

# Creating Value by Empowering India with Financial and Social Inclusion

Vakrangee Limited

Q3 & 9M FY15 Results Update

February 2015



# Safe Harbour Statement



This presentation and the following discussion may contain “forward looking statements” by Vakrangee Limited (“VL”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of VL about the business, industry and markets in which VL operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond VL’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of VL.

In particular, such statements should not be regarded as a projection of future performance of VL. It should be noted that the actual performance or achievements of VL may vary significantly from such statements.

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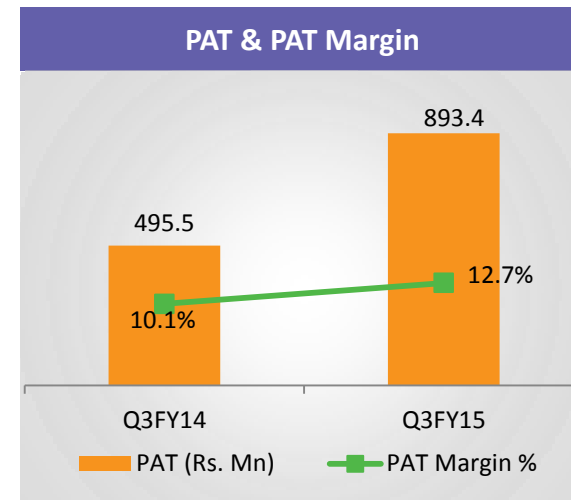
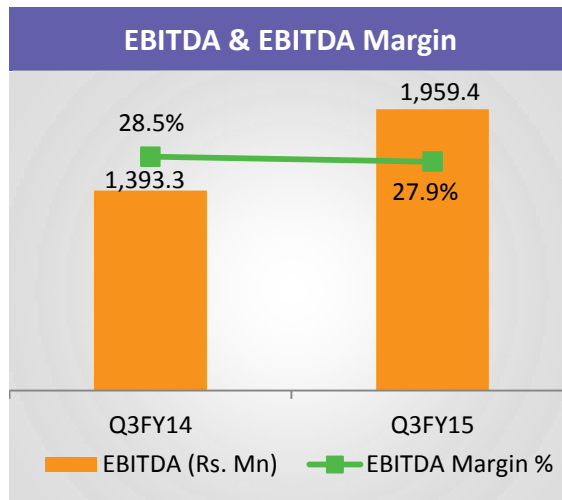
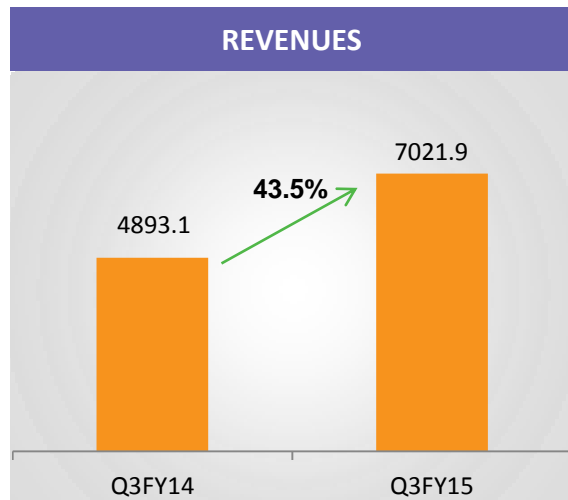
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## Q3 & 9M FY15 Results Highlights

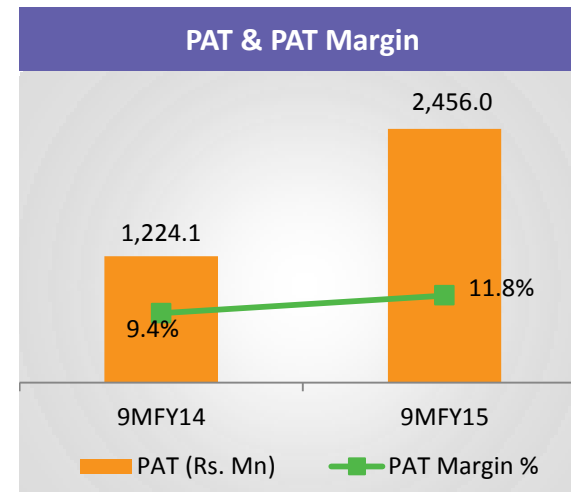
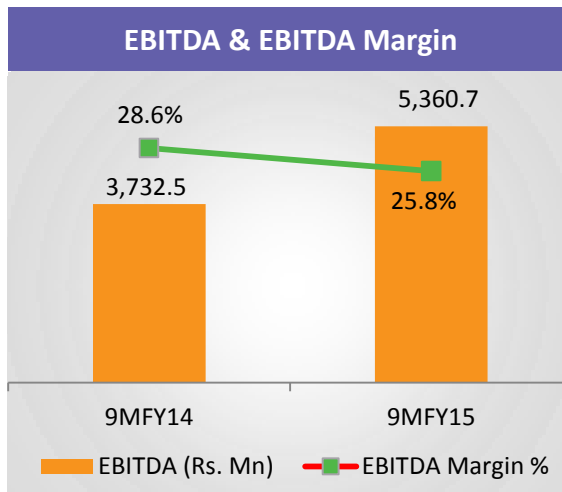
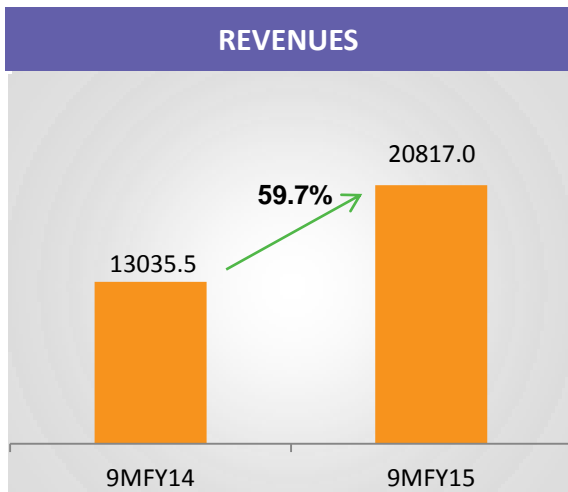
# Q3 & 9M FY15 Results Highlights (Consolidated)

In Rs Mn

## Q3 YoY Analysis



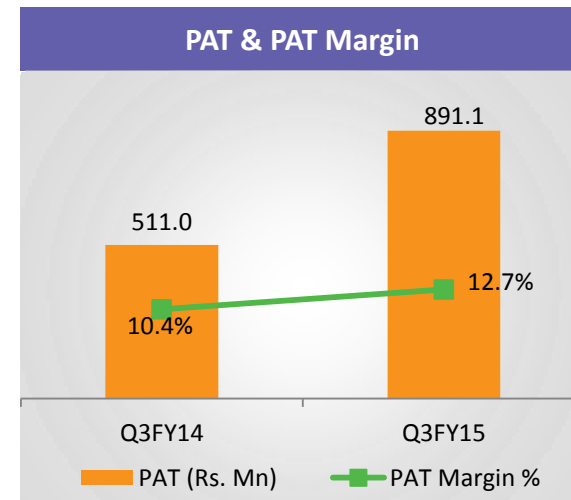
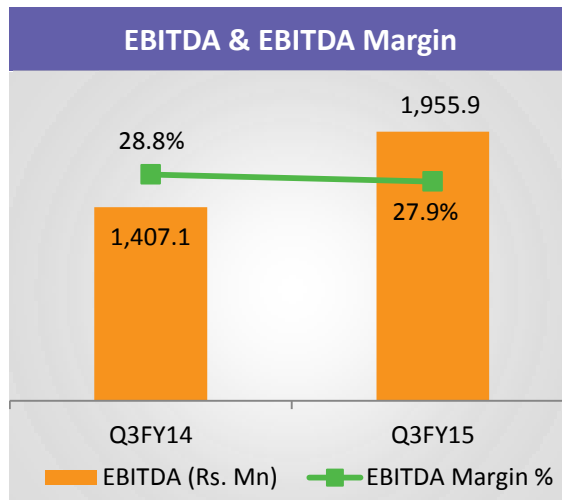
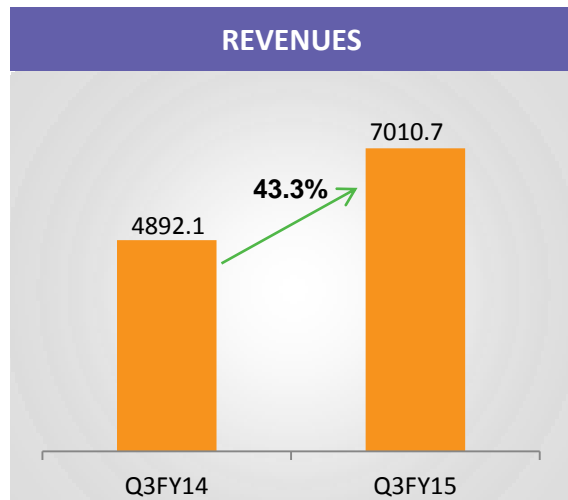
## 9M YoY Analysis



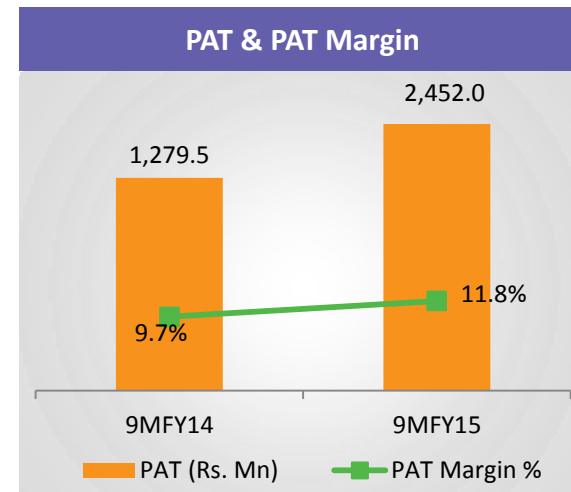
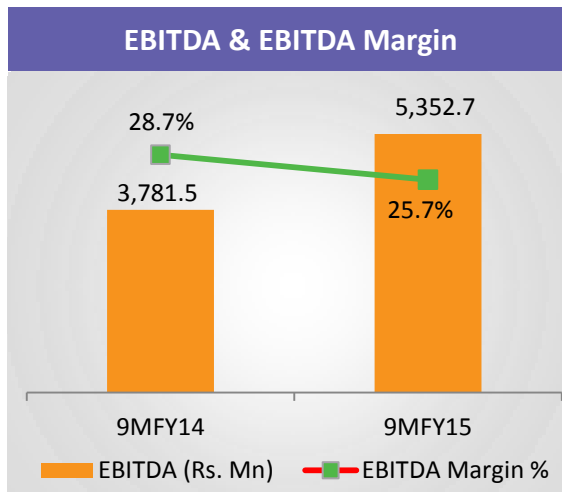
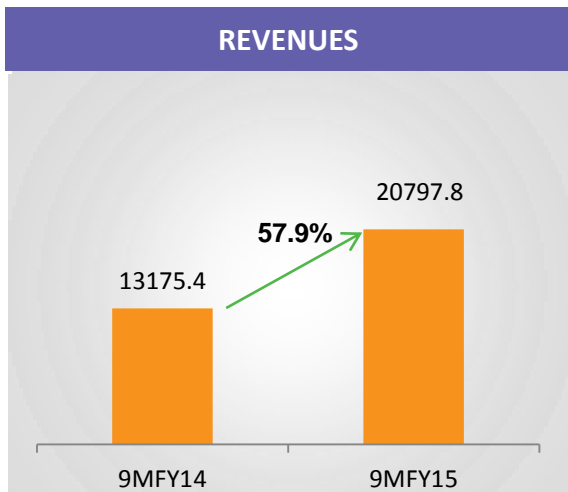
# Q3 & 9M FY15 Results Highlights (Standalone)

In Rs Mn

## Q3 YoY Analysis



## 9M YoY Analysis



# Q3 FY15 Results – Segmental Analysis (Standalone)



Particulars (Rs Mn)	Q3 FY 14-15		Q3 FY 13-14		YoY %	Q2 FY 14-15		QoQ %
		% of Total		% of Total			% of Total	
<b>Total Revenues</b>	<b>7010.7</b>	<b>100.00</b>	<b>4892.1</b>	<b>100.00</b>	<b>43.3</b>	<b>6978.5</b>	<b>100.00</b>	<b>0.5</b>
Vakrangee Kendra	3211.1	45.8	2323.2	47.5	38.2	2964.7	42.5	8.3
E-Governance	3799.6	54.2	2568.9	52.5	47.9	4013.8	57.5	(5.3)
<b>Total EBITDA</b>	<b>1955.9</b>	<b>100.00</b>	<b>1407.1</b>	<b>100.00</b>	<b>39.0</b>	<b>1828.0</b>	<b>100.00</b>	<b>7.0</b>
Vakrangee Kendra	1043.2	53.3	725.3	51.5	43.8	907.2	49.6	15.0
E-Governance	912.7	46.7	681.8	48.5	33.9	920.8	50.4	(0.9)
<b>EBITDA Margin %</b>	<b>27.9</b>	<b>----</b>	<b>28.8</b>	<b>----</b>	<b>(3.1)</b>	<b>26.2</b>	<b>----</b>	<b>6.5</b>
Vakrangee Kendra	32.5	---	31.2	---	4.2	30.6	---	6.2
E-Governance	24.0	----	26.5	----	(9.4)	22.9	----	4.8

## Q3 & 9M FY15 Business Update



# Q3 & 9M FY15 Business Update – Key Business Growth Drivers



## “Pradhan Mantri Jan Dhan Yojana” – Comprehensive Financial Inclusion Initiative

### Objective:

- To bring every Indian into the banking system including the poorest of the poor with atleast 1 basic banking account per household.
- To provide these banking services banking outlets to be provided within 5 KM distance of every village.
- To enable e-KYC for account opening and AEPS transactions based on biometric authentication .
- Target to open banking facilities in each SSA consisting of 1,000 to 1,500 households across rural and urban India.
  - Phase I (15<sup>th</sup> Aug, 2014 – 14<sup>th</sup> Aug, 2015)
    - Provide basic bank A/C along with Rupay debit card which will have inbuilt accidental insurance cover of Rs. 1 lakh.
  - Phase II (15<sup>th</sup> Aug, 2015 – 14<sup>th</sup> Aug, 2018)
    - Overdraft facility of up to Rs. 5,000 after six months of satisfactory performance of saving / credit history.
    - Micro-Insurance and unorganized sector pension schemes.

# Q3 & 9M FY15 Business Update – Key Business Growth Drivers



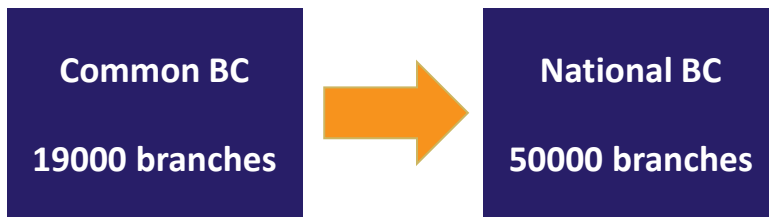
## National BC Agreements

- Vakrangee is at forefront to leverage this growth opportunity and is set to become one of the leading players in implementation of financial inclusion in India.
- In addition to Maharashtra, Rajasthan and Delhi, where Vakrangee had signed Common BC agreements with 31 banks, Vakrangee would now be setting up and managing BC branches in 12 more states across India under the National BC agreements.
- The 12 additional states to be covered include - Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Bihar, Jharkhand, Punjab, Haryana, UT Of Chandigarh, Himachal Pradesh, Uttarakhand, Goa & Gujarat.
- **Vakrangee has been appointed as National BC by 7 banks including – Bank of India, Punjab National Bank, Union Bank of India, Allahabad Bank, State Bank of India, Baroda Gujarat Gramin Bank, Baroda Uttar Pradesh Gramin Bank.**
- Hence the scope of Vakrangee has increased from earlier 19000 branches in Maharashtra, Rajasthan and Delhi to around 50000 branches in 15 states.

# Operational Vakrangee kendra – BC Agreements

National BC Agreements	
Sr No	Bank Tie-Ups
1	Bank of India
2	Punjab National Bank
3	Union Bank of India
4	Allahabad Bank
5	State Bank of India
6	Baroda Gujarat Gramin Bank
7	Baroda Uttar Pradesh Gramin Bank

Common BC Agreements	
Sr No	Bank Tie-Ups
1	Bank of Baroda
2	Bank of India
3	Baroda Rajasthan Gramin Bank
4	Indian Bank
5	Indian Overseas Bank
6	Jaipur The Gramin Bank
7	Oriental Bank of Commerce
8	Punjab National Bank
9	Rajasthan Gramin Bank
10	Union Bank of India
11	UCO Bank
12	Vijaya Bank
13	State Bank of Bikaner & Jaipur
14	Bank Of Maharashtra
15	Dena Bank
16	Syndicate Bank
17	Canara Bank
18	Allahabad Bank
19	Andhra Bank
20	Corporation Bank
21	Punjab & Sind Bank
22	Central Bank of India
23	Hadoti Kshetiya Gramin bank
24	Marwar Ganganagar Bikaner Gramin Bank
25	State Bank of India
26	United Bank of India
27	Maharashtra Gramin Bank (MGB)
28	State Bank of Hyderabad (SBH)
29	Vidarbha Kshetriya Gramin Bank
30	Waiganga Krishna Gramin Bank
31	IDBI bank



# Operational Vakrangee Kendra – State wise & Bank wise Breakup



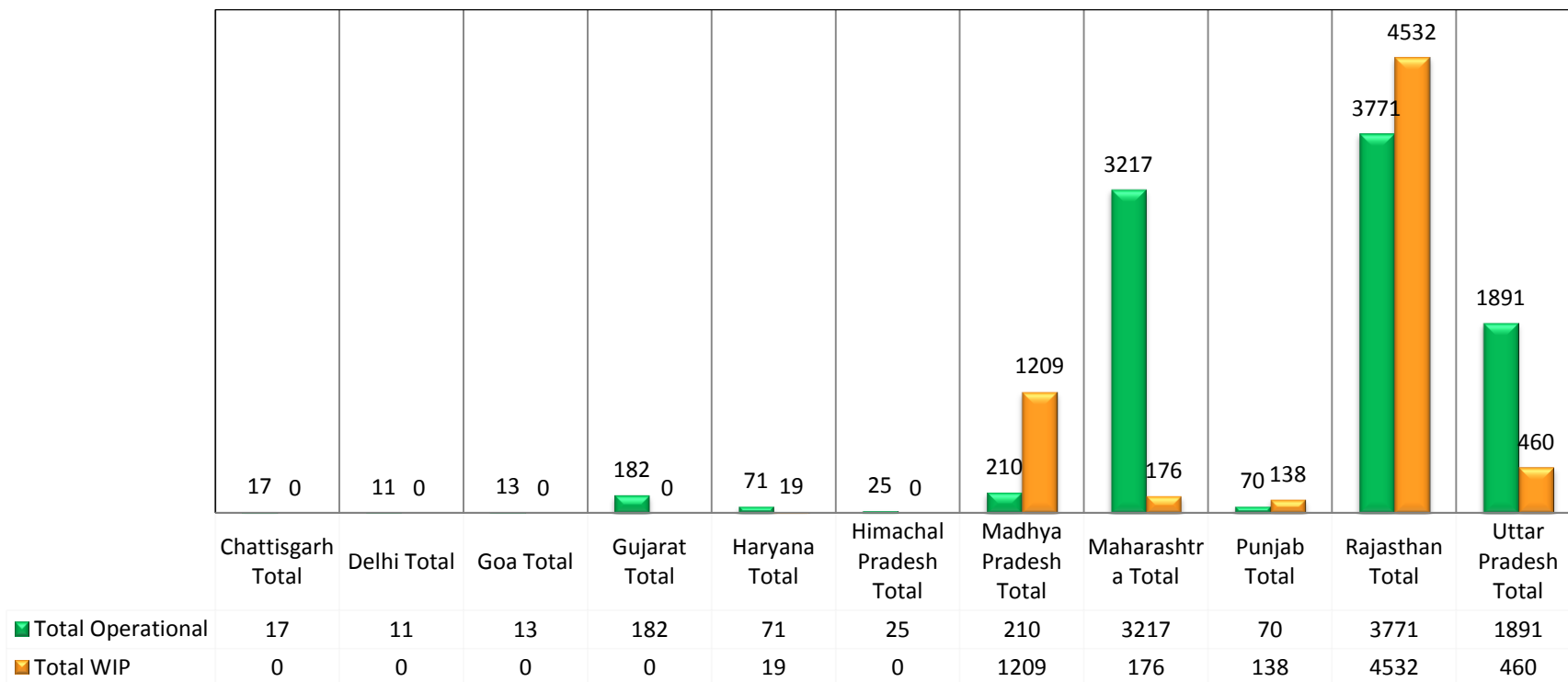
States	Rural Branches	Urban Branches	Total
Maharashtra	2833	384	3217
Rajasthan	3245	526	3771
Delhi	0	11	11
Uttar Pradesh	1613	278	1891
Gujarat	182	0	182
Goa	11	2	13
Haryana	70	1	71
Punjab	37	33	70
Madhya Pradesh	195	15	210
Chattisgarh	14	3	17
Himachal Pradesh	25	0	25
<b>TOTAL</b>	<b>8225</b>	<b>1253</b>	<b>9478</b>

Bank Tie-Ups	Rural Branches	Urban Branches	Total
Bank of Baroda	540	425	965
Bank of India	636	287	923
Bank of Maharashtra	999	17	1016
Baroda Rajasthan Kshetriya Gramin Bank	984	16	1000
Central Bank of India	471	69	540
Maharashtra Gramin Bank	596	11	607
Rajasthan Marudhara Gramin Bank	1111	120	1231
Punjab National Bank	550	132	682
Union Bank of India	710	38	748
Vidarbha Kshetriya Gramin Bank	77	4	81
Allahabad Bank	126	6	132
Baroda UP Gramin Bank	878	114	992
Kashi Gomti Samyut Gramin Bank	361	14	375
State Bank of Bikaner & Jaipur	11	0	11
Baroda Gujarat Gramin Bank	175	0	175
<b>Total</b>	<b>8225</b>	<b>1253</b>	<b>9478</b>

Note (1) As of December 31, 2014

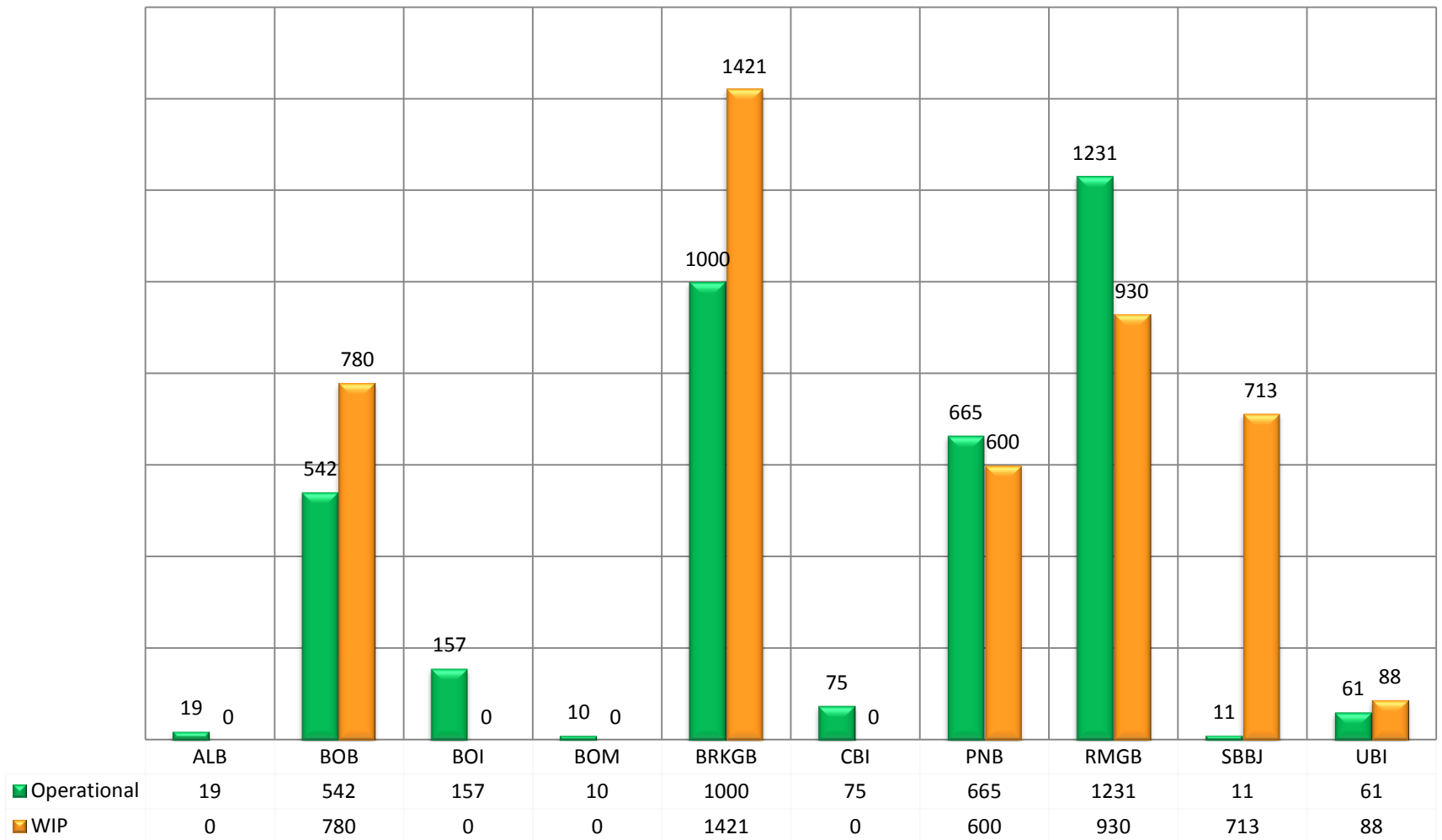
# Operational Vakrangee Kendra – State wise Breakup

## Vakrangee Kendra Outlet Status as on 31/12/2014

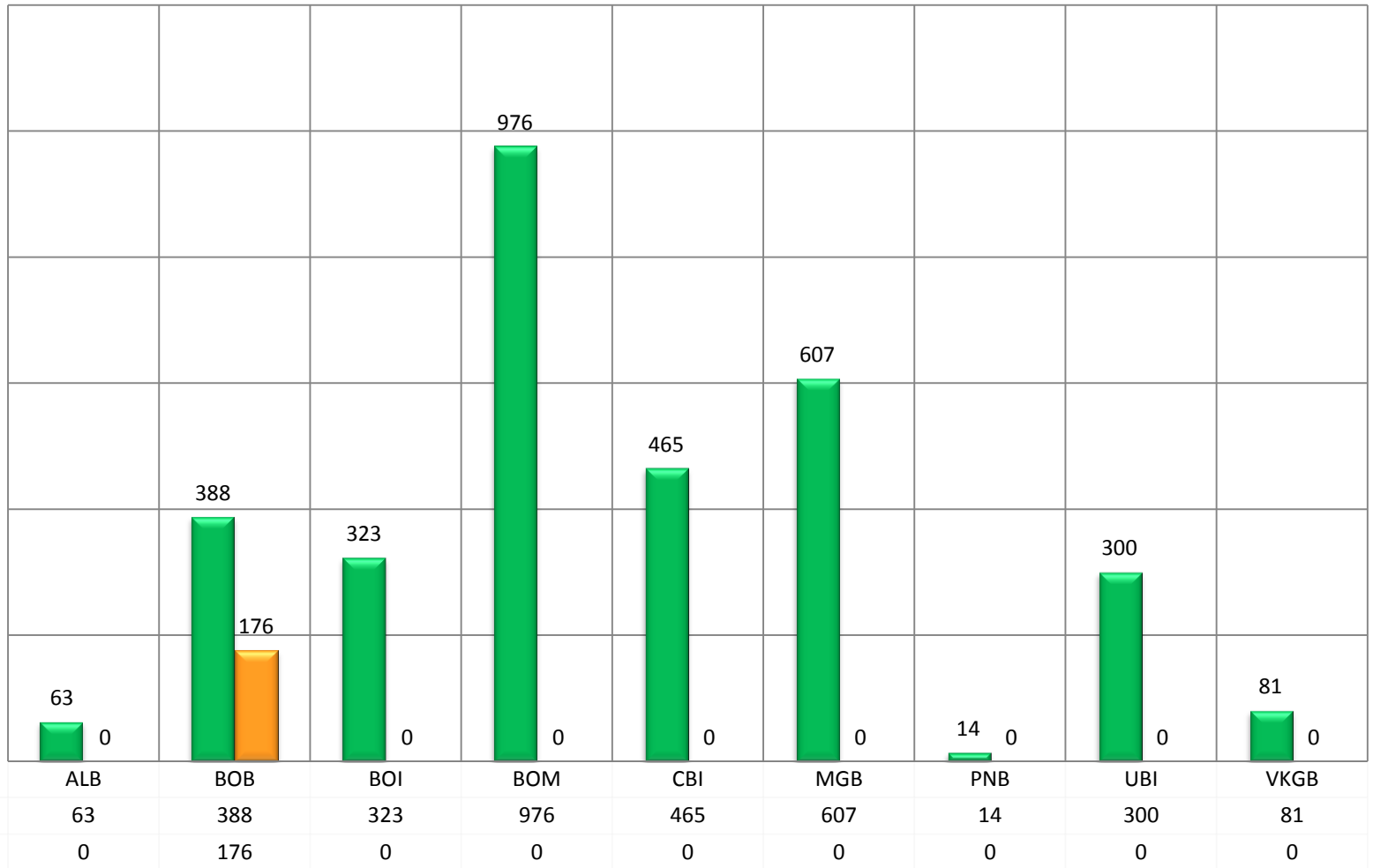


**In addition to 9478 operational branches, there are another 6534 branches which are in various stages of being operationalized (WIP)**

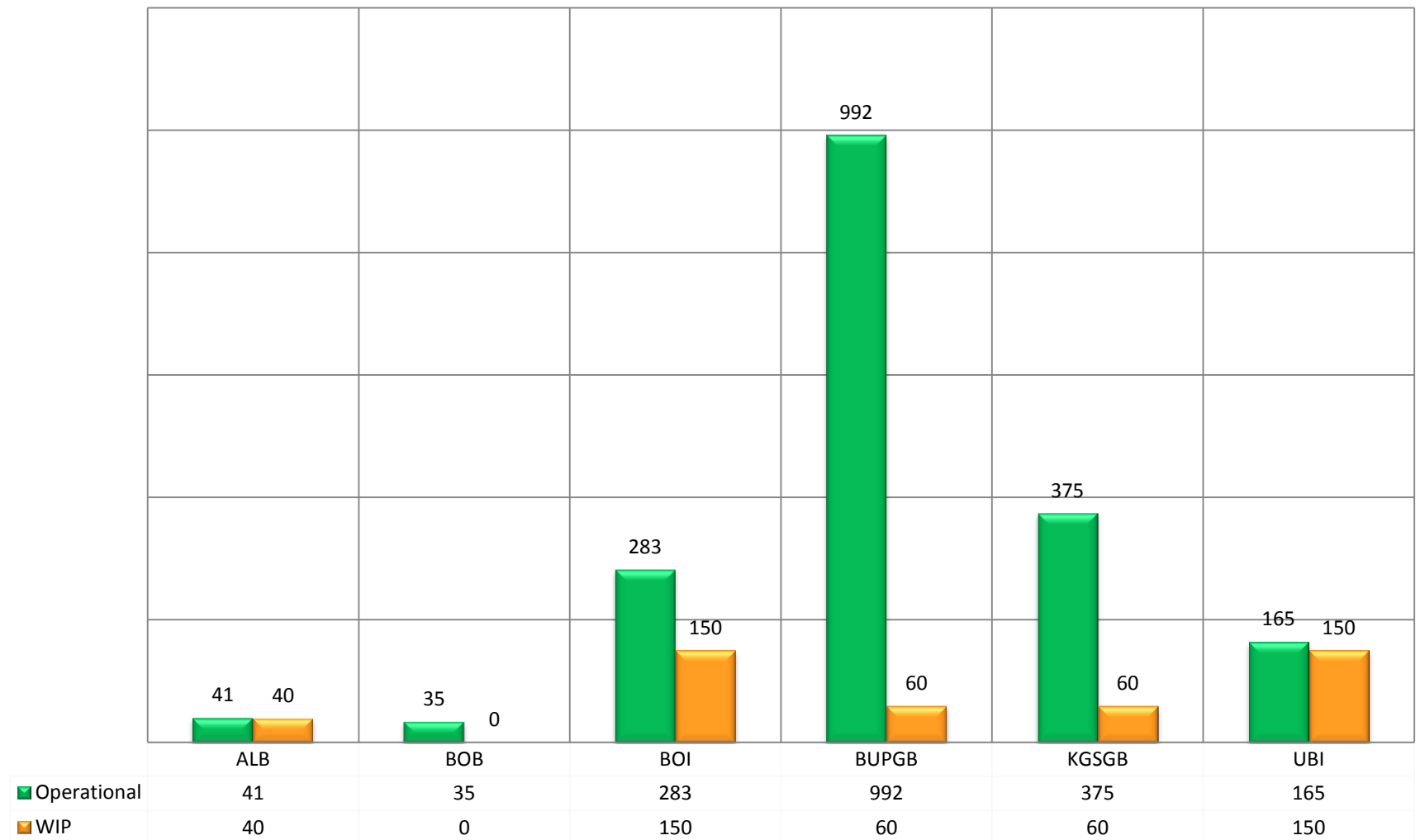
# Operational Vakrangee Kendra – State wise - Rajasthan



# Operational Vakrangee Kendra – State wise - Maharashtra



# Operational Vakrangee Kendra – State wise - Uttar Pradesh

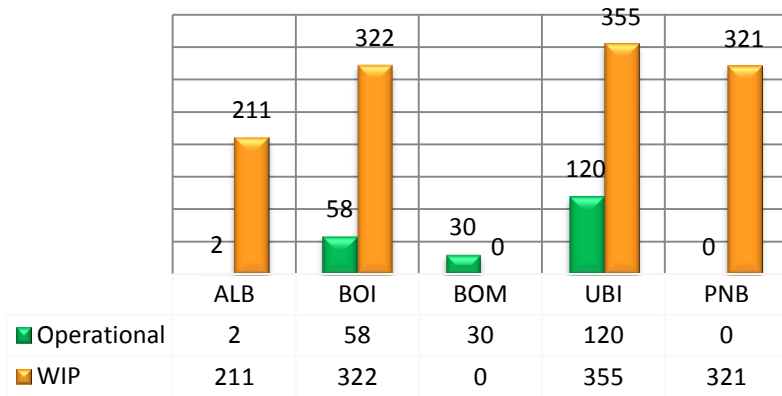




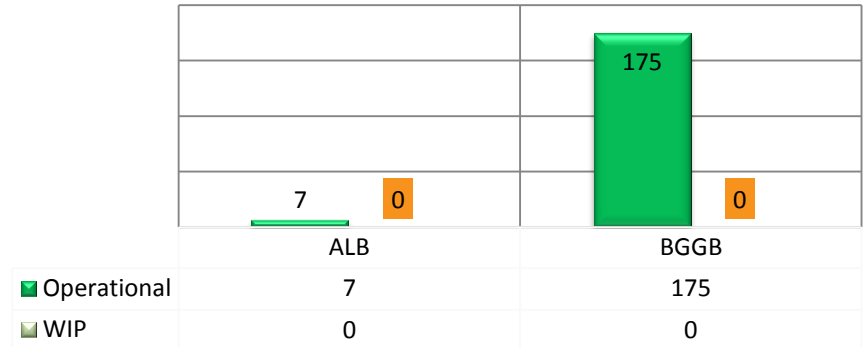
# Operational Vakrangee Kendra – State wise



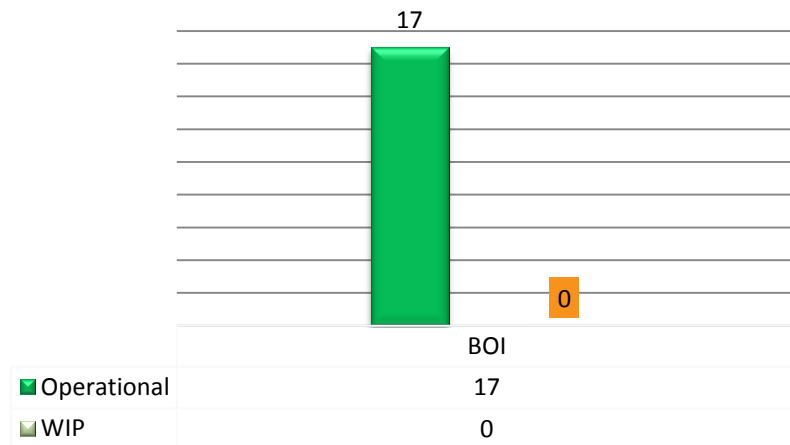
## Madhya Pradesh



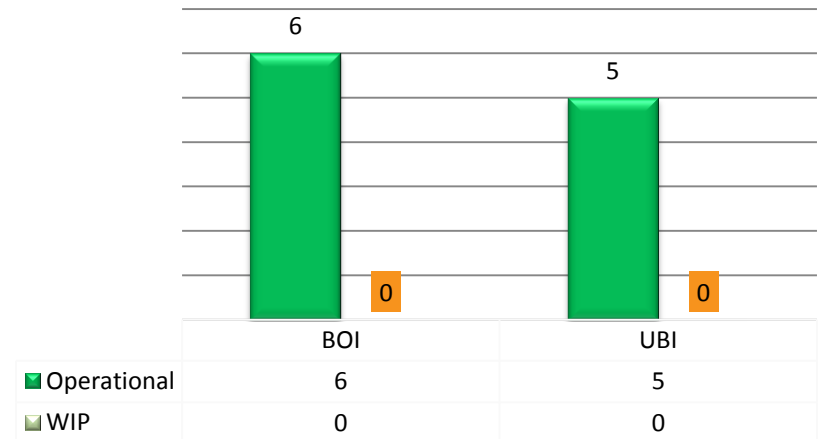
## Gujarat



## Chattisgarh



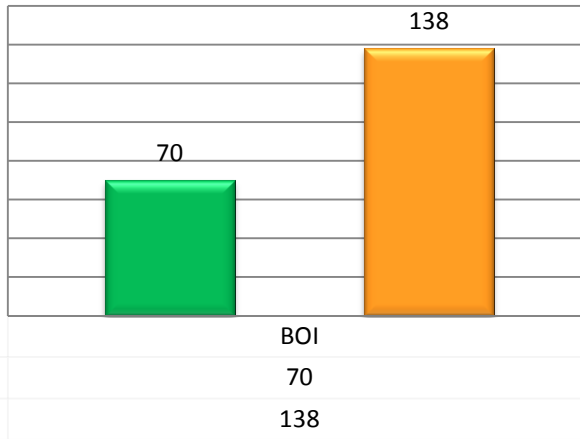
## Goa



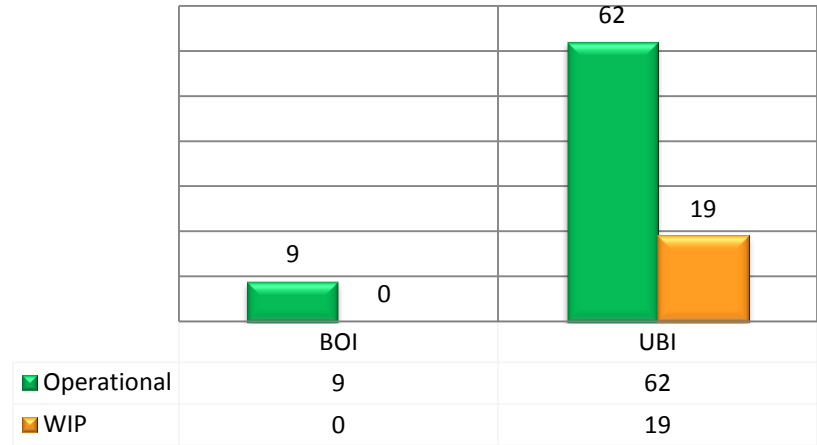
# Operational Vakrangee Kendra – State wise



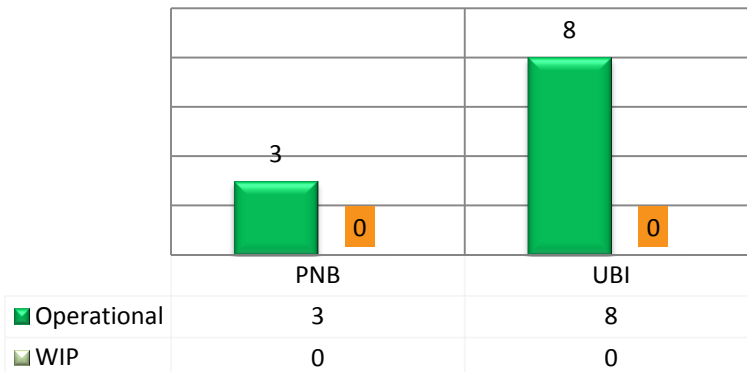
## Punjab



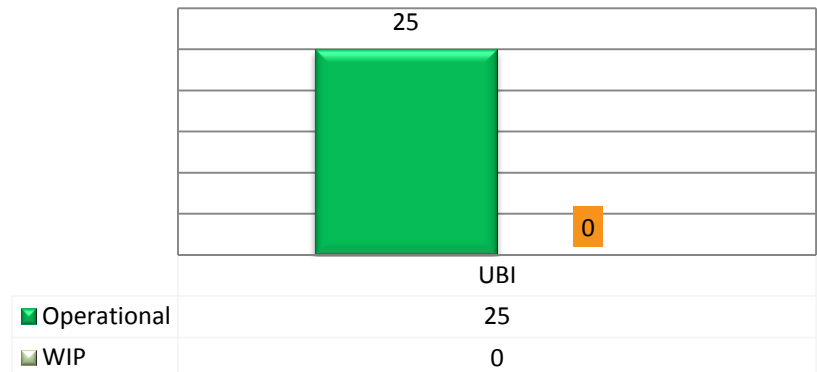
## Haryana



## Delhi



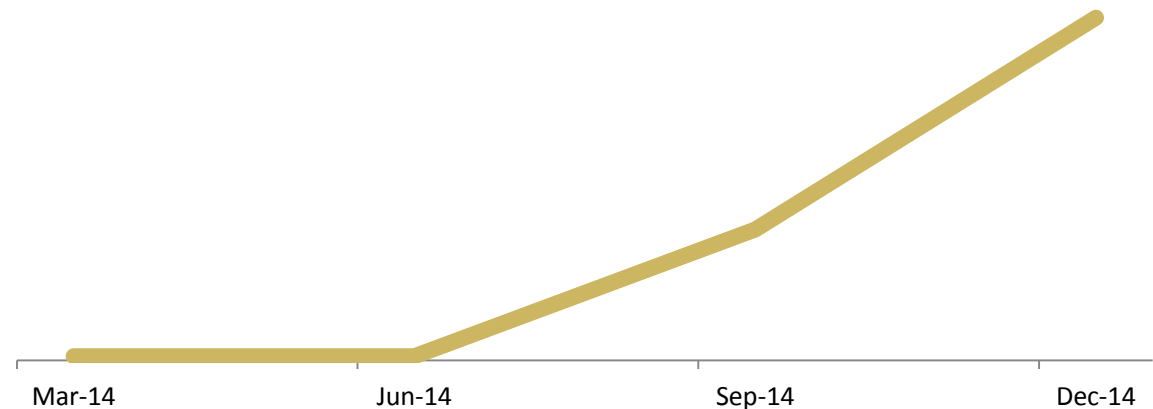
## Himachal Pradesh



# Operational Vakrangee kendra – Now Time to Go Urban

Quarter Ending	Urban Branches
Mar-14	15
Jun-14	15
Sep-14	478
Dec-14	1253

**Strong Ramp-up of Urban Branches**

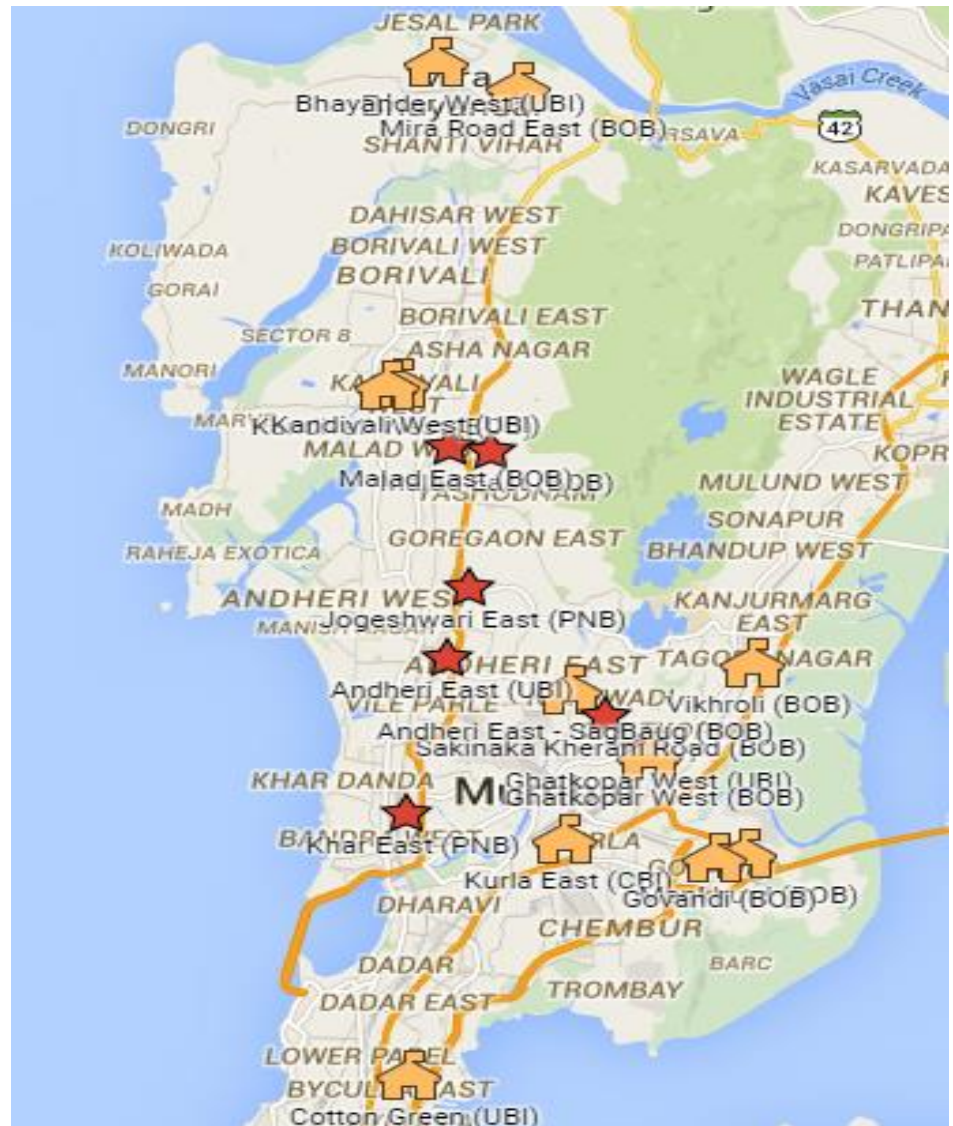


**Post the launch of PMJDY by government there has been a strong push from the banks to expand their BC network not only in rural but also in urban areas**

**Hence there has been a strong ramp-up in urban branches from around 15 urban branches in Mar-14 to 1253 branches by Dec-14**

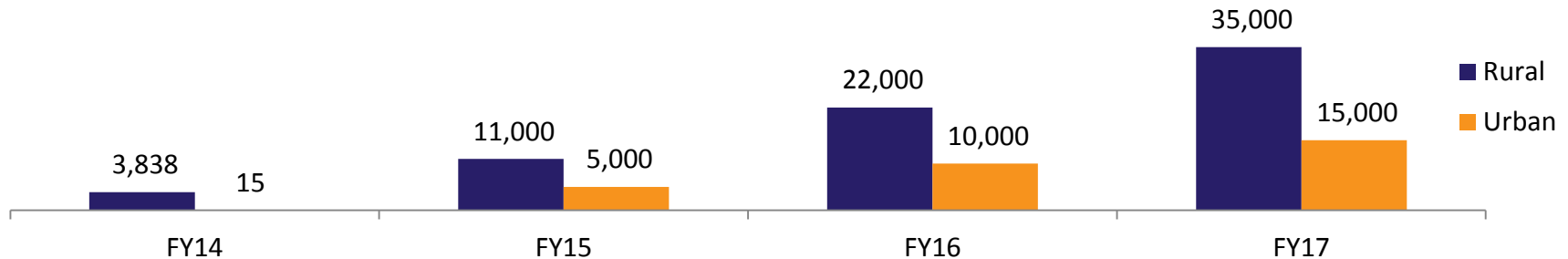
# Operational Vakrangee kendra – Urban Branches in Mumbai

-  Kurla East (CBI)
-  Andheri East (UBI)
-  Malad East (BOB)
-  Bhayander West (UBI)
-  Mira Road East (BOB)
-  Khar East (PNB)
-  Sakinaka Kherani Road (BOB)
-  Mankhurd (BOB)
-  Govandi (BOB)
-  Vikhroli (BOB)
-  Ghatkopar West (UBI)
-  Cotton Green (UBI)
-  Andheri East - SagBaug (BOB)
-  Jogeshwari East (PNB)
-  Ghatkopar West (BOB)
-  Malad East (BOB)
-  Kandivali West (BOB)
-  Kandivali West (UBI)



# Summary Outlook

## Vakrangee Kendra – Roll Out Plan



## Scalability with Low Capex

- Expansion of rural branches is entirely through franchise route.
- Expansion of urban branches and WLAs is through combination of owned and franchise model.
- Scalability with efficient capex management through combination of own and franchise model.

## Operating Leverage & Return Ratios

- Economies of Scope to kick in as new services are added leveraging the same technology driven platform.
- With low incremental capex & operating costs, addition of more and more services and increasing transaction volumes over a period of time, will result in positive operating leverage.
- High incremental ROCE expected from Vakrangee Kendra business.

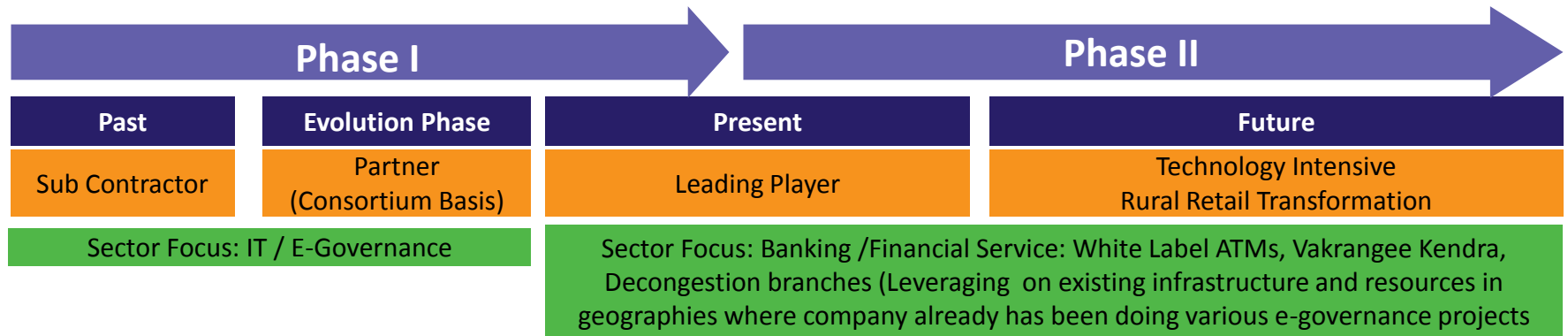
## Company Overview

# Company Overview



## Introduction

- E-Governance focused company with approximately 2 decades of experience in delivering system integration and other services for projects under India's 'National e-Governance Plan (NeGP)'
- One of the leading enrolment agencies for UIDAI's Project
- Continuously evolved over the years from being a sub-contractor to a consortium partner to an independent bidder for various E-Governance projects, leading to reduced dependence on consortium partners



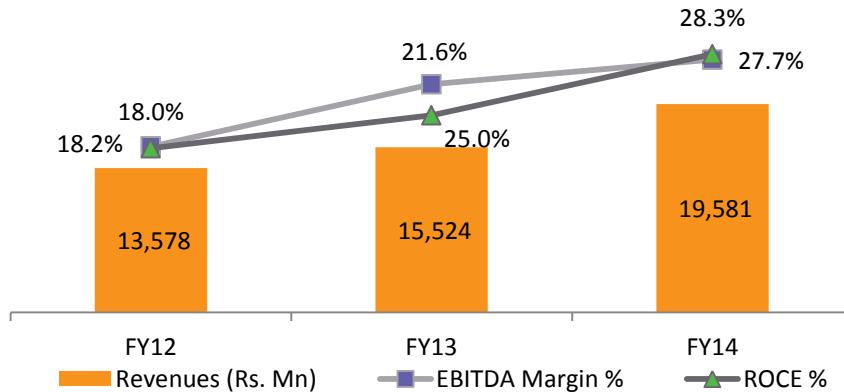
## Business Transformation:

- **Financial Inclusion** - Exclusive mandate from RBI and MoF for 5 + 2 years to setup & manage up to 19,000 ultra small bank branches in Maharashtra, Rajasthan and Delhi. Expanding to other geographies to target more than 35,000 ultra small branches and 15,000 de-congestion branches in urban/semi urban areas.
- **White Label ATM** – RBI's license to open a minimum of 15,000 White Label ATMs over three years across India
- **Decongestion Branch** – Open branches to decongest bank branch operations in urban and semi-urban areas

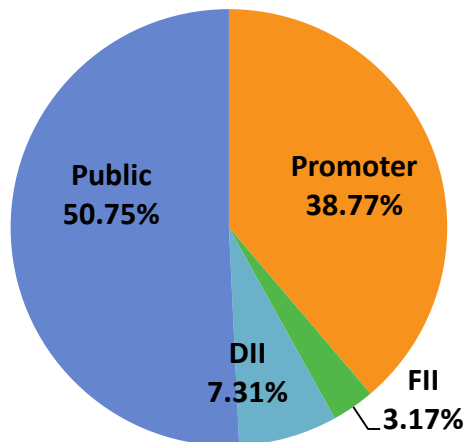
~9,478 Ultra-small Bank Branches already operational, as of December 31, 2014

# Financial Overview & Shareholding Structure

## Last 3 Year Financials



## Shareholding Pattern – Dec 2014



## As on 13.02.15 (BSE)

Market cap (Rs. Mn)	62,507.3
Price (Rs.)	124.15
No. of shares outstanding (Mn)	503.48
Face Value (Rs.)	1.00
52 wk High-Low (Rs.)	154.00 –86.30

- Vakrangee has been classified in the Specialty Retail industry by Bombay Stock Exchange (BSE).
- Vakrangee is included in CNX 500 & BSE 200/500 & Mid-Cap Index and is also included in MSCI Global Small Cap Index on 30<sup>th</sup> May 2014.
- Vakrangee is also got included in Group 'A' stocks of BSE.
- Group A classification is based on qualitative factors - Corporate Governance, Compliance track record, Responsible/Sustainable Investment etc. and quantitative factors - market capitalisation, public share holding, floating stock, trading volume etc.



# New Evolved Model of Financial Inclusion in India

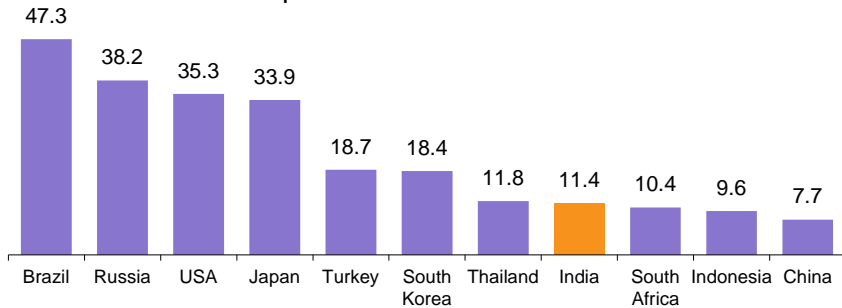
# Financial Inclusion

## Limited Access to Financial Services in India – Especially in the Hinterland...

### Banking Under-penetrated in India

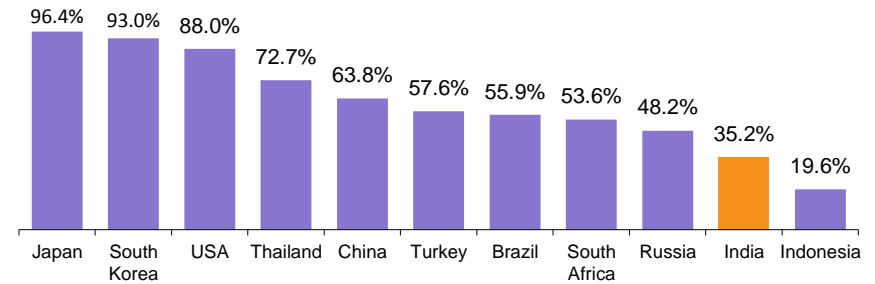
Lagging Behind in Reach<sup>(1)</sup>...

Branches Per 100K Population <sup>(1)</sup>



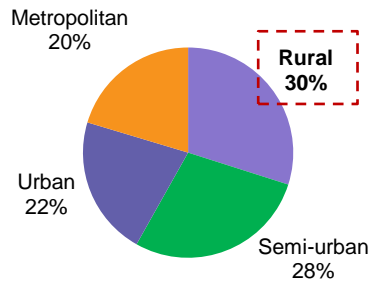
...Leading to Lower Financial Participation<sup>(2)</sup>

Bank Account / Population (% age 15+)



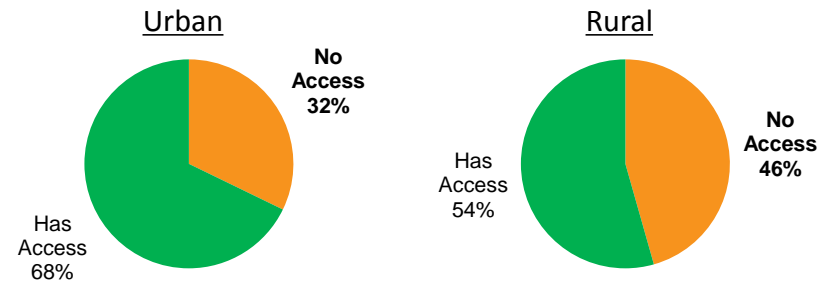
### Even More so in Rural Areas

Branch Distribution in India <sup>(3)</sup>



30% of total branches catering ~70%<sup>(4)</sup> of the population

Availing Banking Services – Households (2011) <sup>(4)</sup>



~50% of the rural population don't avail Banking Services

(1) Source: The World Bank . Data for 2012; (2) Source: IMF. Data for 2011; (3) Source: RBI; (4) Source: Census Info India 2011

# Financial Inclusion

...However Large Opportunity Exists

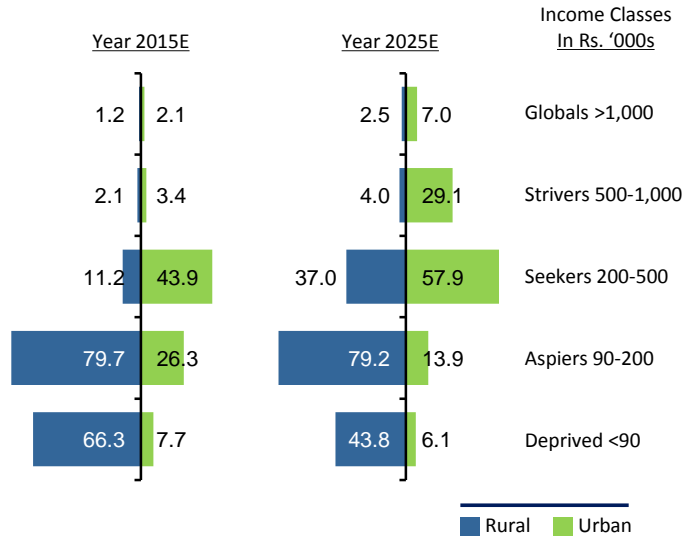
## Rural India Moving up the Income Pyramid...<sup>(1)</sup>

No. of House holds (mm)

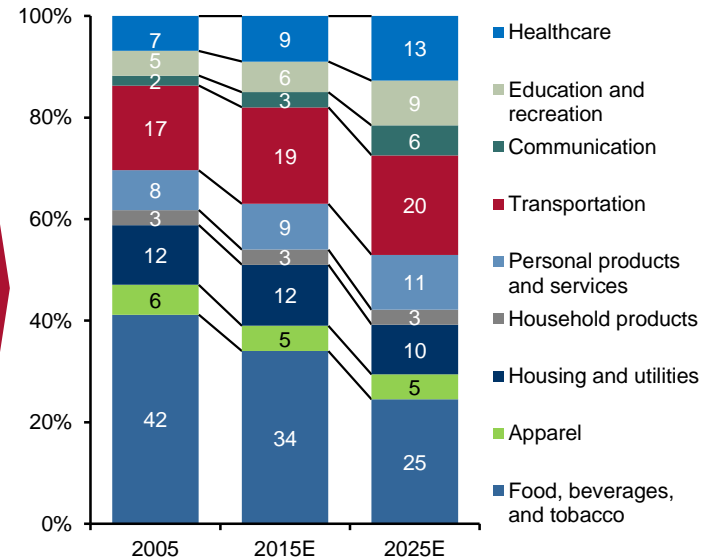
Year 2005

Year 2015E

Year 2025E

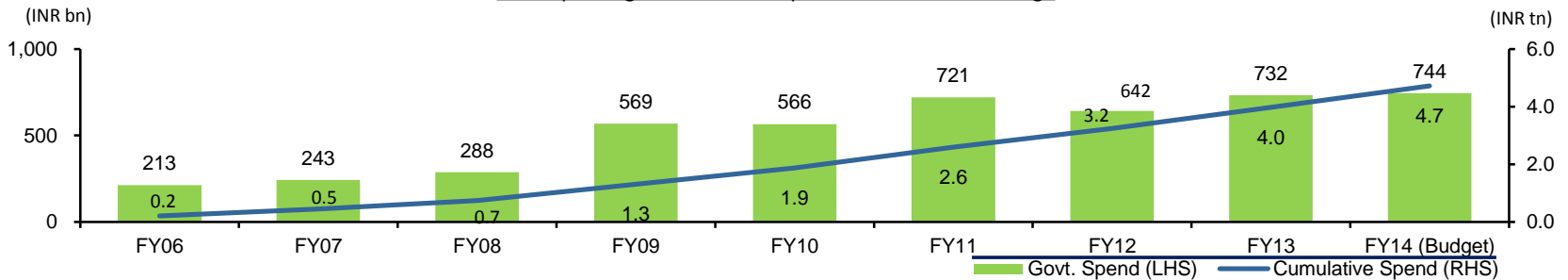


## ...Leading to Higher Discretionary Spending<sup>(1)</sup>



## Well Supported by Government Spending

Govt. Spending On Rural Development In India Remains High<sup>(2)</sup>



(1) Source: McKinsey - The 'bird of gold': The rise of India's consumer market ; (2) Source: Ministry of Rural Development

# Financial Inclusion

## Evolution of Financial Inclusion Models in India



2004	<ul style="list-style-type: none"> <li>RBI sets up Khan Commission to look into financial inclusion</li> </ul>
2005	<ul style="list-style-type: none"> <li>RBI introduces "No Frill" accounts concept</li> <li>RBI permits Branch Free Banking                             <ul style="list-style-type: none"> <li>Commercial Banks allowed to enlist NGOs, Self Help Groups, Micro Finance Institutions to provide banking activities</li> </ul> </li> </ul>
2006	<ul style="list-style-type: none"> <li>Agencies to provide services through Business Correspondent ("BC") and Business Facilitator ("BF") model                             <ul style="list-style-type: none"> <li>Cash in-cash out services allowed without branch presence</li> </ul> </li> </ul>
2009	<ul style="list-style-type: none"> <li>Banks advised to provide Board Approved 3 yr Financial Inclusion Plans starting Apr '10                             <ul style="list-style-type: none"> <li>Focus on villages with population &gt;2k</li> <li>Outcome Monitoring                                     <ul style="list-style-type: none"> <li># of BC outlets, Savings A/c opened, # of KCC/GCC provided</li> </ul> </li> <li>Branch Opening norms relaxed for areas with less than &lt;0.1mm population</li> </ul> </li> </ul>
2011	<ul style="list-style-type: none"> <li>Finance Ministry and RBI advise banks to open Brick and Mortar branches vs. mobile BC model earlier                             <ul style="list-style-type: none"> <li>Lead bank designated for each gram panchayat</li> </ul> </li> <li>Services to be provided through Ultra Small Branch Model                             <ul style="list-style-type: none"> <li>Also allowed to provide other Business-to-Consumer ("B2C") and Government-to-Citizen ("G2C") services</li> </ul> </li> </ul>
2013	<ul style="list-style-type: none"> <li>Banks advised to provide Board Approved 3 yr Financial Inclusion Plans starting Apr '13                             <ul style="list-style-type: none"> <li>Focus on villages with population &lt;2k</li> <li>Uniformity in reporting structure</li> <li>Focus on the volume of transactions in new accounts opened</li> <li>Use of Information and Communication Technology ("ICT")</li> </ul> </li> </ul>

	Mobile BC	Fixed BC
Model	<ul style="list-style-type: none"> <li>BCs visited villages periodically with PoS machines to enable deposit/withdrawal transactions</li> </ul>	<ul style="list-style-type: none"> <li>Brick &amp; Motor Bank branch opened in each Gram Panchayat by BC</li> <li>1 branch per gram panchayat: flexibility to club Panchayats in case of sparsely populated panchayats</li> <li>24x7 Banking &amp; Paper less banking run by localites</li> </ul>
Coverage / Exclusivity	<ul style="list-style-type: none"> <li>No limit on no. of BC firms</li> <li>No area/region based exclusivity to BC</li> </ul>	<ul style="list-style-type: none"> <li>Country divided into 20 clusters</li> <li>BC given exclusive mandate for each cluster</li> </ul>
Inter-operability	<ul style="list-style-type: none"> <li>No interoperability</li> </ul>	<ul style="list-style-type: none"> <li>Interoperable across different platforms</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Offline, sKendra card-based</li> </ul>	<ul style="list-style-type: none"> <li>Real time</li> <li>Biometric + sKendra card enabled identity verification linked to Aadhar accounts</li> </ul>
Trust	<ul style="list-style-type: none"> <li>Lack of trust as BCs don't have permanent presence</li> </ul>	<ul style="list-style-type: none"> <li>Higher trust due to presence of permanent Bank Branch with the signage of the bank at the front</li> </ul>
Cost	<ul style="list-style-type: none"> <li>Higher cost of delivery – sKendra cards, dispatch, travel costs for BC agent</li> </ul>	<ul style="list-style-type: none"> <li>Biometric authentication eliminates reliance on expensive sKendra cards</li> </ul>
Other	<ul style="list-style-type: none"> <li>Offline transactions - led to discrepancies during subsequent reconciliations</li> <li>Significant cash handling</li> </ul>	<ul style="list-style-type: none"> <li>Online/real time processing resulting in zero discrepancies</li> <li>Optimized cash requirement as working capital</li> <li>Faster A/c opening as applications processed by link branch at real time</li> <li>33 Banking services coupled with other B2C/G2C Services</li> </ul>

# Financial Inclusion

## RBI's Recent Initiative

Uttar Pradesh  
SREI SAHAJ - @0.28%  
(Part 1) & FINO -@  
0.35% (Part 2)

Rajasthan and Delhi  
Vakrangee - @ 0.37%

Gujarat, Dadra & Nagar  
Haveli and Daman & Diu  
Vakrangee - @ 1.12%  
(Later Cancelled)

Madhya Pradesh &  
Chattisgarh  
MPCON - @ 0.18%

Maharashtra  
Vakrangee - @ 0.48%

Karnataka and Goa  
FINO -@ 0.03%

Tamil Nadu, Kerala and  
Pondicherry  
FINO -@ 0.46%



North Eastern States  
RFP cancelled

Bihar  
FINO - @0.05% (Part 1)  
&@0.11% (Part 2)

West Bengal, Sikkim &  
Andaman  
Srei Sahaj - @0.45%

West Bengal (Part-1)  
FINO -@ 0.35%

Jharkhand and Part of  
Bihar  
FINO -@ 0.35%

Chattisgarh  
FINO - @ 0.19% (Later  
Cancelled)

Orissa and Part of  
Chattisgarh  
@0.11% (Later  
Cancelled)

Andhra Pradesh  
FINO -@ 0.22%(Part – 1)  
& @ 0.54% (Part-2)

Vakrangee & MPCON are the only players to roll out branches post successful integration of IT systems with banks

## Vakrangee Kendra - Snapshots

# Vakrangee Kendra and ATM



Vakrangee Kendra in Kurla, Mumbai



Vakrangee Kendra in Andheri East, Mumbai



Vakrangee Kendra in Malad, Mumbai



Vakrangee Kendra in Khar, Mumbai





# Vakrangee Kendra Snapshots

Urban Kendra



Rural Kendra





# Vakrangee Kendra Snapshots



# Vakrangee Kendra Snapshots

Visit of GM UBI, Mr RP Mishra at Vakrangee Kendra Dakachaya, Indore





# Vakrangee ATM



# Vakrangee Kendra: Advertisement for Franchisee Tie-up



## Franchisee Opportunity

**Join the Pradhan Mantri Jan Dhan Yojana**



**A Retail Mart for  
Financial Products**

Vakrangee Limited a Rs. 6900 crore BSE/NSE listed enterprise brings you the business opportunity to setup a Business Correspondent Outlet equipped with ATM services

### Opportunities to become an Entrepreneur in Banking and Other Services

Services will include Basic Banking Services (BC), Direct Benefit Transfers, Recharge of Mobile and DTH, Insurance Premium Renewal, ATM services etc. ensuring huge footfalls and regular income.

Use of advanced technology such as eKYC, Aadhaar Authentication real-time banking, etc. among others.

RuPay card enabled ATM to ensure steady source of income.

**Contact:** Visit our Website: [www.vakrangee.in](http://www.vakrangee.in) for further details on availability of opportunities near you and application process



**Requirement:** Franchisee preferably belongs from the same locations that it applies from. Has an owned or leased outlet space of about 150sq. ft.



**Thank You**