical, scientific and modern management techniques and to establish and render any and all consultancy and other services of professional and technical nature and to undertake assignments, jobs and appointments.
- To carry on the business of adopting advance technological tools as well as modern enterprise management mechanism, and to establish and help organizations, government bodies, banks and financial institutions and their customers alike to conduct transactions electronically through secure electronic channels, inter-alia, biometric, smart card, magnetic card, EMV Card, one time password, bank pins or any combination of any of them so as to realize the full potential of technology and services and further the development of India's payment system industry, providing software application, data management, cash management, payment and/or



transaction related services to any person, entity, firm, company, bank, government bodies or body corporate including developing, improving, designing, marketing, distributing or licensing software and programmed products and hardware and other infrastructure and facilities /services that aid the process of (without limitation) electronic data interchange, transaction initiation, processing, clearing or settlement services by physical or electronic means, whether by using inter-alia computers and Automated Teller Machines (ATMs)/ micro ATMs, Point Of Sale (POS), mobile devices or by any other modes of communication in financial and e-commerce and e-governance services for G2G/G2B/G2C/B2B/B2C/C2C activities and other products and services in India and abroad.

- To carry on the business of manufacturing, procuring, developing, processing, dealing in, stocking, distributing, acting as an agent, importing or exporting ATM machines and providing intermediary ATM Deployer (IAD) services, White labeled ATM operator (WLAO) services, including but not limited to setting up/ owning/operation of ATM network, management and adjacent services including technology management (both EMV and non-EMV environment), cash Management, ATM device supply and maintenance services in India as per the Payment & Settlement System (PSS) Act, 2007 of RBI and any amendments made therein by RBI from time to time and in abroad adhering to the statutory requirements of the country of operation from time to time.
- To carry on the business of providing services in relation to payment card transactions for acquiring, switching and processing of Debit, credit and charge card related payment transaction and stored value card transactions for acquiring institutions and merchants, including without limitation to ADHAAR enabled payment system, NEFT, RTGS, IMPS, GIRO based retail payments, interoperable QR code based payment system, virtual payment card, digital online and offline payment system or any other such system as may be notified by the government in India and abroad, merchant sales, assessment, Technology management (both EMV and non-EMV environment), and adjacent service, Point Of Sale (POS) terminal device supply and maintenance services in India as per the Payment & Settlement System (PSS) Act, 2007 of RBI and any amendments made therein by RBI from time to time and in abroad adhering to the statutory requirements of the country of operation from time to time and/or to act as dealers, distributors, agents, representative of Indian and foreign concerns/persons operating in the line of prepaid, postpaid and other payment system services and allied activities related thereto.
- To carry on the business of engaging in the development, distribution, licensing, management and operation, marketing and selling of processing software, switches and associated supply of maintenance and support services for card, POS, ATM to credit and debit card user companies and financial institutions (both EMV and non-EMV environment) in India as per the Payment & Settlement System (PSS) Act, 2007 of RBI and any amendments made therein by RBI from time to time and in abroad adhering to the statutory requirements of the country of operation from time to time.
- To carry on the business of providing payment card transactions for switching and credit, debit and stored value card account data processing services and back office processing services in relation to processing of debit and credit card payment transaction and related services including without limitation to ADHAAR enabled payment system, NEFT, RTGS, IMPS, GIRO based retail payments, interoperable QR code based payment system, virtual payment card, digital online and offline payment



system or any other such system as may be notified by the government in India and abroad to card issuer companies in India as per the Payment & Settlement System (PSS) Act, 2007 of RBI and any amendments made therein by RBI from time to time and in abroad adhering to the statutory requirements of the country of operation from time to time

2. **VL E-Governance & IT Solutions Limited: - (VL E-GOV)**

The Resulting Company (VL E-GOV) was incorporated as a Private Limited Company under the Companies Act, 2013, on 18th March, 2016 in the name of Vakrangee Logistics Private Limited in the State of Maharashtra.

The name of the Company was changed to VL E-Governance & IT Solutions Private Limited and obtained a fresh certificate of incorporation dated 22nd October, 2021 consequent on change of name from the Registrar of Companies, Maharashtra, Mumbai.

The name of the Resulting Company was further changed to VL E-Governance & IT Solutions Limited and obtained a fresh certificate of incorporation dated 01st November, 2021 consequent on change of name from the Registrar of Companies, Maharashtra, Mumbai.

The Resulting Company currently is an Unlisted Public Limited Company and the entire Issued, Subscribed and Paid up Equity Share Capital is held by the Demerged Company. By virtue of the Shareholding pattern, the Resulting Company is a Wholly Owned Subsidiary of the Demerged Company.

Pursuant to change in the name of the Resulting Company the object clause of the Memorandum of Association was also amended and presently the main object clauses of the Memorandum of Association authorizes the Resulting Company to do the following business activities ;

1. To carry on business as manufactures, products, developers, processors, dealers, traders, importers, exporters, stockists, distributors or agents in software, information technology, e-commerce, e-mail, internet, multimedia, data processing, data management, telefilms, motion movies, web paging, telecommunication including peripherals computer data processing machine, systems and components thereof.
- 1(A) To undertake designing & development, research of software systems, products and solutions in all areas of application including those in emerging niche segments like internet, website, applications solutions software, enterprise resource planning (ERP), ecommerce, value added products and other business applications either for its own use or for sale in India or for export outside India and to design, develop such systems and application software for or on behalf of manufactures, owners and users of computer systems, telecom, digital, electronic equipment in India or elsewhere in world.
- 1(B) To develop, provide, undertake design, import, export, distribute and deals in Systems and Application software for microprocessor based information systems, offshore software development project, software project consultancy, development of computer languages and allied computer service and to own and/or operate data processing and service bureau centers in India and Abroad,
- 1 (C) To act as facilitator between service provider and end user of services to render governmental / non-governmental services, including but not limited to ticket



booking services (IRCTC), postal services, facilitate utility services, any other governmental services to promote general wellbeing of the public at large and other support services.

- 1(D) To manufacture, develop, procure, produce, import or engage any professional to manufacture, develop any software to make all the activities of the Company available in the form of an application or software available on any device such as mobile or computer or such other devices as may be found appropriate and to make the services of the Company available to the public at large in India and abroad.

C) RATIONALE AND OBJECT OF THE SCHEME

The rationale for the Demerger is as under.

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.

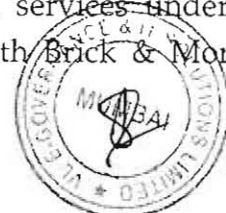
The Company currently has two Business divisions which are as follows –

1.1 Vakrangee Kendra Business

1.2 E-Governance & IT/ITES Business

- 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.



Vakrangee is having an another vertical i.e. E- Governance & IT/ITES Business;

Vakrangee has an established and proven track record in delivering time-bound 'mission critical' Government projects, getting involved in the entire value chain – right from data digitisation to technology and IT Procurement management.

With proven skills and robust domain expertise, Vakrangee has valuable and consistent experience of 25+ years in executing such projects by providing back-end support and systems integration beyond the Gram Panchayat level.

The objective of providing services in this vertical is to improve the overall processes and public administration services under the e-Governance plan, which *inter alia* includes the following :-

- Aadhar Card
- Print and Data Management Services and Election related projects
- Public Distribution System
- Inspector General of Registration & Stamps (IGRS)
- IT & ITES services have now grown importance which would help business to become agile, secure, service oriented and capable of delivering unified experiences to end customers.
- To provide complete suite of IT hardware equipment's for the various projects including Vakrangee Kendra Segments.

Sustainable Competitive Advantages of E-Governance & IT/ITES Business

- One of India's largest e-Governance player with about two decades of experience
- 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)
- Strong expertise from data digitisation to technology management
- Strong track record of delivering time-bound mission critical projects
- Efficient back-end for assimilating and processing data related to G2C and B2C services
- Participation in Mission Mode Projects – MCA 21, RSBY, Passport Seva Kendra, UIDAI

In view of long-term benefits and looking at synergy in operations of businesses of both the Companies, cost saving and other strategic benefits, it is now considered expedient to demerge the E-Governance & IT/ITES Business (Demerged undertaking) of Vakrangee Limited (Demerged Company) and merge the same into VL E-Governance & IT Solutions Limited, the Resulting Company.

The Demerger of Demerged Undertaking and vesting of the same with Resulting Company would enable the Resulting Company to enhance Operational efficiencies, ensuring synergies through pooling of the financial, managerial, personnel capabilities, skills and expertise and the management is of the view that segregation of the Demerged Undertaking would lead to the following benefits;

- a. The transfer and vesting of the Demerged Undertaking of the Demerged Company to the Resulting Company through this Scheme is with a view to unlock the economic value of both the divisions.
- b. The Demerger is likely to enable the business and activities comprised in the demerged undertaking and remaining business and activities of VL to be pursued and carried on with



greater focus and attention through two separate companies each having its own administrative set up. Independent management of each of the undertakings will ensure required depth and focus on each of the businesses and adoption of strategies necessary for the growth of respective businesses. The structure provides independence to the management in decisions regarding the use of their respective cash flows for dividends, capital expenditure or other reinvestment in their business.

- c. Vakrangee Kendra Business is Retail centric Consumer facing business whereby we are building the last mile physical distribution platform as well as a B2C E-Commerce focussed Mobile Super app Digital platform.
- d. Vakrangee Kendra Business (Physical as well as Digital) is an asset light, high return on Capital business and thereby will get proper representation post Demerger.
- e. E-Governance & IT/ITES Business is a capital intensive B2B business. It is Capex Heavy as well as Working capital Intensive. The E-Governance & IT/ITES Business segment requires different skill sets and focused approach towards time bound project execution capabilities as well as dedicated efforts on collection of Debtors / Receivables, Vendor management and procurement of IT equipment's.
- f. The focus is on enhancing strategic flexibility to build a viable platform solely focusing on each of these businesses (Vakrangee Kendra business as well as EGovernance / IT & ITES).
- g. The Demerger will enable both the Companies to enhance business operations by streamlining operations more efficient management control and outlining independent growth strategies.
- h. Enable dedicated management focus, resources and skill set allocation to each business, which will in turn accelerate growth and unlock value for the shareholders.
- i. Each undertaking will be able to target and attract new customers corresponding to their own business.
- j. The demerger will unlock value of both business and result in shareholder value maximization.
- k. Pursuant to the scheme, the equity shares issued by the Resulting Company would be listed on BSE and NSE and will unlock the value of E-Governance and IT/ITES business for the shareholders of the Demerged Company. Further the existing Shareholders of the Demerged Company would hold the shares of two listed entities after the scheme becoming effective; giving them flexibility in managing their investments in the two businesses having differential dynamics.
- l. The Scheme shall be in the beneficial interest of the shareholders of the companies. The Scheme shall not be in any manner prejudicial to the interest of the concerned members, creditors, employees or general public at large.

In view of the above-mentioned reasons, it is considered desirable and expedient to demerge the Demerged Undertaking of the Demerged Company and vest the same with the Resulting Company.

The Scheme is in the interest of all shareholders and creditors and there is no likelihood that any shareholder or creditor of either Demerged Company or Resulting Company would be prejudiced as a result of this Scheme of Arrangement.

The Demerger under this Scheme is proposed under the provisions of Sections 230 to 232 read with section 66 and other relevant provisions of the Companies Act, 2013.

The Demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company shall comply with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such



that:

- a. all the properties of the Demerged Undertaking being transferred by the Demerged Company, immediately before the Demerger shall become the properties of the Resulting Company by virtue of such Demerger;
- b. all the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company, immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of such Demerger;
- c. the properties and the liabilities relatable to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the Demerger;
- d. the Resulting Company shall issue, in consideration of the Demerger, shares to the shareholders of the Demerged Company;
- e. all shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger; and
- f. the transfer of the Demerged Undertaking shall be on a going concern basis.

Note: -

- i. This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under the prevailing tax laws, including Section 2 (19AA) and other relevant sections of the Income tax Act, 1961. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will however, not affect other parts of the Scheme.
- ii. Upon the Scheme becoming effective, the Demerged Company and Resulting Company are also expressly permitted to revise income tax returns, goods and service tax returns and other tax returns and to claim refunds and / or credits etc. pertaining to the Remaining Business and Demerged Undertaking, respectively, pursuant to the provisions of the Scheme.

D) PARTS OF THE SCHEME

This Scheme of Arrangement is divided into the following parts

- (a) Part I deals with the definitions and share capital;
- (b) Part II deals with Demerger of E-Governance & IT/ITES Business of VL;
- (c) Part III deals with the general terms and conditions applicable to this Scheme



PART 1
DEFINITIONS AND SHARE CAPITAL



1. DEFINITIONS

In this Scheme (as defined hereunder), unless inconsistent with the subject or context, the following expressions shall have the following meaning:

1.1 "Act" or "The Act" means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force;

1.2 "Appointed Date" would mean – 1st April, 2021 or such other date as may be fixed or approved by the National Company Law Tribunal, Mumbai Bench, Mumbai;

1.3 "Appropriate Authority" means:

- i. The government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, tribunal, central bank, commission or other authority thereof;
- ii. Any public international organization or supranational body and its institutions, departments, agencies and instrumentalities;
- iii. Any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, exclusive, judicial, legislative, regulatory, licensing, competition, tax, importing, exporting or other governmental or quasi-governmental authority;

1.4 "Board of Directors" or "Board" in relation to each of the Demerged Company and the Resulting Company, as the case may be, means the board of directors of such company, and shall include a committee duly constituted and authorized for the purposes of matters pertaining to the Demerger, the Scheme and/or any other matter relating thereto;

1.5 "Demerged Company" means VAKRANGEE LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at Vakrangee Corporate House, plot No. 93, Road No. 16, MIDC Marol, Andheri East, Mumbai- 400093.

1.6 "Demerged Undertaking" means

E-Governance & IT/ITES business undertaking of the Demerged Company, on a going concern basis, which shall include (without limitation)

1. E-Governance & IT/ITES business undertaking is having moveable and immoveable assets and loans & advances; and shall in relation to the aforesaid undertaking and/or division on a going concern basis, which shall include (without limitation):
2. All properties of the E-Governance & IT/ITES business undertaking wherever situated, moveable or immoveable including flats, investments together with all present and future liabilities (including contingent liabilities) if any, appertaining to or relatable to Demerged Undertaking;
3. All investments, the benefit of any deposits, financial assets, funds belonging to or proposed to be utilized for the Demerged Undertaking, all other rights and benefits, funds, benefits of all agreements, subsidies, grants and tax credits, incentive Schemes

formulated by Central or State Governments, contracts and arrangements (other than employee related contracts) and all other interests in connection with or relating to the Demerged Undertaking;

4. All permits, quotas, rights, entitlements and benefits, licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, tenancies in relation to office, benefit of any deposits privileges, all other rights, receivables, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements, and all other interests in connection with or relating to the Demerged Undertaking;
5. All earnest moneys and/or security deposits, if any, paid or received by the Demerged Company in connection with or relating to the Demerged Undertaking;;
6. All necessary records, files, papers, and information, manuals, data, quotations, and other records in connection with or relating to the Demerged Undertaking;;
7. All liabilities arising out of the activities or operation of the Demerged Undertaking, duties and obligations relatable to the Investment Undertaking on the Appointed Date.
8. All employees on the payroll of the Demerged Company employed in the Demerged Undertaking, as identified by the Board of Directors of the Demerged Company, as on the Effective Date;

(Note 1: - For the purpose of this Scheme, a Statement of Account of E-Governance & IT/ITES business undertaking is drawn up as on the Appointed Date giving details of assets and liabilities of the Demerged Undertaking; and is duly certified by Chartered Accountant of VL).

(Note 2: - Any question that may arise as to whether a particular asset or liability pertains or does not pertain to E-Governance & IT/ITES business undertaking shall be decided by mutual agreement between the Board of Directors of VL and VL E-GOV).

(Note 3: - It is intended that the definition of E-Governance & IT/ITES business undertaking under this clause would enable the transfer of all property & all assets and ascertained liabilities of and E-Governance & ITES business undertaking of VL pursuant to this Scheme).

1.7 "**Demerger**" means the transfer by way of demerger of the Demerged Undertaking to the Resulting Company and the consequent issue of equity shares by the Resulting Company to the Shareholders of the Demerged Company as set out in this Scheme;

1.8 "**Effective Date** " means the later of the dates on which the certified copies of the orders sanctioning this Scheme, passed by the National Company Law Tribunal or such other competent Authority, as may be applicable, are filed with the Registrar of Companies, at Maharashtra, Mumbai by VL and VL E-GOV.



1.9 "Employees" mean all the permanent employees of the Demerged Company employed/engaged in the Demerged Undertaking as on the Effective Date;

1.10 "ESOP Scheme" shall mean ESOP Scheme 2014 of Vakrangee Limited.

1.11 "Encumbrance" means any options, pledge, mortgages, liens, securities, interests, claims, charges, pre-emptive rights, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever; and the term "Encumbered" shall be construed accordingly;

1.12 "NCLT" Hon'ble National Company Law Tribunal, Mumbai Bench, Mumbai;

1.13 "Parties" shall mean Vakrangee Limited (VL) and VL E-Governance & IT Solutions Limited (VL E-GOV)

1.14 "Permits" means all consents, licenses, permits, certificates, permissions, authorization, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory or regulatory as required under Applicable Law;

1.15 "Remaining Business" shall mean all the undertakings, business, activities and operations, assets and liabilities of the Demerged Company including business carried out through Physical Vakrangee Kendra Outlets and Digital business.

1.16 "Resulting Company" means VL E-Governance & IT Solutions Limited incorporated under the Companies Act, 2013 and having Registered Office at Vakrangee Corporate House, plot No. 93, Road No. 16, MIDC Marol, Andheri East, Mumbai- 400093;

1.17 "Record Date" means the date to be fixed by the Board of Directors of VL in consultation with the Board of Directors of VL E-GOV for the purpose of reckoning names of the Equity shareholders of the Demerged Company (VL), who shall be entitled to receive shares of the Resulting Company (VL E-GOV) upon coming into effect of this Scheme as specified in clause 13 of this Scheme;

1.18 "ROC" means the Registrar of Companies, Maharashtra, Mumbai;

1.19 "Scheme" means this Scheme of arrangement, including the schedules, as amended or modified in accordance with the provisions hereof;

- i. All terms and words used but 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 any other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.
- ii. References to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.
- iii. The headings herein shall not affect the construction of this Scheme.



- iv. The singular shall include the plural and vice versa; and references to one gender include all genders.
 - v. Any phrase introduced by the terms including in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
 - vi. References to person include any individual, firm, body corporate (whether incorporated), Government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives' body (whether or not having separate legal personality).;
- 1.20** "SEBI" means the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992;
- 1.21** "SEBI Circular" means the circular issued by the SEBI, being Circular SEBI/HO/CFD/DIL1/CIR/P/2020/49 dated 22nd December, 2020, and any amendments thereof, modifications issued pursuant to regulations 11, 37 and 94 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.22** "SEBI LODR Regulations" mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time;
- 1.23** "Stock Exchanges" means BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE") and any other recognized stock exchange, as the case may be;
- 1.24** "Taxation" or "Tax" or "Taxes" means all forms of taxes and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, advance tax, minimum alternate tax or otherwise or attributable directly or primarily to the Resulting Company or the Demerged Company or any other person and all penalties, charges, costs and interest relating thereto; and
- 1.25** "Tax Laws" means all Applicable Laws, acts, rules and regulations dealing with Taxes including but not limited to the income-tax, wealth tax, sales tax/value added tax, service tax, goods and service tax, excise duty, customs duty or any other levy of similar nature.

2. SHARE CAPITAL

a. DEMERGED COMPANY:

The share capital structure of the Demerged Company (VL) as per the last audited balance sheet as at 31st March, 2021 and as on the date is as under:



Share Capital	Amount in Rs.
125,00,00,000 Equity Shares of Re. 1/- Each	125,00,00,000
Total	125,00,00,000
Issued, Subscribed and Paid Up Capital	
105,94,05,640 Equity Shares of Re. 1/- each	105,94,05,640
Total	105,94,05,640

Subsequent to the above there has been no change in the Authorized, Subscribed and Paid up Capital of the Demerged Company.

The Demerged Company has outstanding Employees Stock option Scheme under the Existing ESOP Scheme 2014, the exercise of which may result in increase in its subscribed and paid up capital.

b. RESULTING COMPANY

The Resulting Company is currently Unlisted Public Limited Company and the present share capital structure of the Resulting Company as per the latest Balance Sheet as at 31st March, 2021 and as on date is as under:

Share Capital	Amount in Rs.
Authorized Share Capital	
1,50,00,000 Equity Shares of Rs. 10/- each	15,00,00,000
Total	15,00,00,000
Issued, Subscribed and Paid Up Capital	
1,20,00,000 Equity Shares of Rs. 10/- each	12,00,00,000

PART II - DEMERGER

SECTION 1- TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

3. TRANSFER OF ASSETS

3.1. With effect from the Effective Date the Demerged Undertaking (including all the estate, assets, rights including claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of this Clause in relation to the mode of transfer and vesting and pursuant to the provisions of Section 232(3) of the Act, without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in and shall be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions, if any.

3.2. In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession or by endorsement and delivery, the same shall stand so transferred by the Demerged Company upon the coming into effect of the

Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date pursuant to the provisions of Section 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to encumbrances in favour of banks and/or financial institutions.

3.3. In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-Clause 3.2 above, the same shall, without any further act, instrument or deed, be demerged from the Demerged Company and transferred to and vested in and/or be deemed to be demerged from the Demerged Company and transferred to and vested in the Resulting Company upon the coming into effect of Part II of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

3.4. All assets, rights, title, licenses, interest and investments of the Demerged Company in relation to the Demerged Undertaking shall also, without any further act, instrument or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

4. CONTRACTS, DEEDS, ETC.

4.1 Upon the coming into effect of the Scheme, and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, Schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date shall continue in full force and effect on or against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or there under.

4.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of the Scheme, in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Demerged Company will, if necessary, also be a party to the above. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

4.3 Without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of the Scheme, all consents, permissions, licenses, approvals, certificates, insurance covers, clearances, authorities given by, issued to or executed in favour of the Demerged Company in relation to the Demerged Undertaking shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be

available to the Resulting Company.

4.4 Without prejudice to the aforesaid, it is clarified that if any assets (including estate, claims, rights, title, interest in or authorities relating to any asset) or any contracts, deeds, bonds, agreements, Schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, Schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

5. TRANSFER OF LIABILITIES

5.1 Upon the coming into effect of the Scheme, all debts, liabilities, duties and obligations (including the liabilities which arise out of the activities or operations of the Demerged Undertaking) of the Demerged Company as on the Appointed Date and relatable to the Demerged Undertaking shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, duties and obligations of the Resulting Company.

5.2 In so far as the existing Encumbrance in respect of the loans, borrowings, debts, liabilities, is concerned, such Encumbrance shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking which have been Encumbered in respect of the transferred liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the transferred liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

5.3 For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Business are concerned, the Encumbrance over such assets relating to the Transferred Liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrance relating to the same. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the Demerged Undertaking are concerned, the Encumbrance over such assets relating to any loans, borrowings or other debts which are not transferred pursuant to this Scheme (and which shall continue with the Demerged Company), shall without any further act or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

5.4 Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required,



including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies to give formal effect to the above provisions, if required.

5.5 Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Transferred Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Transferred Liabilities.

5.6 It is expressly provided that, save as mentioned in this Clause, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

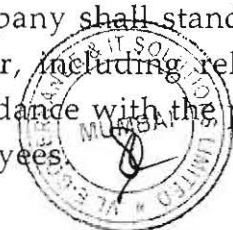
5.7 Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

6. EMPLOYEES

6.1 Upon the coming into effect of this Scheme, all Employees of the Demerged Undertaking shall become the employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in relation to the Demerged Undertaking and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking. For the purpose of payment of any compensation, gratuity and other terminal benefits, the immediate past services of such Employees with the Demerged Company shall also be taken into account, and paid by the Resulting Company as and when the same become payable.

6.2 In so far as the provident fund and gratuity fund and any other funds or benefits if any created by the Demerged Company inter alia for the Employees are concerned (collectively referred to as the "Funds"), the funds and such investments made by the Funds which are relatable to the Employees in terms of sub-Clause 6.1 above shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. 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 shall be transferred to the Funds created by the Resulting Company.

6.3 In relation to any other fund created or existing for the benefit of the Employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such Scheme, funds, bye laws, etc. in respect of such Employees.



6.4 In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held inter alia for the benefit of the employees of the Remaining Business.

6.5 Employee Stock Benefits

6.5.1 Upon Part II of the Scheme becoming effective, employees of the Demerged Company holding options, (whether vested or unvested) under the Vakrangee Limited Employee Stock Option Scheme 2014 (ESOP) as on the Effective Date, shall continue to hold such Vakrangee Limited ESOPs on the existing terms and conditions, except for such modifications as may be required to give effect to this Clause 6.5.

6.5.2 Immediately upon Part II of the Scheme becoming effective, Vakrangee Limited ESOPs shall continue, subject to such adjustments towards the demerger of the E-Governance & IT/ITES business Division, as may be deemed appropriate by the relevant committee of the Board of the Demerged Company in accordance with the provisions of the Vakrangee Limited ESOPs and in compliance with the applicable laws. The Board of the Demerged Company shall through its Nomination & Remuneration & Compensation Committee, decide the manner in which difference in the intrinsic value created pursuant to the demerger of the Digital Division is to be compensated to the Vakrangee Limited ESOPs holders in compliance with the applicable laws and SEBI regulations.

6.5.3 The Boards of the Demerged Company and the Resulting Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of Clause 6.5

7. LEGAL, TAXATION AND OTHER PROCEEDINGS

7.1. Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter and, in each case, relating to the Demerged Undertaking shall be continued and enforced by or against the Resulting Company with effect from the Effective Date. Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Resulting Company. The Resulting Company shall be replaced/ added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Demerged Company.

7.2. If any proceedings are taken against the Demerged Company in respect of the matters referred to in sub-Clause 7.1 above, it shall defend the same in accordance with any reasonable and prudent advice provided by the Resulting Company at the cost of the Resulting Company and the latter shall reimburse and indemnify the Demerged

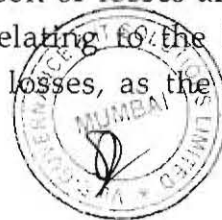


Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

7.3. The Resulting Company undertakes to have all legal, taxation or other proceedings initiated by or against the Demerged Company in relation to Demerged Undertaking referred to in sub-Clause 7.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both companies shall make relevant applications in that behalf.

SECTION 3 - REMAINING BUSINESS

8. Save and except Demerged Undertaking and as expressly provided in this Scheme, nothing contained in this Scheme shall affect Retained Undertaking (remaining business) of VL which shall continue to belong to and be vested in and be managed by VL. It is expressly clarified and provided that the Retained Undertaking shall continue to be so vested in VL and all liabilities, present or contingent, under the Income Tax Act, 1961 of VL as a whole, for the period prior to the Appointed Date shall be borne by VL with VL also being entitled to any and all tax refunds and other credits under the said acts for such prior period.
- 8.1 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.
- 8.2 All legal, taxation or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date. The Resulting Company shall in no event be responsible or liable in relation to any such legal, taxation or other proceedings against the Demerged Company, which relates to the Remaining Business.
- 8.3 If proceedings are taken against the Resulting Company in respect of the matters referred to in sub-Clause 8.2 above, it shall defend the same in accordance with the advice of the Demerged Company and at the cost of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
- 8.4 **With effect from the Appointed Date and up to and including the Effective Date:**
- 8.4.1 the Demerged Company shall carry on and be deemed to have been carrying on all business and activities relating to the Demerged Undertaking for and on its own behalf;
- 8.4.2 all profits accruing to the Demerged Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company;



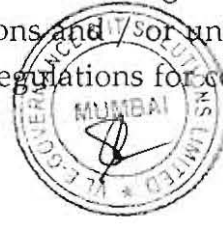
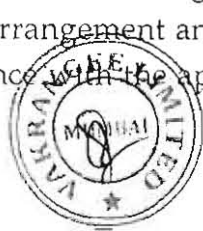
- 8.4.3 all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company;

SECTION 4 – CONSIDERATION

9. The provisions of this Section 4 of this Scheme shall operate notwithstanding anything to the contrary in this Scheme or in any other instrument, deed or Writing.
- 9.1 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 or 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;
- 9.2 The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank *pari passu* in all respects with the existing equity shares of the Resulting Company.
- 9.3 The shares issued to the members of the demerged company pursuant to clause 9.1 above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the demerged company to the Resulting Company on or before such date as may be determined by the Board of Directors of the Resulting Company or a committee thereof. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Company, the shares shall be issued to such members in dematerialized form provided that the members of the Demerged 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 Resulting Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting 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 Resulting Company shall issue shares in certificate form to such member.
- 9.4 The New Equity Shares to be issued in respect of the shares of the Demerged Company held in the unclaimed suspense account, if any, shall be issued to a new unclaimed suspense account created for the shareholders of the Resulting Company.
- 9.5 New Equity Shares to be issued by the Resulting Company pursuant to Clause 9.1 above in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be kept in abeyance by the Resulting Company.



- 9.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the shares in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in Resulting Company on account difficulties faced in the transition period.
- 9.7 Unless otherwise determined by the Board of Directors or any committee thereof of the Demerged and Resulting Company, allotment of shares in terms of clause 9.1 of this part shall be done within 60 days from the effective date.
- 9.8 If any Eligible member becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of Equity shares by the Resulting Company in accordance with this Scheme, the Board of Directors of the Resulting Company shall consolidate all such fractional entitlement and shall, without any further application, act, instrument or deed issue and allot such consolidate shares directly to an individual trustee in a separate account nominated by the Resulting Company ('The Trustee'), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heir, executors, administrators, successors for the specific purpose of selling such shares in the open market at such price or prices and on such time or times within 60 days from the date of allotment, as the trustee may in it's sole discretion decide and on such sale, pay to the Resulting Company, the net sale proceeds (after deducting the applicable taxes and cost incurred) thereof and any additions and accretions, whereupon the Resulting Company shall subject to the withholding tax, if any, distribute such sale proceeds to the concerned Eligible Members in proportion to their respective fractional entitlement.
- 9.9 Pursuant to and upon this Scheme becoming effective, the Resulting company shall take necessary steps to increase and alter its authorized share capital suitably to enable the Resulting company to issue and allot the Equity Shares in the Resulting Company to the shareholders of the Demerged Company in terms of this Scheme and as an integral part of this Scheme, the share capital of the Resulting Company shall be increased in the manner set out in Clause 15 below.
- 9.10 Equity Shares of the Resulting Company issued in terms of clause 9.1 above shall pursuant to the circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/49 dated 22nd December, 2020 issued by Securities and Exchange Board of India (SEBI) and in accordance with compliance with requisite formalities under applicable laws, be listed and / or admitted to trading on BSE Limited and National Stock Exchange of India Limited (NSE), the relevant stock exchange(s) where the existing equity shares of the Demerged Company are listed and / or admitted to trading in accordance with the compliance with requisite formalities under applicable laws and the Demerged company and the Resulting Company shall enter into such agreement / arrangement and give confirmations and / or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the



formalities of the said stock exchange (BSE Limited and National Stock Exchange of India Limited (NSE)).

- 9.11 The equity shares of the Resulting Company allotted pursuant to the scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated stock exchange.
- 9.12 Till the listing of the equity shares of the Resulting Company, there will be no change in the pre-arrangement capital structure and shareholding pattern or controls in the Resulting Company which may affect status of the approval of the stock exchanges to this scheme.
- 9.13 Approval of the Scheme by the shareholders of VL E-GOV shall be deemed to be due compliance of the provisions of section 42, 62 if any and other relevant or applicable provisions of the Companies Act, 2013 and Rules made thereunder, the SEBI(LODR) Regulations, 2015 and the Articles of Association of the Resulting company and no other consent shall be required under the Act or the Articles of Association of the Resulting company for the issue and allotment of the Equity shares by VL E-GOV to the shareholders of VL as provided hereinabove.

SECTION 5 - REDUCTION OF SHARE CAPITAL OF THE RESULTING COMPANY

- 9.14 Simultaneously, with the issue and allotment of the new Equity Shares by the Resulting Company to the Equity Shareholders of the Demerged Company in accordance with clause 9.1 of the Scheme in the books of the Resulting Company the existing shareholding in the equity share capital of the Resulting Company shall stand cancelled as an integral part of this Scheme in accordance with the provisions of section 66 of the Companies Act, 2013.
- 9.15 Since the said reduction is an integral part of the Scheme under Section 230 to 232 and will be made effective pursuant to order(s) of the NCLT(s) sanctioning the Scheme in terms of Sections 230 to 232 of the Act, the provisions of Section 66 of the 2013 Act shall not be applicable unless the NCLT holds otherwise. In any event, it shall be deemed that the members of the Resulting Company who have approved the Scheme have also resolved and accorded all relevant consents under Section 66 of the Companies Act, 2013 or any other provisions of the Act to the extent the same may be considered applicable and that there will be no need to pass a separate shareholders' resolution as required under Section 66 of the Companies Act, 2013.
- 9.16 The order of NCLT sanctioning the Scheme shall be deemed to be an order under section 66 of the Act confirming reduction and no separate sanction under section 66 of the Act shall be necessary.

SECTION 5 - GENERAL TERMS AND CONDITIONS

ACCOUNTING TREATMENT

Upon the Scheme becoming effective, demerger of Demerged Undertaking of the Demerged Company into Resulting Company will be accounted for in accordance with the applicable accounting standards and Clause 10 and 11 (Accounting Treatment) of the Scheme.



On the Scheme becoming effective and with effect from the Appointed Date, the Demerged Company shall account for demerger in its books as under:

- 10.1 All the assets, liabilities and reserves of the Demerged Company pertaining to the Demerged Undertaking, being transferred to the Resulting Company, shall be reduced from the books of accounts of the Demerged Company at their respective book values / carrying values at the close of business on the day immediately preceding the Appointed Date.
- 10.2 The excess/deficit, if any, of the book value of the assets over the book value of the liabilities and reserves of the Demerged Company pertaining to the Demerged Undertaking, which have been transferred pursuant to this Scheme, shall be adjusted against the reserves in the financial statements of the Demerged Company as drawn up in compliance with the Scheme and applicable accounting standards/IND AS of the Demerged Company. Notwithstanding anything above, the Board of Directors of the Demerged Company is authorized to account for any of the above-mentioned transactions or any matter not dealt with under this clause in accordance with the applicable accounting standards /IND AS and generally accepted accounting principles.

11. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY (VL E-GOV)

On the Scheme becoming effective and with effect from the Appointed Date, the Resulting Company shall account for demerger in its books as under:

- 11.1 Demerger of Demerged Undertaking of the Demerged Company into Resulting Company shall be accounted for in the books of account of the Resulting Company in accordance with applicable accounting standards/IND AS and generally accepted accounting principles;
- 11.2 The Resulting Company shall record the assets, liabilities and reserves pertaining to the Demerged Undertaking vested in it pursuant to this Scheme, at their respective book values / carrying values in the books of the Demerged Company;
- 11.3 The identity of the reserves, shall be preserved, and they shall appear in the financial statements of the Resulting Company in the same form in which they appeared in the financial statements of the Demerged Company;
- 11.4 The inter-corporate borrowings, deposits / loans and advances outstanding, if any, between the Resulting Company and the Demerged Undertaking of the Demerged Company as on the Effective Date will stand cancelled and there shall be no further obligation in that behalf. Further, any other inter-company payables and receivables between the Demerged Undertaking of the Demerged Company and the Resulting Company shall be cancelled and the Resulting Company shall accordingly credit the concerned payable against related receivables in its books and debit the concerned receivable against the related payables in its books;
- 11.5 The Resulting Company shall issue and allot equity shares to the shareholders of the Demerged Company in accordance with Clause 9 above and credit the aggregate face value of such equity shares to its share capital account.

- 11.6 The surplus / deficit, if any, of the net value of assets, liabilities and reserves of the



Demerged Undertaking of the Demerged Company acquired and recorded by the Resulting Company over the amount recorded as share capital issued shall be credited or debited, as the case may be, to the reserves in the financial statements of the Resulting Company;

- 11.7 In case of any difference in the accounting policies between the Demerged Company and the Resulting Company, the accounting policies followed by the Resulting Company shall prevail and the difference, if any, will be quantified and shall be adjusted in the Reserves, to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy;
- 11.8 Upon the Scheme being effective, the existing shareholding in the Resulting Company shall stand cancelled. Upon cancellation, the Resulting Company shall debit to its Equity Share Capital Account, the aggregate face value of existing equity shares held by the shareholders in the Resulting Company, which stand cancelled and the same shall be credited to the Capital Reserve of the Resulting Company.
- 11.9 Notwithstanding the above, the Board of the Resulting Company in consultation with its statutory auditors, is authorized to account for any of these balances in any manner whatsoever, as may be deemed fit in accordance with the prescribed accounting standards, and applicable generally accepted accounting principles as applicable to the Resulting Company.

12. TAXES

All taxes (including income tax, minimum alternate tax, sales tax, excise duty, custom duty, service tax, GST, etc.) paid or payable by the Demerged Company in respect of the operations and/or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, minimum alternate tax, sales tax, excise duty, custom duty, service tax, GST, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

13. SCHEME CONDITIONAL ON

This Scheme is conditional upon and subject to:

- 13.1 Obtaining no-objection / observation letter from the Stock Exchanges in relation to the Scheme under Regulation 37 of SEBI (LODR) Regulations, 2015.
- 13.2 the Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors of the Demerged Company and the Resulting Company as required under the Act and the requisite order of the National Company Law Tribunal, Mumbai Bench, Mumbai 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 In the event of this Scheme failing to take effect by 30th September, 2022 or such later date as may be agreed by the respective Board of Directors, this Scheme shall stand revoked, cancelled and be of no effect and become null and void, and in that event, no rights and liabilities shall accrue to or be incurred inter se between the parties or their shareholders or creditors or employees or any other person. In such case, the Demerged Company shall bear all costs and expenses.
- 13.5 Para 10 of SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020 shall not be applicable to the Scheme.
- 13.6 such other sanctions and approvals as may be required by law in respect of this Scheme being obtained; and
- 13.7 the Certified copies of the NCLT orders referred to in this Scheme being filed with the Registrar of Companies, Maharashtra, Mumbai.

PART III - OTHER TERMS & CONDITIONS

SECTION 6 - OTHER TERMS AND CONDITIONS

- 14.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period prior to the Effective Date, as applicable.
- 14.2 The Equity shares of the Resulting Company to be issued and allotted to the Equity shareholders of the Demerged Company as provided in clause 9 hereof shall be entitled to dividends from the date of allotment.
- 14.3 The holders of the shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective articles of association including the right to receive dividends.
- 14.4 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors of the Demerged Company and the Resulting Company respectively, and subject to the approval, if required, of the shareholders of the Demerged Company and the Resulting Company respectively.
- 14.5 The holders of the shares of the Demerged Company and the Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing



rights under their respective articles of association including the right to receive dividends.

- 14.6 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Demerged Company and/or the Resulting Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the boards of directors of the Demerged Company and the Resulting Company respectively, and subject to the approval, if required, of the shareholders of the Demerged Company and the Resulting Company respectively

15. **INCREASE IN THE AUTHORISED SHARE CAPITAL OF VL E-GOVERNANCE & IT SOLUTIONS LIMITED (VL E-GOV) CONSEQUENT ALTERATIONS IN THE MEMORANDUM OF ASSOCIATION**

The Authorized Share Capital of VL E-GOVERNANCE & IT SOLUTIONS LIMITED shall be increased and reorganized, in the manner mentioned below, to cover the fresh issue of equity shares by VL E-GOV to the shareholders of the Demerged Company in terms of clause 9 of this Scheme:

The Authorised Share Capital of VL E-GOVERNANCE & IT SOLUTIONS LIMITED shall be increased and reorganized from Rs. 15,00,00,000/- (Rupees Fifteen Crores only) comprising of 1,50,00,000 (One Crore fifty Lakh) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 110,00,00,000/- (Rupees One Hundred Ten Crores only) comprising of 11,00,00,000 (Eleven Crores Only) Equity Shares of Rs. 10/- (Rupee Ten) each.

In consequence of the increase in the Authorised Share Capital, as mentioned above, following new clause V shall be inserted in the Memorandum of Association of the Resulting Company (VL E-GOV) in place and stead of the existing clause V:



Clause V: - Memorandum of Association.

The Authorised share capital of the Company is Rs. 110,00,00,000/- (Rupees One Hundred Ten Crores only) comprising of 11,00,00,000 (Eleven Crores Only) Equity Shares of Rs. 10/- (Rupees Ten) each.

It is clarified that the relevant date for the increase of Authorised Share Capital of the Resulting Company shall be the effective date and the statutory time limit for filing of necessary documents with Registrar of Companies in connection with such increase in the Authorised Share Capital shall commence from the date the Scheme becomes effective. It is also clarified that the Resulting Company shall be required to pay the filing fee and stamp duty only on the increase in the Authorised Share Capital from Rs. 15,00,00,000/- to Rs. 110,00,00,000/- i.e. an increase of Rs 95,00,00,000/-.

It is further clarified that the Resulting Company shall not be required to pass any resolution under section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 for increase in the Authorised Share Capital of the Resulting Company, as envisaged above and that the members of the Resulting Company shall be deemed to have accorded their consent under various provisions of the Companies Act, 2013 and Rules made there under to the increase in the share capital in terms of this Scheme.

16. APPLICATION TO NATIONAL COMPANY LAW TRIBUNAL

The Demerged Company and the Resulting Company shall make necessary applications before the National Company Law Tribunal, Mumbai Bench, Mumbai for the sanction of this Scheme under Sections 230 to 232 of the Act.

17. MODIFICATIONS OF SCHEME

17.1 The Demerged Company and the Resulting 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 NCLT 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.

17.2 However, no modifications and / or amendments to the Scheme can be carried out or effected by the Board of Directors without approval of the Tribunal / Court and the same shall be subject to powers of the NCLT under the Act.

17.3 For the purpose of giving effect to this Scheme or to any modifications thereof, the Directors of the Demerged Company and the Resulting 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.

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



18 NON- RECEIPT OF APPROVALS AND REVOCATION/WITHDRAWAL OF THIS SCHEME

18.1 The Demerged Company and the Resulting Company acting jointly through their respective Boards shall each be at liberty to withdraw from this Scheme.

18.2 The Demerged Company and/or Resulting Company acting through their respective Boards shall each be at liberty to withdraw from this Scheme in case the Demerged Company or the Resulting Company is declared insolvent.

18.3 In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the Tribunal, and/or the order or orders not being passed as aforesaid on or before 30th September, 2022 or such later date from the date of approvals of the Scheme by respective Boards of the Parties or within such extended period as may be mutually agreed upon between the Demerged Company and the Resulting Company through their respective Boards or their authorized representatives, this Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/ or in connection with this Scheme.

In the event of revocation/withdrawal of the Scheme under Clause 18.1, 18.2 or 18.3 above, no rights and liabilities whatsoever shall accrue to or be incurred inter se the Demerged Company and the Resulting Company or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with the Applicable Law and in such case, each party shall bear its own costs, unless otherwise mutually agreed

19. SEVERABILITY

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Demerged Company and the Resulting Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

20. COSTS

Upon the sanction of this Scheme by the NCLT, Mumbai, all costs (including but not limited to stamp duty, registration charges, etc.) in relation to the Demerger shall be borne entirely by the Demerged Company.



