

Vakrangee Ltd

Data Processing India BOM:511431

ESG Risk Rating

7.4

Updated Jun 17, 2021

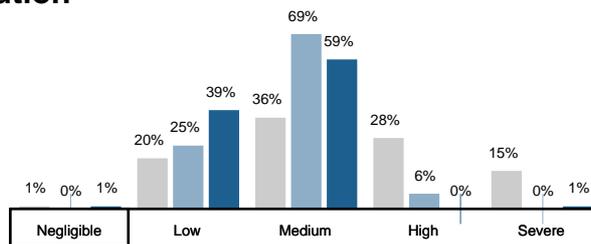
+0.0

Momentum

Negligible Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

ESG Risk Rating Category Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	22/14051	1st
Software & Services INDUSTRY	1/816	1st
Data Processing SUBINDUSTRY	1/83	1st

Peers Comparison

Peers (Market cap \$0.7 - \$0.8bn)

Peers (Market cap \$0.7 - \$0.8bn)	Exposure	Management	ESG Risk Rating
1. Vakrangee Ltd	31.6 Low	82.1 Strong	7.4 Negligible
2. Cass Information Systems, Inc.	28.5 Low	28.3 Average	21.0 Medium
3. QIWI PLC	30.6 Low	22.0 Weak	24.3 Medium
4. OptimizeRx Corp.	33.9 Low	26.7 Average	25.5 Medium
5. iEnergizer Ltd.	32.0 Low	10.3 Weak	28.9 Medium

Vakrangee Ltd

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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. Our exposure score takes into consideration subindustry and company-specific factors such as its business model.

Exposure

31.6 **+1.6**
Low Momentum
 Beta = 0.99



To implement its growth strategy and operate its own technology platform, Vakrangee relies on highly skilled IT engineers, as well as on field staff which support the company's franchisees in their business operations. Failure to attract and retain professionals could lead to skill shortages, dissatisfied customers and operational disruptions. Moreover, Vakrangee handles a large amount of sensitive data such as personally identifiable information and credit card data. Security breaches or data loss may trigger business disruptions, litigation and loss of customer confidence. In addition, the company has an aggressive growth strategy, aiming to expand to 300,000 outlets (approximately 30 times the current number) by 2025. Attempts to secure business partnerships through unethical means or involvement in anti-competitive practices could prompt investigations and fines for Vakrangee.

The company's overall exposure is low and is similar to subindustry average. Human Capital, Data Privacy and Security and Business Ethics are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. Our management score assesses the robustness of a company's ESG programs, practices, and policies.

Management

82.1 **+0.8**
Strong Momentum



In FY2020, Vakrangee has published an Integrated Annual Report which follows the International Integrated Reporting Council framework. The disclosure follows best practice, signaling strong accountability to investors and the public. The company's sustainability-related issues are overseen by the board-level ESG Committee, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

Vakrangee Ltd

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Material ESG Issues

ESG Issues regarded material for the company.

Issue Name	Exposure	Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Corporate Governance	9.0 High	59.7 Strong	3.6 Low	48.8%
Human Capital	8.0 High	82.5 Strong	1.7 Negligible	23.3%
Data Privacy and Security	7.6 Medium	100.0 Strong	1.5 Negligible	20.5%
Product Governance	2.0 Low	85.0 Strong	0.3 Negligible	4.0%
Business Ethics	5.0 Medium	100.0 Strong	0.3 Negligible	3.4%
Overall	31.6 Low	82.1 Strong	7.4 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (0)

1 Low (0)

Vakrangee Ltd

Data Processing India BOM:511431

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

None (13)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Data Privacy and Security

Intellectual Property

Labour Relations

Lobbying and Public Policy

Marketing Practices

Quality and Safety

Sanctions

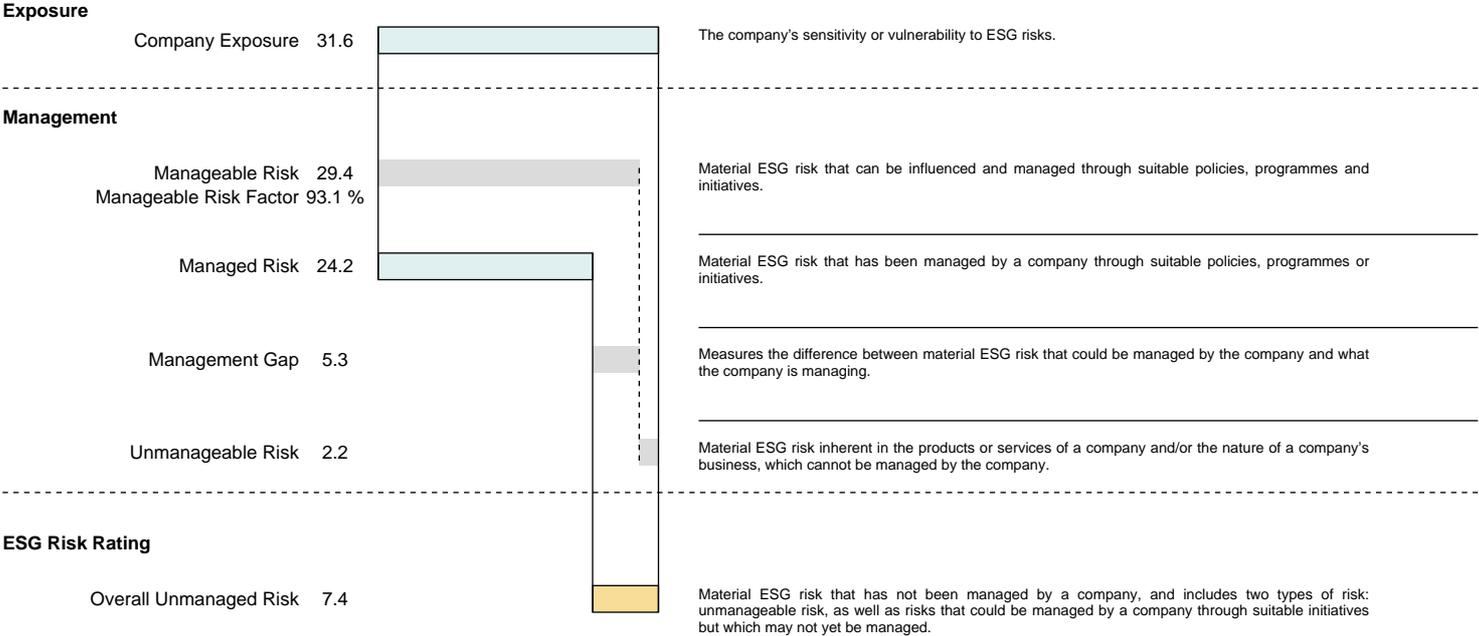
Society - Human Rights

Weapons

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Data Processing India BOM:511431

Risk Decomposition



Momentum Details



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Data Processing India BOM:511431

GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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