



Vakrangee Ltd.

CMP: 61.2

LEADER IN THE MANTRA OF “FINANCIAL INCLUSION”

Nifty	14,660
Sensex	49,135
Nifty PE	33.1
Sensex PE	34.3

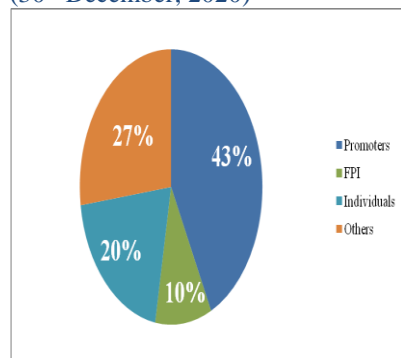
Stock Data

Sector	Speciality Retail
BSE Code	511431
NSE Code	VAKRANGEE
FV	1
Market Cap (Rs. Cr)	6,485
Market Cap (US\$ mn)	882
Equity Share Cap.	105.94

Stock Performance (%)

52-week high/low Rs. 69.85 / 17.1

Shareholding Pattern (%)

(30th December, 2020)


Sensex and stock movement


6th April, 2021

Vakrangee Ltd. (Vakrangee) is a **Pioneer in Technology Driven Intensive Retail Distribution Company** focused on creating India's Largest Network of last mile touch points delivering Financial – Social – Digital Inclusion services across **Banking, Finance, White Label ATM, Insurance, Healthcare, e – Governance, e – Commerce, Travel, Telecom, Bill Payments and Logistics.**

“ONE STOP SHOP” SOLUTIONS FOR THE CUSTOMERS

Vakrangee is **One** of the **Largest Asset Light Franchise Based Multi Service Retail Network in India**. Vakrangee known for its **NextGen Kendras** offers a **“One Stop Shop”** Solutions for all its customers across 10,000+ **Kendras** (3,504 Kendras as on 31st March, 2019). Vakrangee's Pan India footprint spreads across **30 States and UTs** covering over **6,150 Postal Codes** with **>70% of the outlets in Tier 5 and Tier 6 cities**. The Company is aggressively working on hitting the target of **25,000 Kendras by March 2022**. We believe the growing network of NextGen Kendras will immensely benefit from the regimented degree of standardization and consistency as these Kendras are backbone of Company's business. The growth in the Topline and Bottomline of Vakrangee is directly proportional with the growth in Kendras.

VAKRANGEE ON ITS WAY TO BUILD A STRONG WEALTH CREATION STORY WITH METICULOUS EXECUTION

Vakrangee in FY2019-20 entered into a major transformational journey requiring the wholesale morphing of its old format Non – Exclusive Kendras offering a Single Line of Services into e – Governance into a **Multi Specialty Exclusive NextGen Kendras** offering Multiple line of Services across **Banking, ATM, Amazon, Net Meds, Fund Transfer, Mutual Funds, Ticket Bookings, Insurance, Jio, Mobile and DTH Recharges, Logistics, vHealth by Aetna** and so on.

Vakrangee is on its way to build up probably the **Largest Network of NextGen Kendras from 10,000+ as on date...25,000 by March 2022... 75,000 Kendras by March 2025**, covering the length and breadth of the country offering Millions of Indians a broad spectrum of services across BFSI and assisted e-Commerce.

“We have expanded our network across 30 states & UT in the country by setting up more than 10,00 Kendras. We aim to become India's No. 1 retailer for facilitating universal financial, digital and social inclusion.”

– Mr. Ramesh Joshi, Non Executive Chairman

VAKRANGEE IS SYNONYM TO JAN DHAN YOJANA

“Financial Inclusion” is a Transformational and not a Transactional Journey. Vakrangee through their **“One Stop Shop” NextGen Kendras** is on the forefront of various initiatives such as **Jan Dhan Yojana, Direct Benefit Transfer, Atal Pension Yojana, Jeevan Jyoti Bima Yojana** and so on, offers host of products and services to each and every Indian Citizen right at their doorstep.

Vakrangee's NextGen Kendras offers a world of convenience through its **“ASSISTED DIGITAL CONVENIENCE STORE”** and by doing so fosters greater Financial – Social - Digital Inclusion for every Indian.

NATIONAL STRATEGY FOR FINANCIAL INCLUSION 2019-24

RBI's National Strategy for Financial Inclusion 2019-24 recommends universal access to formal financial services to every village within a 5 Kms radius, this policy would give an impetus to Vakrangee to establish its NextGen Kendra Outlets in the remotest location in India.

STORE OF CHOICE

All the NextGen Kendras were operational during the COVID-19 lockdown for providing Key Emergency and Essential services such as Banking and ATM at the remotest part of the country thereby emerging as the Store of Choice for the customers.

We believe with economy now opening up coupled with enhanced visibility during the lockdown, Vakrangee should hugely benefit from the growth momentum going forward.

GLOBAL ESG RANKING

Vakrangee has successfully benchmarked its performance on a wide range of industry specific ESG criteria and the Company ranks **No. 1 globally in the “Sustainalytics ESG Risk rating rankings”, No. 13 globally in “RobecoSAM – S&P Global ESG Score”** and has achieved **‘B’ Score from CDP for Environmental Practices**. These global recognitions reflects Company's commitment to further enhance its Corporate Governance and Transparency Standards.

It is interesting to note that Vakrangee has a Debt Free Status, Reserves and Surplus of over Rs. 2,635 Crs., Cash and has rewarded its Shareholders with a 25% Dividend in FY2020.

I. VAKRANGEE – THE TRANSFORMATIONAL JOURNEY

- **Vakrangee** in FY2019-20 crafted a major transformational journey looking at the huge opportunity arising from the **Financial and Digital Inclusion Initiatives** undertaken by the Government which required the Company to shift from its existing **Non – Exclusive Kendras offering a single Product or Service to a Multi Specialty Exclusive Digital Convenience Store Offering multiple line of services “NextGen Kendras”**.
- These **NextGen Kendras** offers comprehensive range of products and services across **Banking, ATM, Amazon, Net Meds, Fund Transfer, Mutual Funds, Ticket Bookings, Insurance, Mobile and DTH Recharges, Logistics, vHealth** and so on.
- These Kendras are an exclusive **“One Stop Shop” Assisted Digital Convenience Stores** providing access to multiple line of products and services which will be accessible to each and every Indian Citizen right at their doorstep, thus truly fulfilling the Government’s Initiative of complete **Financial Inclusion** and **Jan Dhan Yojana**.
- **Vakrangee is on its way to build up probably the Largest Network of NextGen Kendras from *from 10,000+ as on date...25,000 by March 2022... 75,000 Kendras by March 2025.* Vakrangee’s aggressive target is to have last Mile Presence across All Postal Codes covering almost every Gram Panchayat(s) in India.**
- ***It is interesting to note that Vakrangee is also the fastest growing and the 3rd Largest White Label ATM Operator in India*** (ATM network of over 5,400) ***with a mammoth share of whopping 66% in rural India.***
- The NextGen Kendras are Standarized and offer a full suite of future oriented Digital services thereby providing a seamless consumer experience. These NextGen Kendras are designed by **Lewis & Hickey-the brains behind Global Brands like McDonalds**.

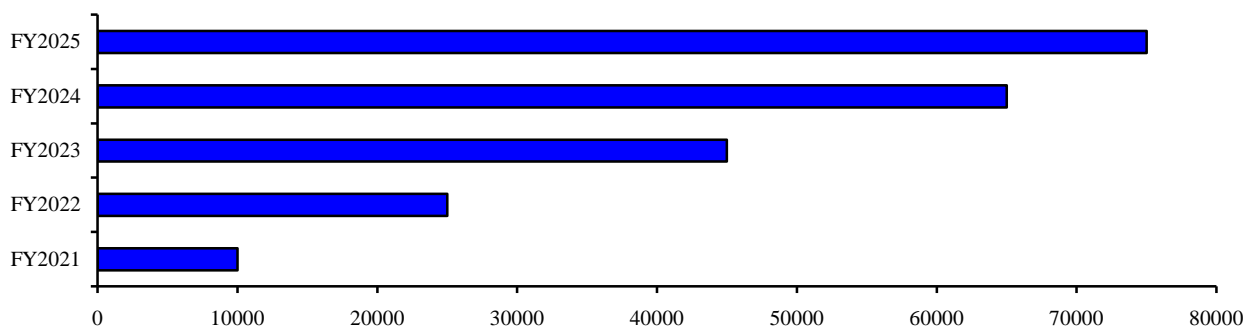


Exhibit: NextGen Kendra growth till FY2025

VAKRANGEE VISION

“Vakrangee aims to be the most trustworthy Physical as well as Online Convenience Store across India. We will keep expanding this network, until we are in close proximity to the last excluded person within the country.”

VAKRANGEE MISSION

“Vakrangee intends to become India’s No. 1 retailer by offering innovative ideas and proven modern technologies for facilitating universal financial, digital and social inclusion”

VAKRANGEE BRAND PROMISE

“Vakrangee aims to be the most trustworthy local convenience store across India. we promise to give every Indian, their rightful access to a wide range of modern-day products and services, which are fairly priced and of high quality. We also aim to be present within a short traveling distance of every Indian and will continue to keep expanding our network until we are close to the last excluded person within the country.”

II. VAKRANGEE – AWARDS AND ACCOLADES



Exhibit: India Franchise Magazine



Exhibit: Guinness World Records

- Recently in February 2021, **Vakrangee was included in S&P Global Sustainability Yearbook 2021** and has earned the spot within the top 15% of the industry. This book showcases the sustainability performance of the world's largest companies in each industry as determined by their score in the annual SAM Corporate Sustainability Assessment.
- **Vakrangee is ranked No.1 globally in the Sustainalytics ESG Risk rating rankings out of the 668 companies assessed in the Software and Services industry across worldwide**
- **The Company achieved “B” Score from CDP for Environmental Practices, Better than the Industry’s Average (Asia regional average of D, Global Average of C)**
- **Vakrangee is ranked No. 13 globally in the Global Industry Ranking and has ranked No. 9 in the Corporate Governance Global Industry Ranking based on RobecoSAM – S&P Global ESG Score.**
- **Nominated in “India’s Top 100 Franchisees” list by the Franchisee India Magazine in January 2020 edition**
- **Guinness World Records Title for the Most Stores Launched Simultaneously on 14th January 2019. Launches 1,107 NextGen Vakrangee Kendra stores across the country at 11.07 am on the same day.**

III. VAKRANGEE – SCOPE OF SERVICES

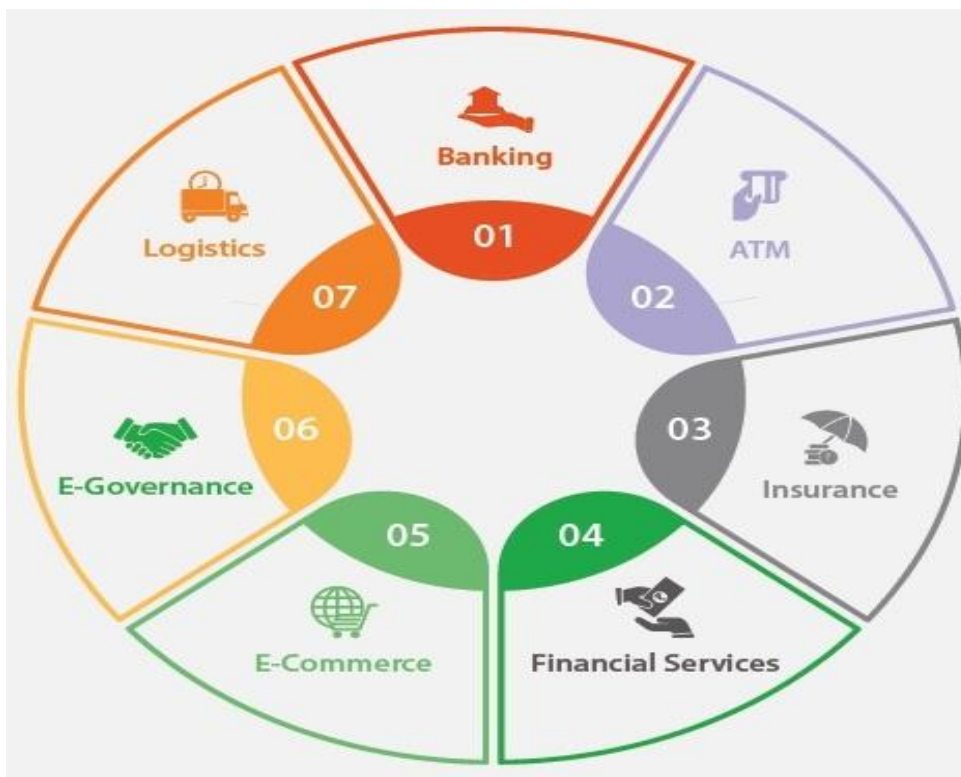


Exhibit : Vakrangee – The Product and Service Offerings

BANKING

- Bank A/c Opening
- Cash Deposits
- Cash Withdrawals
- Money Transfer
- FD / RD
- Balance Enquiry
- Disbursement of money under Direct Benefit Transfer

INSURANCE

- Corporate agency tie – up for Life, General and Health Insurance.
- Micro Insurance Schemes under Atal Pension Yojana, Jeevan Jyoti Yojana and Pradhan Mantri Suraksha Bima Yojana

E - COMMERCE

- Telecom – Mobile recharge
- DTH Recharge and Bill Payments
- Alliance with Amazon to facilitate sale of Products
- Alliance with Jio for issuance of sim connection and sale of mobile handsets
- Alliance with Redbus for offering bus ticketing Service
- Alliance with Netmeds to offer medicines and other health products
- Alliance with ZEE to make available of ZEE5 Services

E - GOVERNANCE

- Alliance with IRCTC for offering railway E – Ticket booking
- Bharat Bill Payment System (BBPS) – platform to deliver wide range of bill payment services
- Payment of Utility Bills, Taxes, Levies Certificates, Hall Tickets, Exam Fee Payments
- Online Form Filling
- Other G2C Services based on State to State

LOGISTICS

- Alliance with FedEx, FedEx Express, Aramex India, Delhivery and Vichare for Courier and Logistics Services
- Forward Delivery as well as Pick Up Services

ATM

- Real Time Cash Withdrawals from all banks through White Label ATM
- Co – located ATMs to cater to holistic banking needs of customers while optimizing cost of operations

FINANCIAL SERVICES

- Lead generation for Loan Products – Home Loans, Home Improvement, LAP
- Distribution of MFs
- Domestic Money Transfer Services

IV. VAKRANGEE – KEY BUSINESS ALLIANCES

Vakrangee not only collaborates with the best in the industry, but also assists the partners in reaching the underserved and unserved markets of India.

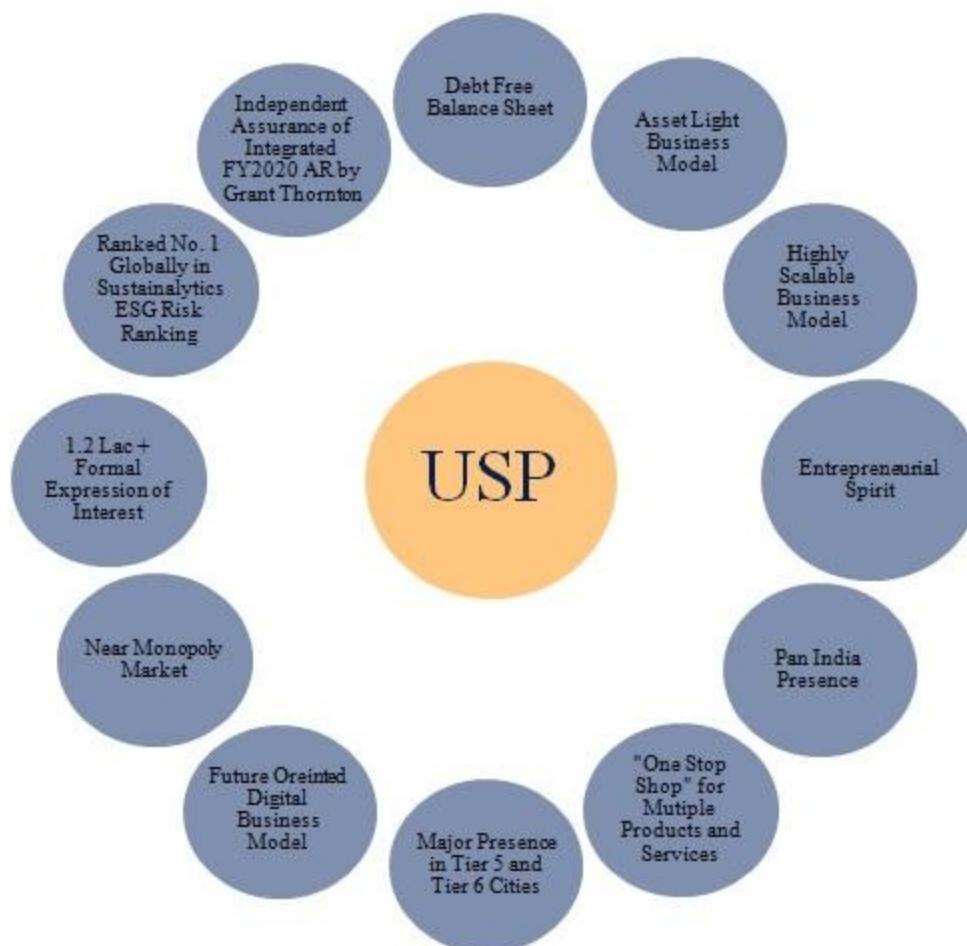


V. VAKRANGEE – STRATEGIC BUSINESS ALLIANCES

- **Vakrangee** has been providing a comprehensive set of services for which it has partnered with various market leaders. It serves as a win-win situation for both the parties where the partners get access to huge untapped market to participate thereby increasing its presence in the remotest part of India.
- **Vakrangee is exclusive and largest offline partner for Amazon in India** for Assisted Ecommerce services and offers the World's Biggest E-Mall with more than 1 Crore Products. Under the Amazon Easy Program, Vakrangee has been serving millions of customers who have never shopped online before. Vakrangee has been a Strategic Partner helping its customers to discover and buy products and also get post sale assistance.
- **Vakrangee has also introduced affordable vHealth by Aetna** (A CVS Health Company) telemedicine services for its customers in underserved rural locations. This service will give patients in rural locations access to a very different medical experience. vHealth will help reduce the need for physical consultations by over 70% and also help in arranging home blood tests and doorstep delivery of medicines through vHealth's partner network.

- **Vakrangee has tied up with SBM Bank India** to offer #SmartBanking to the Unbanked and Underbanked parts of India. This collaboration would offer seamless digital & assisted Banking Services to the remotest parts of the country.
- In March 2021, **Vakrangee has entered into a partnership agreement with TransUnion CIBIL Ltd.** - one of the India's Largest Credit Information Company regulated by RBI to drive Financial Inclusion by providing easy access to CIBIL Score to consumers through Nextgen Kendras. This Strategic Partnership will allow citizens especially in rural areas to access formal bank loans quickly for their entrepreneurial as well as personal needs.
- Recently in April 2021, **Vakrangee has entered into a partnership arrangement with Bank of Baroda** for appointing 1,554 Women Business Correspondents Sakhis to provide Banking Services in the State of Uttar Pradesh. Business Correspondents will play a vital role in the current ongoing pandemic acting as a Direct Benefit Transfer collection point thereby extending the Financial Inclusion in the state of Uttar Pradesh

VI. VAKRANGEE'S USP



VII. VAKRANGEE – AN ENABLER IN INDIA'S ELECTRIC VEHICLE STORY

- **Vakrangee** plans to leverage the Company's deep presence by being an enabler for the **Electric Vehicle (EV)** charging facility through its network of **NextGen Kendras**.
- The Company has set a target of reaching at least **75,000 charging stations by March 2025**. All the vehicle manufacturers planning to roll out EV in India would rather tie up with NextGen Kendras having an enormous presence than building their own charging infrastructure. This would be a Win – Win for the Company as well as the EV Manufacturers.

"We believe that the electric vehicle space is a huge growth opportunity for the coming years and we want to be future-ready by developing a pan India footprint of EV charging infrastructure. We would be an enabler by providing the distribution platform for the EV charging facility through our partnership with the EV service providers."

- **Mr. Dinesh Nandwana, Managing Director and Group CEO**

VIII. THE HUGE UNTAPPED POTENTIAL



POPULATION
1.21 BILLION

TOTAL VILLAGES IN INDIA
6,54,424

TOTAL OUTLET POTENTIAL
3,69,977

RURAL OUTLET POTENTIAL
2,94,442

URBAN OUTLET POTENTIAL
75,535

Source: Q3FY2020 Investor / Corporate Presentation

IX. VAKRANGEE – THE FINANCIAL PERFORMANCE AT A GLANCE

PARTICULARS (Rs. in Crs.)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021E	FY2022P	FY2023P
Topline	1,552	1,958	2,786	3,196	4,006	6,536	1,588	763	315	650	1,500
EBITDA	387	541	729	828	951	1,038	58	106	95	190	420
PBT	144	282	489	608	828	1,024	51	92	80	160	360
PAT	104	175	322	395	531	680	25	71	60	121	270
EPS	2.1	3.5	6.4	7.6	10.0	6.4	0.2	0.7	0.6	1.1	2.5
Eq. Share Capital	50	50	50	53	53	106	106	106	106	106	106
Net Worth	515	779	1,207	1,521	2,054	2,592	2,602	2,637	2,697	2,818	3,088
BVPS	10	16	24	29	39	24	25	25	25	27	29
Ratios											
EBITDA Margin (%)	25 %	28 %	26 %	26 %	24 %	16	4 %	14%	30%	29%	28%
PBT Margin (%)	9 %	14 %	18 %	19 %	21 %	16	3 %	12%	25%	25%	24%
PAT Margin (%)	7 %	9 %	12 %	12 %	13 %	10	2 %	9%	19%	19%	18%
ROE (%)	20 %	22 %	27 %	26 %	26 %	26 %	1 %	3%	2%	4%	9%

Critical Analysis

- Disruption played its course in FY2019 resulting in the worst year in the recent history of **Vakrangee**. Historically **Vakrangee** banked on **Non Exclusive Vakrangee Kendras** offering a Single Service in e – Governance with a set up cost of Rs. 1.5 Lakhs – Rs. 2 Lakhs. However **Vakrangee “SHIFTED”** from Single Service Outlet to a **Multi-Product Multi-Services “ASSISTED DIGITAL CONVENIENCE STORES”** with a higher set up cost of Rs. 7 Lakhs – Rs. 10 Lakhs.

As a result of this singular factor of cost escalation in the set up cost of the NextGen Kendras, a majority of the franchises Opted Out. This unexpected event resulted in closing of Kendras and acted as a temporary disruption in the Financial Performance of the Company.

- In FY2020 the Company crafted a major transformational journey looking at the huge opportunity arising from the **Financial - Digital Inclusion Initiatives** undertaken by the GoI and shifted to a **Multi Specialty Exclusive Digital Convenience Store Offering multiple line of services across its “NextGen Kendras”**.

This improved the Bottomline of the Company multifold to over rs. 70 Crs. on back of positive operating leverage as well as Gross Profit Margin reaching back to normalcy post the upgradation exercise.

- **The Topline for 9MFY2021 stood at Rs. 264 Crs. (Rs. 539 Crs. in 9MFY2020) whereas the Company PAT improved by 5% to Rs. 42 Crs. (Rs. 40 Crs.).** The Topline of the Company has been impacted as only our key essential services like Banking, ATM, Mobile recharges and Tele-medicine services were operational during the Lockdown and other key services such as Travel, Logistics, Online Pharmacy and so on have recently become operational.

Vakrangee has been growing gradually on QoQ basis as the COVID -19 situation is easing and we believe the Company will return to normalcy in coming quarters.

- **Vakrangee is aggressively working on hitting the target of 75,000 Kendras by March 2025.** **Vakrangee** aims to be the Largest Last Mile Financial Service and Distribution Company in India far ahead of the Largest PSU Banks and Financial Institutions. **The Topline and Profitability of Vakrangee are directly related to the number of outlets and the average revenue per product by**

the outlets. We believe with Vakrangee gradually reaching a size of 75,000 outlets would have a multiplier effect on the Financial Performance of the Company in the years to come.

X. VAKRANGEE – VALUATIONS AND RECOMMENDATIONS

- **Vakrangee crashed from an all time high of Rs. 512.80 in January 2018 (Market Capitalization of around Rs. 54,300 Crs.) to a low of Rs. 17.1 in April 2020 (Market Capitalization of around Rs. 1,812 Crs.) and is currently trading at Rs. 61 per Share (Market Capitalization of around Rs. 6,485 Crs.). Vakrangee coming back to normalcy in coming quarters, we believe the Company is expected to trade at a FY2022E P/E Multiple of 24x and FY2023E P/E Multiple of 15x. Applying a simple back of the envelope calculation we arrive at a price of Rs. 102 - 104 per Share.**
- We believe **Vakrangee** has staged a “V” shaped recovery in its earnings cycle commensurating with more and more NextGen outlets becoming operational. If one were to analyze the FY2018 Financial Performance of the Company with the PAT of Rs. 680 Crs. with only 45,000 Non Exclusive Single Service Kendras functioning then One can only imagine the wealth creation opportunity offered by **Vakrangee** with its entire **75,000 Multi Product Exclusive Next Gen Kendras operational by March 2025.**
- **WE STRONGLY RECOMMEND VAKRANGEE FOR INVESTORS PORTFOLIOS** as **Vakrangee** is at the very beginning of the *Transformation Cycle* led by the NextGen Kendras and is poised to become the biggest beneficiary of the “*Financial Inclusion*” Initiative of the Government of India.

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