

VAKRANGEE LIMITED



PRESS RELEASE

VAKRANGEE Q2FY2018-19 FINANCIAL RESULTS

Total Income stood at ₹ 320.06 Crore

EBIDTA stood at ₹ 7.21 Crore

Total Comprehensive Income stood at ₹ 3.49 Crore

MUMBAI, October 30, 2018: Vakrangee Limited (VL), announced its unaudited Financial Results for the quarter ended September 30, 2018.

Key Financial Highlights for Q2FY2018-19 (Consolidated)

- Total Income stood at ₹ 320.06 crore in Q2FY2018-19 as against ₹ 1,027.60 crore for the preceding quarter current year.
- EBIDTA stood at ₹ 7.21 crore in Q2FY2018-19 as against ₹ 25.11 crore for the preceding quarter current year.
- Total Comprehensive Income stood at ₹ 3.49 crore in Q2FY2018-19 as against ₹ 13.97 crore for the preceding quarter current year.
- EPS (basic) for the face value of ₹ 1 stood at ₹ 0.02 in Q2FY2018-19 as against ₹ 0.12 in Q1FY2018-19.

Strategy Update

- 1) Focus on Upgradation to Next-Gen Vakrangee Kendra Model**
 - Focus to achieve the conversion / upgrade of all 45,000+ outlets to the new Nextgen Vakrangee kendra – Silver or Gold model with standardized Look & Feel
 - Post the successful pilot of ~4000 outlets, we have started the process for upgrading all the remaining 41,000 outlets into Next Gen Vakrangee Kendras and which will be upgraded within 2019.
 - Confident on Long term target of 75,000 Next-gen Vakrangee kendra outlets by 2020
- 2) Update on Current Progress for the Next-Gen Franchisee Model**
 - Launched 50+ Next Gen Vakrangee kendra outlets in Mumbai Metropolitan Region and 40+ Next Gen Vakrangee Kendras in National Capital Region (NCR).
 - Response to Next Gen outlets has been very positive and encouraging.
 - Overall ~4,000 outlets are under advanced stage of completion and would be operational during the current quarter before 31st December. These outlets are spread across 380 districts and 2,548 postal codes of the country, out of which more than 3,000 outlets are from Tier 5 and Tier 6 cities.
- 3) Impact on Profitability & Revenue Growth**
 - We have started the process for upgrading all the remaining 41,000 outlets into Next Gen Vakrangee Kendras and which will be upgraded within 2019.
 - All outlets have been notified to upgrade or churn, accordingly franchisees have been given 6 to 9 months to complete the up-gradation process.

- During the current financial year, FY2018-19 the entire focus is on upgradation of kendras into Next-Gen Vakrangee kendra model, hence the financials for the current September quarter, forthcoming December and March quarter would be impacted accordingly.

4) To Incur Capex for the ATM Business

- ATM is mandatory in the Nextgen Vakrangee kendra model and is key to standardization of the outlet.
- ATMs to be provided to all the Nextgen Franchisees on Custodian Basis by the Company.
- Capex to be incurred by the Company to support the same. Return on Investment is lucrative compared to current return ratios. Management to decide on capital allocation policy post the completion of the Pilot phase rollout.

5) Impact of Upgradation on Company Financials

- Already launched 50+ Next Gen Vakrangee kendras in Mumbai Metropolitan Region and 40+ Next Gen Vakrangee Kendras in National Capital Region (NCR). Overall ~4,000 outlets are under advanced stage of completion and would be operational during the current quarter before 31st December.
- Company has already started the process for Up-gradation exercise for rest of the 41,000 outlets. All outlets have been notified to upgrade or churn, accordingly franchisees have been given 6 to 9 months to complete the up-gradation process.
- The financials for the current year including the revenue as well as profitability would be materially impacted as these outlets undergo refurbishment or up-gradation process.
- Therefore, the financials for current quarter, have been significantly impacted and also December quarter and March quarter would get materially impacted accordingly.
- By FY2019-20, as we complete this large scale re-hauling exercise, we expect to continuously demonstrate strong resilience in delivering value through strong financial and operational performance. As for the future, we maintain our long term target of setting up 75,000 Next Gen Kendras by 2020.

6) Update on MCA Order

- Ministry of Corporate affairs (MCA) has ordered Inspection of Books of Accounts for a period of three financial years to be conducted in terms of Section 206(5) of the Companies Act 2013.
- MCA has started the inspection of books of accounts for a period of three financial years.
- The scope shall, inter alia, include resignation of Price Water House and Co Chartered Accountants LLP as Statutory Auditors of the Company, Income Tax Assessment order and Tax Audit report for the last 5 years, number of Vakrangee Kendras located in India and deposit amount, if any, collected from franchisees, shareholding structure of the Company.
- We have welcomed the decision by MCA as it would help us clear all the doubts and rumours with respect to our financials and books of accounts. We are fully co-operating on this and would try to complete this exercise at the earliest.

About Vakrangee Limited

[\(BSE Code: 511431; NSE Code: VAKRANGEE\)](#)

Incorporated in 1990, Vakrangee is the unique technology driven company focused on building India's largest network of last-mile retail outlets to deliver real-time Banking & Financial Services, ATM, Insurance, e-governance, e-commerce and logistics services to the unserved rural, semi-urban and urban markets.

The Nextgen Assisted Digital Convenience stores are called as “Vakrangee Kendra” which act as the “One-stop shop” for availing various services and products. The company has plans to setup and manage a total of 75,000 “Nextgen Vakrangee Kendra” outlets across India by 2020 and covering the presence in all Postal code of the country.

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