

## Amazon: This can take it higher than Flipkart; Visit to Amazon-Vakrangee Centre

I visited Vakrangee's Amazon Centre at Gowandi in Mumbai last Saturday. Vakrangee (VKI IN Equity, \$900mn Mkt Cap, Not Rated) entered into an exclusive tie up with Amazon in July of this year to use its network of Vakrangee 'Kendras' (Hindi for Centre) to take orders and deliver Amazon products. Vakrangee is the company which has won contract to open Aadhar IDs (India's UID) and has tie ups with Banks to open Jan Dhan accounts (govt mandated bank accounts for all). *Let me know if you want to see detailed note on the company or if you want a call/meeting with them.*

E-commerce is one of the streams the company is trying to tap to use its vast network of Vakrangee Kendras. They have started with a pilot at 3 Centres in Mumbai and intend to scale it up to all 20,000 Centres eventually. Below is how the Kendra looks from outside....



Amazon currently gets 30,000 orders daily and Flipkart is at 100,000 orders daily. If Vakrangee's pilot is successful and these Centres get just 5 orders daily, still this channel will take Amazon well past FK's numbers.

The Centre I visited was in a slum pocket of Mumbai at Gowandi. It gets around 26-28 orders daily. There are around 50,000 people in that pocket. The owner of the Centre said he gets a commission of ~6-7% on an average from Amazon; commission is higher on apparel/shoes etc and lower on electronics. He said he makes Rs45,000 currently per month from this channel. If I back calculate, it leads to per order ticket size of ~Rs900, which seems reasonable.

Below are pics of some people ordering at the Amazon Vakrangee Kendra and packets kept at the Centre for delivery. Most of the orders are cash on delivery at this stage. *Don't ask me why these kids are browsing leather shoes ;)*



Amazon is providing all the promotional material for these stores like the one below.



There is a great opportunity which both Vakrangee and Amazon can benefit from if they get this channel right. The internet penetration rate in India is still at 17% compared to nearly 80% in Japan and US and 40% in China. Additionally, mobile phone penetration is nearly 70%, but internet users on mobile are still only a tad more than 20%. What this means is that there is a big segment of population out there which doesn't have access to e-commerce portals like Amazon and these Kendra can provide them access to such portals.

Regards,  
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