

Vakrangee


 DOLAT CAPITAL

CMP: ₹ 127
Not Rated

BSE Sensex	26,617
NSE Nifty	7,796

Scrip Details

Equity	₹ 503mn
Face Value	₹ 1/-
Market Cap	₹ 64bn
	USD 100mn
52 week High / Low	₹ 172 / 87
Avg. Volume (no)	2,023,908
BSE Code	511431
NSE Symbol	VAKRANGEE
Bloomberg Code	VKI IN
Reuters Code	VAKR.BO

Shareholding Pattern as on June'15 (%)

Promoter	38.71
MF/Banks/FIs	7.95
FIIIs	5.32
Public / Others	48.02

Vakrangee is a technology-driven company, focused on creating India's largest network of last-mile retail points-of-sale. The company aims to potentially enable every Indian to seamlessly benefit from financial inclusion, Government programmes and a wider access to basic goods and services. Vakrangee leverages its vast network of retail access points to deliver real-time Banking services, Insurance Services, E-Governance Services (G2C), e-Commerce Services (B2C) & ATM Services to the unserved rural, semi-urban and urban markets.

Vakrangee is acting as an intermediate to bridge the financial inclusion gap between the developed urban India and under-developed rural India by serving a market of one billion people through their *Vakrangee Kendras (One stop for Banking & Insurance, E-governance, E-commerce and ATM services)*. Being the largest single systems integrator for key government projects, the company enables Central and State Governments to administer and deliver e-governance services to each citizen – more affordably, reliably and efficiently than ever before. In an endeavor to deliver real-time services to the under-served, rural, semi-urban and urban landscape in India, Vakrangee is currently present in Banking, Insurance, E-Governance, e-Commerce and ATM services through their *Vakrangee Kendra*. Services offered at these *Vakrangee Kendra's* are as follows:

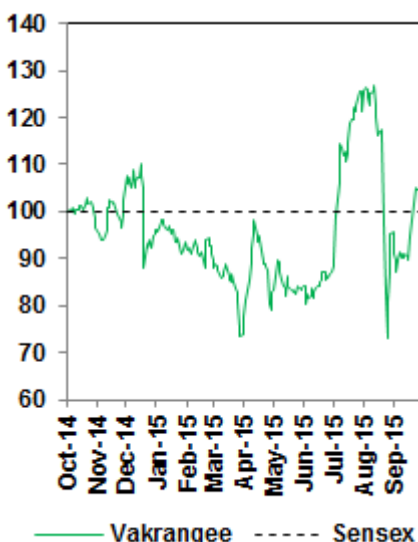
Banking and Insurance:

- Bank A/C Opening - Savings, Current, Recurring
- Transactions - Deposits, Withdrawals, Remittances
- Balance Enquiry, Statement of Accounts
- Direct Benefit Transfer
- Pension Disbursement
- Food Security related DBT
- Retail Loans, ODs, FDs
- Recovery of Loans
- Insurance - Life & Non-Life premium payments
- Insurance Schemes - Atal Pension Yojna, Jeevan Jyoti Bima Yojna and Pradhan Mantri Suraksha Bima Yojna

E-governance:

- Enrolments - UID Card, NREGA Job Card, Election Card
- Land Record Digitisation, Electoral Rolls
- Payment of Utility Bills, Taxes, Levies
- Railway Tickets, Certificates, Hall Tickets
- Exam Fee Payments, Online Form Filling

Vakrangee relative to Sensex



**E- commerce:**

- Telecom - Mobile Recharge
- DTH service - Recharge, Bill Payments
- Educational
- E-Commerce, Retail in alliance with Amazon India
- Logistic tie-up with Mypacco

ATM:

- Real time cash withdrawals from all banks through WLA
- Balance inquiry, statement printing
- Co-located ATMs in urban/semi-urban branches to cater to holistic banking needs of customer while optimizing cost of operations

Opportunities

- **Financial Inclusion:** For the second phase of the Financial Inclusion Plan from 2014-2016, the remaining 4,90,000 unbanked villages have been identified and allocated to banks for opening banking outlets by March 2016. Being the Common Business Correspondent(BC) for 31 banks and 7 National BC there is huge opportunity for company to expand and penetrate in rural area.
- **Government Initiative:** The Government has launched a comprehensive financial inclusion initiative the Pradhan Mantri Jan Dhan Yojana (PMJDY). The objective of PMJDY is to ensure access to various financial services such as availability of basic savings bank account, access to need-based credit, remittances facility, insurance and pension to the excluded sections.
- **Digital India Program:** ₹1.13tn will be spent on New CSC establishment across India, E-health at Panchayat Health Community Centers, E-education at Panchayat schools, etc.
- **RBI WLA license:** The Indian ATM industry has grown at a handsome pace over the last decade to reach 181,398 ATMs by March 2015. There is a huge opportunity for further growth in ATMs in India, which is expected to reach 3,50,000 ATMs by 2017. RBI introduced three WLA (White Label ATM) schemes under which the WLA operators will be awarded license. WLA's will be an affective channel in significantly improving the banking accessibility in Teir III and Teir VI areas. Vakrangee has received the White Label ATM (WLA) license from the Reserve Bank of India for setting up and running minimum 15,000 White Label ATMs across the country starting January 2014
- **Alliance with Amazon India and Mypacco for E-Commerce product and services.** Vakrangee entered into a strategic tie-up with the online shopping portal, Amazon India. Through the tie-up, they aim to provide marketing, promotional and pick-up services to Amazon India through their last-mile retail outlets, *Vakrangee*

Kendras. Yet another strategic partnership has been established with the logistic solutions provider Mypacco.

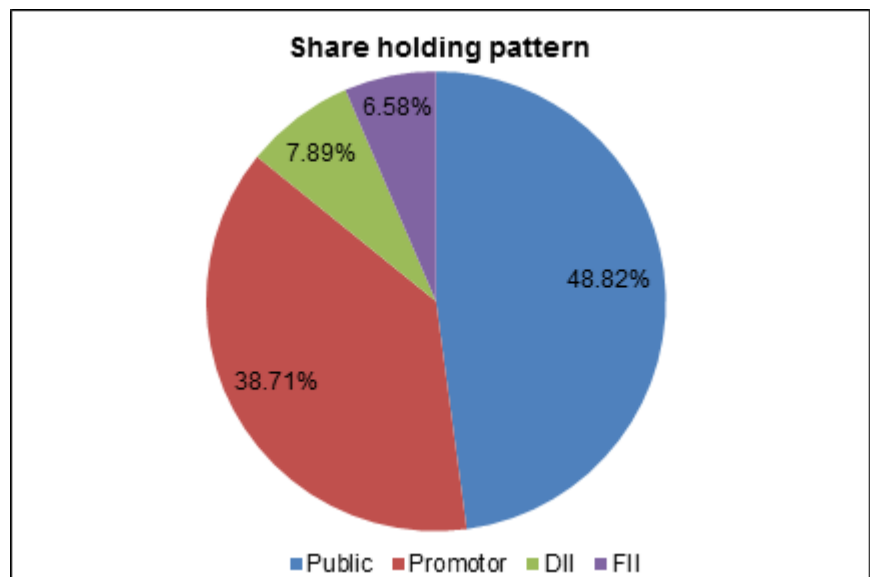
Vakrangee's Vision 2020:

- The company has the vision to increase their customer base to 200 million through 75,000+ *Vakrangee Kendra* branches. Of these, 50,000 will be Rural Kendras (servicing 2,000 customers each), 17,000 Semi-Urban Kendras (servicing 3,500 customers each) and 8,000 Urban Kendras (servicing 6,000 customers each).
- The company expects to cross the benchmark revenue of \$2 bn by FY2020. This will be almost 4.5 times of what company is doing today.

Financials:

- Consolidated revenue seen an uptick of 3.4% on YoY basis from ₹6812.4 mn to ₹7043 mn in Q1FY16.
- EBITDA margin expanded by 400bps and stood at 27% for Q1FY16 and EBIDTA grew by 21% to ₹1898.8mn on YoY basis.
- PAT grew by 11.5% in Q1FY16 from ₹761.9 nm to ₹ 849.4 mn on YoY basis.

Shareholding pattern:



Income Statement:

Particulars (₹ mn)	FY2012	FY2013	FY2014	FY2015	Q1FY2016
Revenue	13,521	15,558	19,654	27,754	7,010
Other Income	42	74	92	96	31
Total Income	13,564	15,632	19,746	27,849	7,040
Expenditure	(11,142)	(11,720)	(14,105)	(20,576)	(5,149)
Interest	(553)	(858)	(779)	(749)	(143)
PBDT	1,869	3,054	4,863	6,525	1,748
Depreciation	(874)	(1,569)	(1,803)	(1,643)	(437)
PBT	995	1,485	3,060	4,881	1,312
Tax	(320)	(392)	(1,070)	(1,675)	(468)
Net Profit	675	1,093	1,990	3,206	844
Equity	250	503	503	503	504
EPS	1.4	2.2	4.0	6.4	1.7
CEPS	6.2	5.3	7.5	9.6	2.5
OPM %	17.9	25.2	28.7	26.2	27.0
NPM %	5.0	7.0	10.1	11.6	12.0

Balance Sheet:

Particulars (₹ mn)	FY2012	FY2013	FY2014	FY2015
Sources Of Funds				
Total Share Capital	250	503	504	504
Equity Share Capital	250	503	504	504
Share Application Money	0	0	1,022	2,500
Reserves	3,919	4,636	6,270	9,070
Networth	4,169	5,138	7,795	12,073
Secured Loans	3,606	4,152	3,926	3,371
Unsecured Loans	109	157	152	159
Total Debt	3,716	4,309	4,078	3,530
Minority Interest	29	29	0	0
Total Liabilities	7,913	9,476	11,873	15,603

Application of Funds

Gross Block	7,620	8,020	9,987	10,394
Less: Accum. Depreciation	2,248	3,817	5,623	7,665
Net Block	5,373	4,204	4,364	2,728
Capital Work in Progress	144	168	481	101
Investments	15	23	26	16
Inventories	244	538	1,625	1,694
Sundry Debtors	4,455	6,527	7,683	11,993
Cash and Bank Balance	284	319	293	382
Total Current Assets	4,983	7,384	9,601	14,069
Loans and Advances	648	2,048	2,774	3,458
Total CA, Loans & Advances	5,631	9,432	12,376	17,527
Current Liabilities	3,034	3,943	4,296	3,403
Provisions	215	407	1,077	1,367
Total CL & Provisions	3,249	4,350	5,373	4,769
Net Current Assets	2,382	5,082	7,003	12,758
Total Assets	7,913	9,476	11,873	15,603

Management Profile:

Dinesh Nandwana	Managing Director and CEO	<p>Has 25 years of business experience. Main functions and areas of responsibilities includes policy formulation and decision making.</p> <p>Received a memento from the former Honorable President of India, Late Shri Shankar Dayal Sharma in 1996.</p> <p>Recipient of the 'CA Business Leader - SME (3rd Rank)' award by the Institute of Chartered Accountants of India for the year 1997.</p> <p>Holds a Bachelor's degree in Commerce from Rajasthan University & is a certified Chartered Accountant from the Institute of Chartered Accountants of India</p>
Sumit Jain	CEO - eCommerce	<p>Mr. Sumit Jain joined Vakrangee as Sr. Vice President and is heading the eCommerce vertical.</p> <p>He joined Vakrangee Limited from Barclays. Prior to Barclays, he worked with Credit Suisse and Intel Corporation in USA for over a span of 6 years</p> <p>Holds a MBA Degree from Stern School of Business at New York University and has completed B. Tech degree in Computer Science from Indian institute of Technology (IIT) Bombay</p>
Rajeev Ranjan	CEO - eGovernance	<p>Mr. Rajeev Ranjan was a former CEO, with Vakrangee e-Solutions INC. at Manila, Philippines.</p> <p>He is a Post-graduate and former Tata group senior executive, having experience with excellent record of delivering simultaneous National level, large scale and mission-critical projects, on time, within budget</p>
Rahul Dev Pal	CEO – Banking Business	<p>An economics graduate with an experience of 26 years in the field of sales and marketing. Has in-depth knowledge of the banking segment and he worked with different Government departments on BFSI segment</p> <p>Prior to Vakrangee he worked with companies like HCL, Xerox, Pertech Computers , BPL and Godrej.</p>
Nitin Sharma	CEO – ATM Business	<p>He has experience over 17 years of cross-cultural experience in Operations, Implementation, Retail and Project Management. During the period 2009-12, he worked as a COO with Vakrangee's Foreign Subsidiary Vakrangee e-Solutions INC., Manila, Philippines</p> <p>He holds an Executive MBA Degree from IIM Kolkata and Masters in Operations, IR and Social Work from Premier Institute, Udaipur</p>
Dr. Nishikant Hayatnagarkar	Director – R&D	<p>Has about 24 years of business experience in the information technology sector. Main areas of responsibility in the Company include software development, information technology compliance and technical support.</p> <p>Holds a Doctorate in Computer Science from the Indian Institute of Technology, Mumbai</p>

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Stock price return objective (12 Months)

Buy	> 15%
Accumulate	5 to 15%
Reduce	(-5) to 5%
Sell	< -5%

Dolat Capital Market Pvt. Ltd.

Corporate Identity Number: U65990MH1993PTC075189

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INB010710052 & INF010710052, NSE - INB230710031 & INF230710031

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I. Analyst(s) holding in the Stock(s): (Nil)

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