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# VAKRANGEE LIMITED DEMERGER UPDATE

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# ***DEMERGER UPDATE***

- As on June 19, 2021 the Board of Directors of Vakrangee Limited had approved Demerger of its digital Division.
- However, The Board of Directors have now after due deliberations and detailed discussions, taking into consideration the best interest of all its stakeholders, have finally decided to demerge its E-Governance and IT/ITES division. Whereas the digital division will continue to be part of the current listed entity Vakrangee Limited.

**BOARD DECISION ON DEMERGER:**

**VAKRANGEE TO RESTRUCTURE ITS BUSINESS FOR SHAREHOLDER VALUE CREATION  
TO DEMERGE ITS NON CORE BUSINESS OF E-GOVERNANCE AND IT/ITES AS A SEPARATE ENTITY  
TO BE LISTED**

- Demerger to unlock the potential of the Core Vakrangee kendra Business in the current Listed entity.
- Current Listed Entity “Vakrangee Limited” to consist of existing business of Vakrangee Kendra physical outlets as well as Digital platform of BharatEasy Mobile Super app.
- Vakrangee Kendra Business is Retail centric Consumer facing business. It is an Asset Light, High return on capital business and thereby will get the proper representation post the Demerger.
- The Demerger will enable both the Companies to enhance business operations by streamlining operations, more efficient management control and outlining independent growth strategies.

# PROPOSED DEMERGER STRUCTURE

**PRE-DEMERGER**



**POST-DEMERGER ARRANGEMENT**

1

**VAKRANGEE LIMITED – CURRENT LISTED ENTITY**

2

**VL E-GOVERNANCE & IT SOLUTIONS BUSINESS DIVISION – TO BE LISTED**

**POST-DEMERGER ARRANGEMENT**

**TO INCLUDE :-**

- VAKRANGEE KENDRA BUSINESS (PHYSICAL OUTLETS)
- BHARATEASY MOBILE SUPER APP (DIGITAL PLATFORM)

**TO INCLUDE :-**

- E-GOVERNANCE BUSINESS
- IT/ITES BUSINESS
- IT EQUIPMENT PROCUREMENT & TRADING SERVICES

**KEY FEATURES :**

- ASSET LIGHT BUSINESS MODEL
- SCALABLE FRANCHISEE MODEL
- HIGH RETURN ON CAPITAL
- FREE CASH FLOW POSITIVE

**KEY FEATURES:**

- PROJECT BASED BUSINESS
- CAPITAL INTENSIVE BUSINESS
- WORKING CAPITAL INTENSIVE

# PROPOSED DEMERGER STRUCTURE

## VAKRANGEE KENDRA BUSINESS



### Physical + Digital Platform (BharatEasy App)

#### Physical Platform :

- One of the Largest Physical Cash in Cash Out network in rural India
- Leading player in Financial Inclusion, 4<sup>th</sup> Largest White Label ATM operator
- Current network : 13,200+ Outlets
- Planned Target Outlets : Growth strategy 2.0
  - FY2022- 25,000 Outlets
  - FY2026 – 75,000 Outlets
- Total Transaction Value FY2021 : USD 5.2 Billion
- Total Transaction Value H1 FY22 : ~USD 3.0 Billion

#### Digital Platform :

- All-in-one Mobile Super App platform for all Customer needs. To leverage Strong Brand Recall in Rural India
- To Leverage Vakrangee Eco-System : Unique Proposition of Digital along with Physical: “Phygital”

## E-Governance & IT/ITES Business



## E-Governance & IT/ITES Business

- Established and proven track record in delivering time-bound ‘mission critical’ Government projects.
- Capabilities in entire value chain – right from data digitisation to technology Integration and IT Procurement management.
- End to End system integration work for complex IT transformation exercises and also help run efficient IT infrastructure procurement and trading services.



- **The Demerger will unlock value of both businesses and result in shareholder value maximisation.**
- We believe that both the businesses (Vakrangee Kendra Business as well as E-Governance & IT/ITES Business) require greater attention and possess growth potential, due to which the Company has decided for the segregation of the business.
- **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.**
- **Further, Vakrangee Kendra business (Physical as well as Digital) is an Asset Light, High return on capital business and thereby will get the proper representation post the Demerger.**
- 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, Vendor management and Trading of IT equipment's.
- The Demerger will enable both the Companies to enhance business operations by streamlining operations more efficient management control and outlining independent growth strategies.
- **Enable dedicated management focus, resources and skill set allocation to each business, which will in turn accelerate growth and unlock value for the shareholders.**

**POST DEMERGER :**

**VAKRANGEE LIMITED TO EMERGE AS PURE RETAIL CONSUMER CENTRIC BUSINESS**

**RETAIL CONSUMER  
CENTRIC BUSINESS**

**STRONG RURAL BRAND  
PRESENCE**

**UNIQUE PHYSICAL +  
DIGITAL PLATFORM**

**ASSET LIGHT MODEL**

**SCALABLE FRANCHISEE  
LED MODEL**

**DEBT FREE BALANCE  
SHEET**

**HIGH RETURN ON  
CAPITAL**

**FREE CASH FLOW  
POSITIVE**

**HIGH RETURN ON  
EQUITY**

**VAKRANGEE LIMITED TO EMERGE AS ONE OF INDIA'S LARGEST RURAL DISTRIBUTION  
PLATFORM ALONG WITH DIGITAL PLATFORM OF BHARATEASY MOBILE SUPER APP**



Sr. No	Particulars	Details
1	Brief details of the division(s) to be demerged;	<p>The Company has currently two business segments viz,</p> <ol style="list-style-type: none"> <li>Vakrangee Kendra business which includes the Physical Kendra outlet business as well as the Digital Platform business of BharatEasy Mobile super app.</li> <li>E-governance &amp; IT/ITES business.</li> </ol> <p>The Demerged Company would demerge its E-Governance and IT/ITES division (hereinafter referred to as the "Demerged Undertaking") including all its assets, investments, liabilities, rights, benefits, interests and obligations (as specifically set out in the Scheme) to the Resulting Company and it would continue to run and operate the E-Governance and IT/ITES Division.</p>
2	Brief details of change in shareholding pattern (if any) of all entities;	<p>Upon the scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company, in terms of the 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.</p> <p><b>The overall economic interest of the equity shareholders of the Demerged Company shall remain the same in both the Companies. The post Scheme shareholding pattern of Demerged Company and resulting company will be as follows:</b></p>

### DEMERGED COMPANY

Category	No. of Equity Shares	%
Promoter	45,13,53,165	42.60
Public	60,80,52,475	57.40
Total	1,05,94,05,640	100.00

### RESULTING COMPANY

Category	No. of Equity Shares	%
Promoter	4,51,35,316	42.60
Public	6,08,05,248	57.40
Total	10,59,40,564	100.00

***Thank You***