



**VAKRANGEE LIMITED.**  
**QUARTERLY INVESTOR UPDATE – Q3 FY2013-14**



# Safe Harbor Statement

This presentation and the following discussion may contain “forward looking statements” by Vakrangee Limited (“VL”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of VL about the business, industry and markets in which VL operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond VL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of VL.

In particular, such statements should not be regarded as a projection of future performance of VL. It should be noted that the actual performance or achievements of VL may vary significantly from such statements.

# Discussion Summary



- ➔ About Us
- ➔ Quarterly Financials Update
- ➔ Segmental Revenues Update
- ➔ Result Highlights
- ➔ Summary Outlook
- ➔ Annexure
  - ➔ Financial Inclusion Project



# About Us



## Pedigree & Execution Capability

- India's largest E-Governance player with 20 years of E-Governance focus. In-depth experience of handling various E-Governance projects including Election Automation, PDS, UIDAI, CSC, FI, IGRS and many more.
- Strong track record of delivering time-bound mission critical projects having large foot-print across geographies.
- Members on Board: Independent Directors including Mr. Ramesh Joshi (Former Executive Director – SEBI), Mr. Kunnel Prem (Principal – LIC, Nominee Director by LIC ), Ms. B.L Meena (Former Chief Manager – Indian Railways)

## Strong Financials

- Revenues, EBIDTA & PAT for FY13 were Rs. 15,558 mn, Rs. 3,912 mn, & Rs. 1,093 mn and have grown at a CAGR of 53.7%, 69.7%, & 66.9% respectively over last 3 years.
- Current FY13 ROCE stands at 27.0%. Total debt was around Rs. 5,401 mn resulting into Net D:E at 1.0x.

## Credentials

- Part of all Mission Mode Projects (MMPs) over last 2 decades i.e. MCA 21, RSBY, Passport Seva Kendra, UIDAI etc.
- Largest Single System Integrator (SI) for all the Key Government Projects upholding the Largest Democracy.
- Empanelled in the highest category i.e. T3F4 category for Select Government Projects i.e. UIDAI - Aadhaar.
- CMMi level III organization, ISO 27001, ISO:IEC 20000 Certified
- Included in CNX 500 & BSE 200/500 & Mid-Cap Index.

## Business Transformation

- **BFSI** - Exclusive mandate for 5 + 2 years to setup & manage 50,000 bank branches in the states of Maharashtra, Rajasthan, and Delhi.
- **RETAIL** - Allowed to provide B2C as well as G2C services at these Outlets, Thus resulting into Exclusive Rural Retail Marts.

# About Us – Independent Directors on the Board



**RAMESH M. JOSHI**

*Non Executive Independent Director*

He has held various important positions in the Reserve Bank of India. He had the privilege of being nominated as a nominee of RBI on the Boards of various Banks.

He had retired as an Executive Director of SEBI. He is also practicing as a senior corporate consultant.



**KUNNEL PREM (LIC Nominee)**

*Non Executive Independent Director*

Mr. Kunnel Prem, Principal ZTC, Life Insurance Corporation (LIC) of India, represents LIC on the Board of the Company.



**SUNIL AGARWAL**

*Non Executive Independent Director*

Mr. Sunil Agarwal is Bachelor of Commerce with over 25 years experience in business administration. He is a very successful businessman with good leadership qualities to control huge projects and explore new business opportunities.



**B. L. MEENA**

*Non Executive Independent Director*

Mr. B. L. Meena has rich experience of having worked in different Government departments, including being Chief Commercial Manager NW Railway Jaipur of Indian Railway Traffic Service where he served for 28 years

# About Us – Strong Management



**DINESH NANDWANA**  
Chairman & Managing Director

Chartered Accountant with 22 years experience in overall Management, Operations, Finance & Corporate Affairs.

Has led the evolution of Vakrangee since inception by ensuring continuous advance and improve e-Governance solutions leveraging world-class technologies, processes and people



**SANTOSH DASH**  
CEO – Retail & BFSI (Global)

An IT veteran with an MBA gold medalist and B.Tech. More than 18 years of experience in blue chip organizations like PwC, IBM and ICICI and expertise in BFSI, Agri, Retail and Govt business



**PRADEEP KUMAR**  
CEO – Government Business

Ex IRS officer with a MBA and B.Tech in telecommunications, has 18+ Years experience in Global business development and execution of large public sector IT projects.



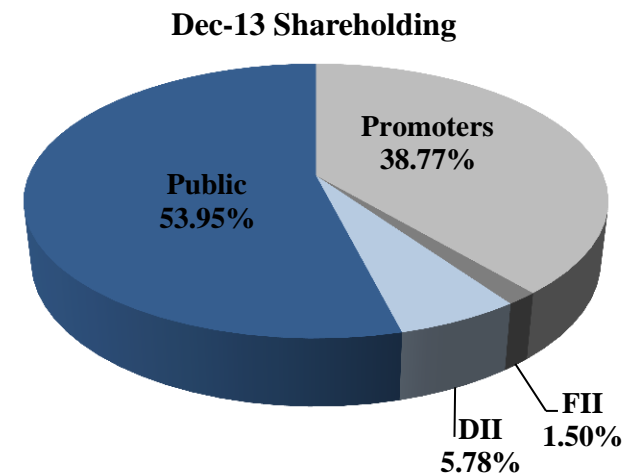
**DR NISHIKANT HAYATNAGARKAR**  
Director – R&D

PhD in Computer Science from I.I.T. (Mumbai), with experience of 24 years in the field of software and chip designing, Leads the SI LOB for Vakrangee.

# Shareholding Structure



Category	Dec-13	Sept-13	Jun-13
Promoters	38.77%	38.81%	38.80%
FII	1.50%	1.36%	0.46%
DII	5.78%	6.18%	6.56%
Public	53.95%	53.65%	54.18%
Total	100%	100%	100%
Equity Capital (no. of shares)	<b>50,29,65,320</b>	<b>50,29,65,320</b>	<b>50,29,65,320</b>



Key Institutional Shareholders	% Holding
Life Insurance Corporation (LIC)	5.63%
Grandeur Peak Fund	0.72%
Taiyo Pacific Capital	0.80%
Total	7.15%

# Standalone Quarterly Financials – Profit & Loss Statement



Particulars (Rs. Mn)	Q3 FY2014	Q3 FY2013	YoY % Change	Q2 FY2014	QoQ % Change
Total Income from Operations	4,892.1	3,889.1	25.8%	4,263.8	14.7%
Cost of Materials	3,543.0	2,761.9	28.3%	2,948.9	20.1%
Changes in Inventories, Stock in Trade & FGs	-150.5	3.2	-	41.6	-
Employee Benefit Expense	48.0	62.2	-22.8%	66.7	-28.0%
Other Expenses	47.8	37.3	28.2%	31.9	49.8%
<b>Total Expenses</b>	<b>3,488.3</b>	<b>2,864.6</b>	<b>21.8%</b>	<b>3,089.1</b>	<b>12.9%</b>
<b>EBIDTA</b>	<b>1,403.8</b>	<b>1,024.5</b>	<b>37.0%</b>	<b>1,174.7</b>	<b>19.5%</b>
<i>EBIDTA Margin %</i>	<i>28.7%</i>	<i>26.3%</i>	<i>235 bps</i>	<i>27.6%</i>	<i>114 bps</i>
Depreciation Expense	430.2	411.0	4.7%	434.7	-1.0%
Finance Cost	195.2	210.7	-7.4%	198.1	-1.5%
Other Income	3.3	13.0	-74.6%	50.0	-93.4%
<b>Profit before Tax (PBT)</b>	<b>781.70</b>	<b>415.8</b>	<b>88.0%</b>	<b>591.9</b>	<b>32.1%</b>
Tax Expenses	270.7	88.7	205.2%	154.3	75.4%
% Tax Rate	34.6%	21.3%		26.1%	
<b>Profit after Tax (PAT)</b>	<b>511.00</b>	<b>327.1</b>	<b>56.2%</b>	<b>437.6</b>	<b>16.8%</b>
<i>PAT Margin %</i>	<i>10.4%</i>	<i>8.4%</i>	<i>350 bps</i>	<i>10.3%</i>	<i>18 bps</i>
<b>Earnings per Share (EPS)</b>	<b>0.99</b>	<b>0.64</b>	<b>54.7%</b>	<b>0.87</b>	<b>13.8%</b>



# Standalone 9 Months Financials – Profit & Loss Statement



Particulars (Rs. Mn)	9M FY2014	9M FY2013	YoY % Change
Total Income from Operations	13,175.3	10,896.9	20.9%
Cost of Materials	9,245.8	7,884.9	17.3%
Changes in Inventories, Stock in Trade & FGs	-62.0	2.0	-
Employee Benefit Expense	211.2	144.0	46.7%
Other Expenses	110.6	108.8	1.7%
<b>Total Expenses</b>	<b>9,505.6</b>	<b>8,139.7</b>	16.8%
<b>EBIDTA</b>	<b>3,669.7</b>	<b>2,757.2</b>	33.1%
<i>EBIDTA Margin %</i>	27.9%	25.3%	255 bps
Depreciation Expense	1278.2	1145.4	11.6%
Finance Cost	611.8	621.8	-1.6%
Other Income	111.7	38.7	188.6%
<b>Profit before Tax (PBT)</b>	<b>1,891.40</b>	<b>1028.7</b>	83.9%
Tax Expenses	612.0	251.8	143.1%
% Tax Rate	32.4%	24.5%	
<b>Profit after Tax (PAT)</b>	<b>1,279.40</b>	<b>776.9</b>	64.7%
<i>PAT Margin %</i>	9.7%	7.1%	258 bps
<b>Earnings per Share (EPS)</b>	<b>2.5</b>	<b>1.52</b>	64.5%

## Segmental Revenue Details



(Rs. Mn)	Q3 FY14		Q2 FY14		Q1 FY14		Q3 vs.Q2
Segment / Vertical	Sales	% Sales	Sales	% Sales	Sales	% Sales	% QoQ
Retail	2,323	47.5%	2,006	47.0%	1,288	32.0%	15.8%
E-Governance	1,444	29.5%	1,194	28.0%	8,23	20.5%	20.9%
PMS/DMS	1,125	23.0%	1,064	25.0%	1,908	47.5%	5.7%
Total	4,892	100.0%	4,264	100.0%	4,019	100.0%	14.7%

- The Company continued its focus on V-Mart retail business wherein the revenues increased 15.8% on QoQ basis. At present around 3,500 retail outlets are fully operational and are witnessing increasing transactions across all three segments – BFSI, G2C and B2C.
- PMS / DMS being the Legacy business for the company, is slowly being phased out in a planned manner. Margins have been lower in this segment as compared to E-Governance & Retail segment thus resulting into overall Margin Improvement for the Company.

# Quarterly Result Highlights



- Net Sales increased by 25.8% on a YoY basis to Rs. 4,892.1 mn in Q3 FY14 as against Rs. 3,889.1 mn for the corresponding quarter last year mainly on account of increase in sales in Retail segment where it has registered a growth of 15.8% on a QoQ basis to Rs. 2,323 mn.
- EBITDA (w/o Other Income) increased by 37.0% on YoY basis to Rs. 1,403.8 mn in Q3 FY14 as against Rs. 1,024.5 mn in Q3 FY13.
- EBITDA margin increased by 235 bps on YoY basis to 28.7% in Q3 FY14 as compared to 26.3% in Q3 FY13. Margins have improved on account of higher share of income from Retail Business where the margins are better as compared to the legacy business segment PMS/DMS where the margins are comparatively lower.
- PAT increased by 56.2% on YoY basis to Rs. 511.0 mn in Q3 FY14 as compared to Rs. 327.1 mn in Q3 FY13. PAT margin improved by 350 bps on YoY basis to 10.4% as compared to 8.4% in Q3 FY13.
- EPS (basic) for the face value of Rs. 1 stood at Rs. 0.99 in Q3 FY2014 as against Rs. 0.64 in Q3 FY2013.
- Under the Financial Inclusion Project, the company has the mandate to open 50,000 Retail outlets providing BFSI, G2C as well as B2C services over the next 2 years. Thus, the company expects the share of Retail segment Income to increase significantly over the next 2 years resulting into improved Margins.

# Summary Outlook



- Financial Update –
  - Revenues, EBIDTA & PAT for FY13 were Rs. 15,558 mn, Rs. 3,912 mn, & Rs. 1,093 mn and have grown at a CAGR of 53.7%, 69.7%, & 66.9% respectively over last 3 years.
  - Revenues, EBIDTA & PAT for 9M FY14 are Rs. 13,175 mn, Rs. 3,669 mn, & Rs. 1,279 mn and have grown by 20.9%, 33.1% & 64.7% respectively on a YoY basis.
- Operational Update – The company has the mandate to 50,000 Retail outlets by FY2015 and currently has 3,500 outlets already operational, The company has already signed agreements with all the 27 PSU banks. The company plans to Identify 12,000 Retail Outlets by FY14 and have around 9,000 Outlets to be fully operational.
- Low Capex Intensity through Asset Light Model – Expansion is mainly through franchise model. The Capex per Outlet for the Company is Rs. 20,000 per Outlet. Therefore, the Total Capex requirement for 50,000 outlets over next 3 years FY14-16 is approximately Rs.1,000 mn.
- Return Ratios set to Improve – No Major Capex required for Expansion and Pay Back period is less than 6 months. ROCE to improve Significantly as Incremental ROCE is more than 100% in the Retail model.

# THANK YOU



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A blue-tinted photograph of a man in a white turban and glasses smiling at a woman. The man is on the left, wearing a white turban and round glasses, looking down and to the right with a smile. The woman is on the right, seen in profile, looking towards the man. The background is a blurred indoor setting. The word "ANNEXURE" is overlaid in white, bold, sans-serif font in the center of the image.

**ANNEXURE**



## Bank Branch Outsourcing:

Bank Branch Outsourcing: As the “Brick & Mortar” model of banking is not sustainable in rural regions, under the “Financial Inclusion” initiative –

- RBI set the guidelines allowing banks to appoint common BCs to reach unbanked regions in India.
- Government has decided to transfer the entire scheme benefit scheme worth more than 3 Trillion per annum through bank account only.
- Direct Benefit Transfer is a big driver for Branch opening at the sub tier-III cities in India.

Exclusive Banking Common BC Branch Outlets – In 2012, RBI divided all the states into 20 different Clusters and allotted Exclusive BC Based Banking Branches for a period of 5 + 2 years .

Government has permitted all the BC Banking Branches to also offer G2C as well as B2C services at their Outlets.

Resulting into Exclusive CSC Outlets offering Banking, G2C as well as B2C services.

# Vakrangee Ltd – Allotment of Financial Inclusion Project



## Allotment of Exclusive BC Based Banking License

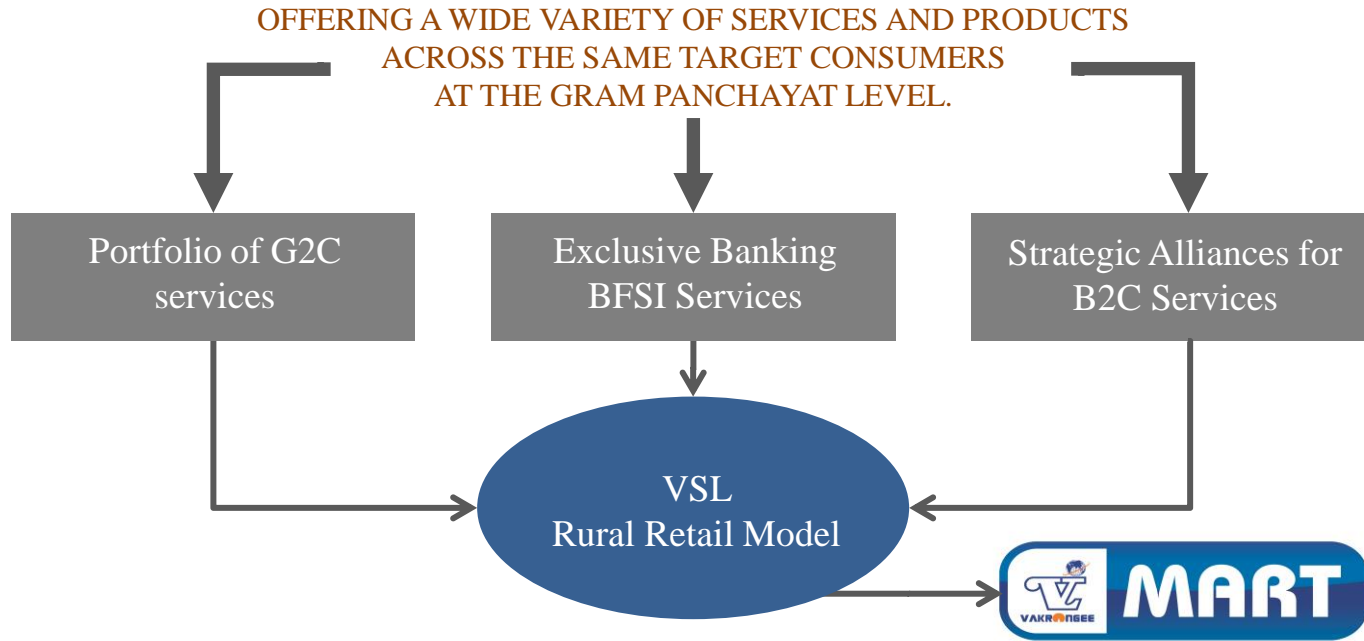
- VSL has secured an exclusive mandate for 5 + 2 years to setup & manage 50,000 bank branches (Ultra Small Branches) in the states of Maharashtra, Rajasthan, and Delhi.
- RBI permits 80:20 Rural : Urban ratio for opening the bank branches.
  - Rural – 40,000
  - Urban – 10,000
- VSL plans to open an Rural Branch at each Gram Panchayat Level in the states of Maharashtra, Rajasthan and Delhi and the rest to be opened in Urban Regions –
  - Maharashtra – 27,000
  - Rajasthan – 9,900
  - Delhi – 1,100

## Offering of G2C & B2C Services

- The 50,000 branches have also been permitted to extend the G2C and B2C services transforming them into India's first Rural Multi-Retail Outlets



# Transformation – Rural Retail Outlet



Natural Extension into Standalone Retail chain offering three sets of services across Government, Banking BFSI and Consumer domains – G2C, BFSI & B2C

Strong Rural Distribution Channel to deliver B2C services – FMCG, Auto, Telecom, Insurance

**Rural Retail Mart - One touch point at each Gram Panchayat to deliver all services to the citizens by using cutting-edge technology and focusing on reliability, quality and serviceability.**

# India's First Organised Rural Retail Mart



## Technology Intensive Rural Retail Mart – One Stop Shop

### B2C

- Telecom - Mobile recharge
- DTH service - Recharge, bill payments
- Education
- Healthcare
- Market Research
- Agriculture inputs
- Automobiles - Dealership of Tata Motors & Mahindra
- FMCG Products
- White Goods

### BFSI–Rural Bank Correspondent

- Bank A/C Opening – Savings, Current, Recurring
- Transactions–Deposits, Withdrawals, Remittances
- Balance Enquiry, Statement of Accounts
- Direct Benefit Transfer (DBT)
- Pension Disbursement
- Food Security related DBT
- Insurance - Life & Non Life, premium payments
- Retail loans, ODs, Fixed Deposits
- Recovery of loans
- BSE/NSE Trading Bolts

### G2C

- Enrolments-UID Card, NREGA job Card, Election Card
- Land Record Digitisation, Electoral Rolls, E-Stamping
- Payment of Utility Bills, Taxes, Levies
- Railway Tickets, Certificates, Hall tickets
- Exam Fee Payments, Online Form Filling
- Election Commission, NREGS, NRHM, Bharat Nirman
- PDS, School Books, Food Coupon

RURAL  
POOR

Services are offered across the entire income spectrum

RURAL  
RICH

From Direct Cash Disbursement and recharge coupons to the poor, as well as delivering **luxury** items like automobiles or high end consumables to the affluent.

# Key Alliance Partners



## BFSI – List of Banking Services permitted at Retail Outlet



Sr. No.	BC Activities
1	Savings A/C Opening
2	Deposit in Savings A/C
3	Withdrawal from Savings A/C
4	Remittances - A/C to A/C
5	Remittances - Tatkal
6	Account Opening at /month/BC for first 5 months
7	Recurring Deposit A/C Opening
8	Deposit in Recurring A/C
9	Withdrawal from Recurring A/C
10	Savings Bank Overdraft
11	Savings Bank Overdraft - Disbursement
12	Savings Bank Overdraft - Repayment
13	Repayment in standard assets - Term Loans
14	Repayment in standard assets - Overdraft
15	Repayment in standard assets - Cash Credit

Sr. No.	BF Activities
16	Savings A/C Opening
17	Recurring Deposit A/C Opening
18	Current A/C Opening
19	Fixed Deposit (TDR/STDR)
20	Retail Loans - Disbursement
21	Retail Loans - Repayment
22	Over Draft
23	Kisan Credit Card - Disbursement
24	Kisan Credit Card - Repayment
25	Gramin Credit Card - Disbursement
26	Gramin Credit Card - Repayment
27	Insurance
28	Micro Pension
29	Self Help Group Management
30	Joint Liability Group Management
31	Recovery in NPA Accounts - Substandard
32	Recovery in NPA Accounts - Doubtful
33	Recovery in Loss & Written Off Accounts

## List of Empaneled Banks – Agreements Signed



Sr. No.	Name of the Bank
1	Allahabad Bank
2	Andhra Bank
3	Bank of Baroda
4	Bank of India
5	Bank of Maharashtra
6	Baroda Rajasthan Gramin Bank
7	Canara Bank
8	Central Bank of India
9	Corporation Bank
10	Dena Bank
11	Hadoti Kshetiya Gramin bank
12	IDBI bank
13	Indian Bank
14	Indian Overseas Bank
15	Maharashtra Gramin Bank
16	Jaipur The Gramin Bank
17	Marwar Ganganagar Bikaner Gramin Bank
18	Oriental Bank of Commerce

Sr. No.	Name of the Bank
19	Punjab & Sind Bank
20	Punjab National Bank
21	Rajasthan Gramin Bank
22	State Bank of Hyderabad
23	State Bank of Bikaner & Jaipur
24	State Bank of India
25	Syndicate Bank
26	UCO Bank
27	Union Bank of India
28	United Bank of India
29	Vijaya Bank
30	Vidarbha Kshetriya Gramin Bank
31	Wainganga Krishna Gramin Bank