

Creating Value by Empowering India with Financial and Social Inclusion



Quarterly Communication Update

Q2FY15

Vakrangee Limited

Safe Harbor 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.

Discussion Summary



- ☐ About Us
- ☐ New Evolved Model of Financial Inclusion in India
- ☐ Vakrangee Outlets
- ☐ Q2 FY15 Business Update
- ☐ Q2 & H1 FY15 Results Highlights
- ☐ Q2 FY15 Segmental Update
- ☐ Summary Outlook



About Us

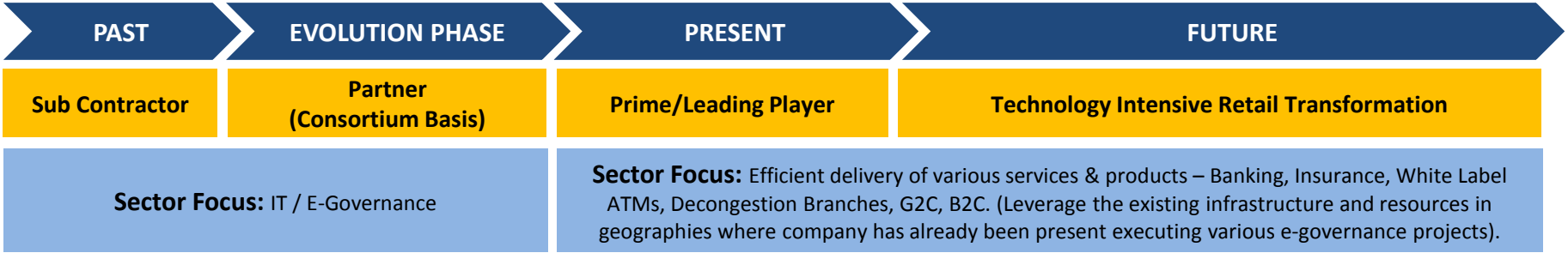


About Us: Company Overview



PEDIGREE & EXECUTION CAPABILITY

- India’s one of the leading E-Governance player, functioning as systems integrator and end-to-end service provider for various E-Governance projects over two decades.
- India’s leading enrolment agency for UIDAI Project.
- Continuously evolved over the years and moved up the value chain from being a sub-contractor to a consortium partner to an independent bidder for various E-Governance projects leading to leadership position and higher margins.



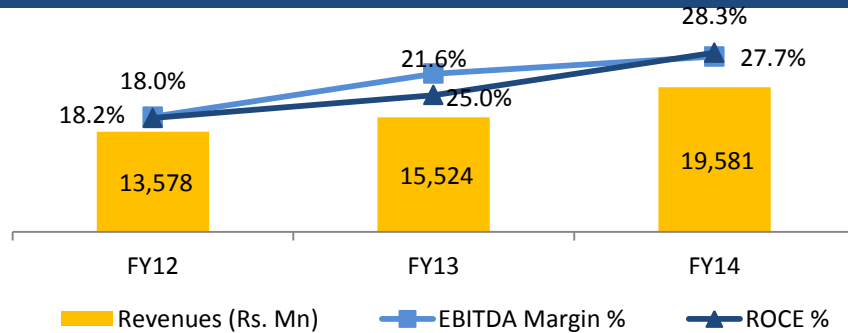
BUSINESS TRANSFORMATION

- **Financial Inclusion:** Exclusive mandate (as Common BC) from banks, under RBI and MoF, for 5 + 2 years to setup & manage bank branches in the states of Maharashtra, Rajasthan & Delhi. Expanding to 12 more states under “Pradhan Mantri Jan Dhan Yojana” to target around 35,000 ultra small branches in rural areas and 15,000 de-congestion branches in urban/semi urban areas.
- **White Label ATM:** License from RBI to open a minimum 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.

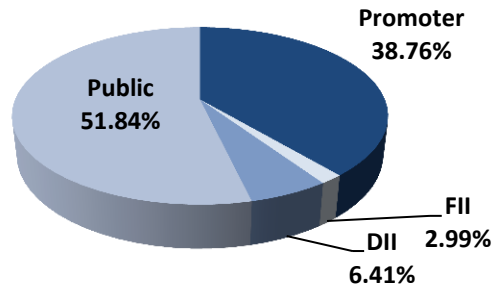
About Us: Financial Overview & Shareholding Structure



Last 3 Year Financials



Shareholding Pattern – Sep 2014



The Company has issued 250.00 lacs fully convertible warrants in January, 2014 to M/s. Vakrangee Capital Private Limited (Promoter Group Company) at Rs. 100/- per warrant. The warrants issued are convertible into equivalent number of equity shares having face value of Re. 1/- with premium of Rs. 99/- per equity share.

As on 12.11.14 (BSE)

Market cap (Rs. Mn)	67,089.0
Price (Rs.)	133.25
No. of shares outstanding (Mn)	503.48
Face Value (Rs.)	1.00
52 wk High-Low (Rs.)	145.60 – 78.05

- Vakrangee is included in CNX 500 & BSE 200/500 & Mid-Cap Index and is also included in MSCI Global Small Cap Index on 30th May 2014.
- Vakrangee is also got included in Group 'A' stocks of BSE, effective from 7th October 2014.
- 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



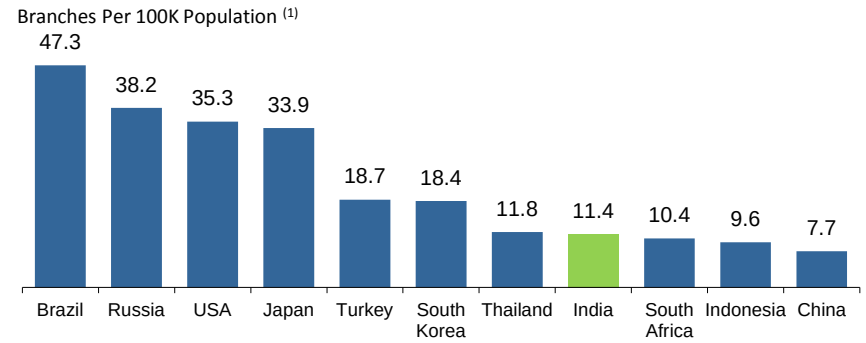
Financial Inclusion

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

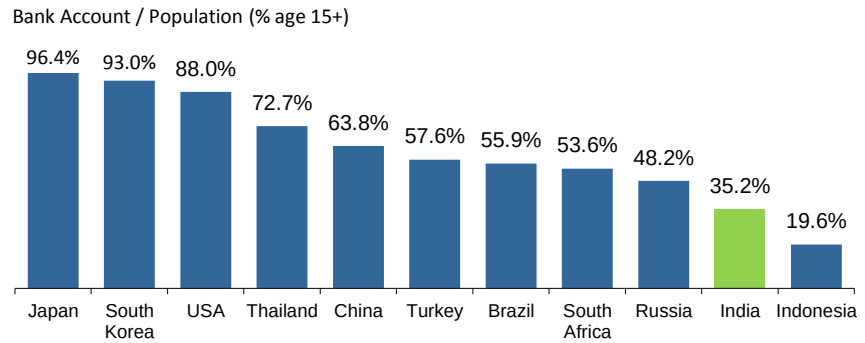


Banking Under-penetrated in India

Lagging Behind in Reach⁽¹⁾...

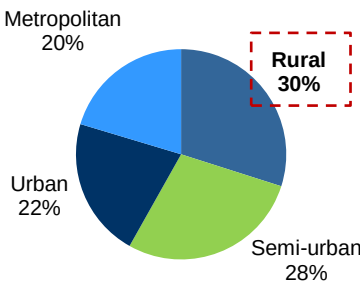


...Leading to Lower Financial Participation⁽²⁾

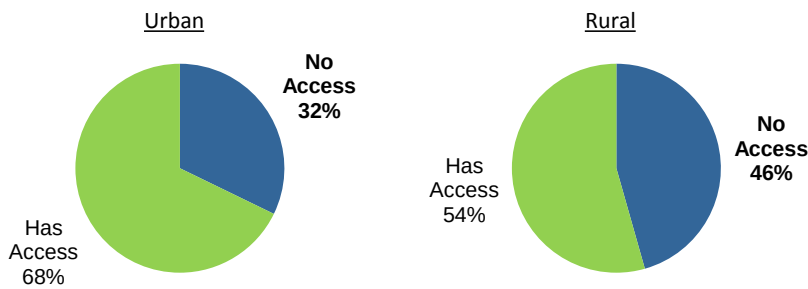


Even More so in Rural Areas

Branch Distribution in India ⁽³⁾



Availing Banking Services – Households (2011) ⁽⁴⁾



30% of total branches catering ~70%⁽⁴⁾ of the population

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

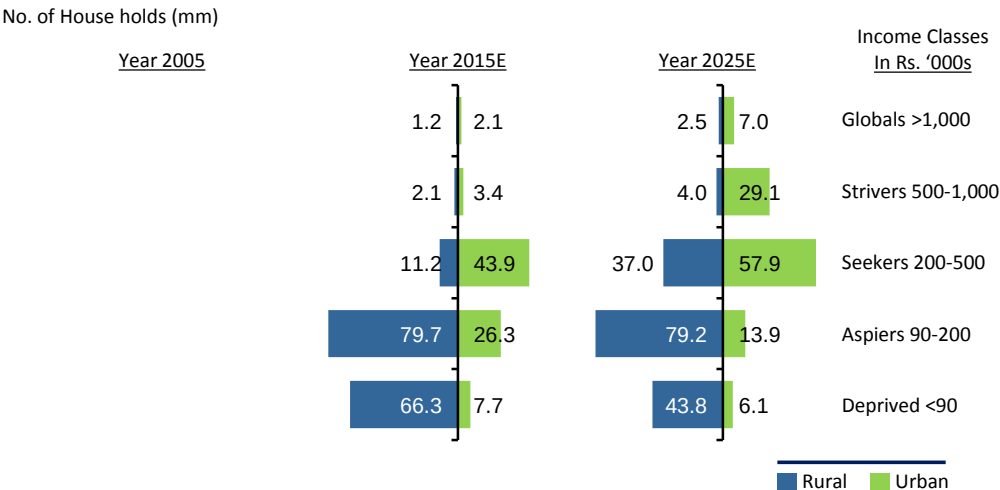
(1) Source: The World Bank . Data for 2012; (2) Source: IMF. Data for 2011; (3) Source: RBI; (4) Source: Census Info India 2011

Financial Inclusion

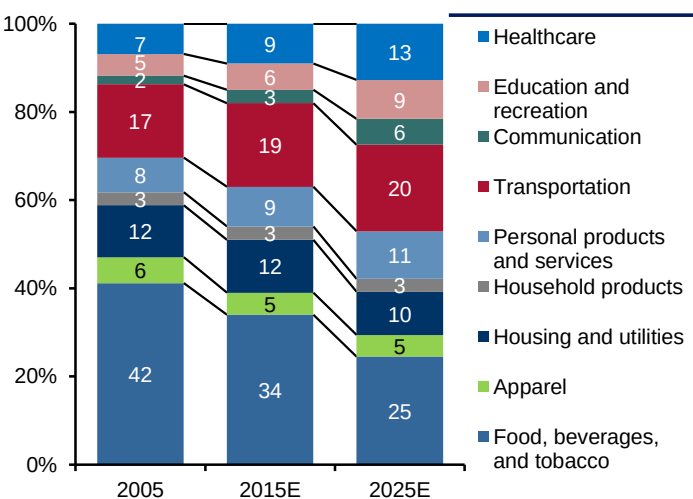
...However Large Opportunity Exists



Rural India Moving up the Income Pyramid...⁽¹⁾

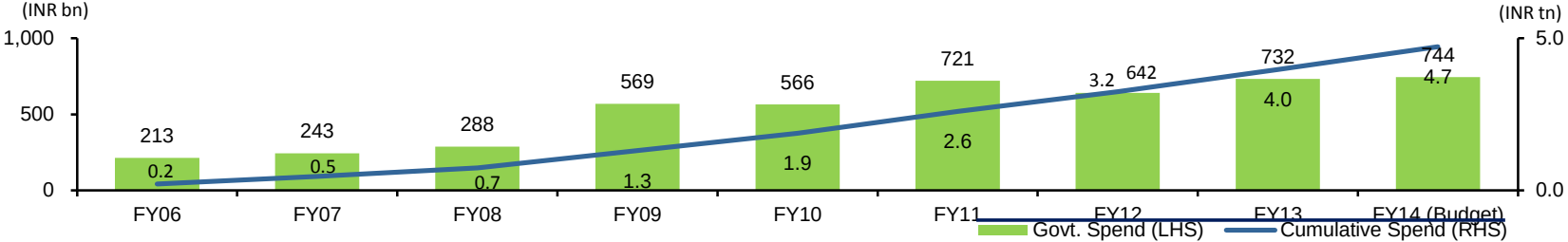


...Leading to Higher Discretionary Spending ⁽¹⁾



Well Supported by Government Spending

Govt. Spending On Rural Development In India Remains High⁽²⁾



(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

		Mobile BC	Fixed BC
2004	RBI sets up Khan Commission to look into financial inclusion		
2005	RBI introduces "No Frill" accounts concept		
2006	- RBI permits Branch Free Banking - Commercial Banks allowed to enlist NGOs, Self Help Groups, Micro Finance Institutions to provide banking activities - Agencies to provide services through Business Correspondent ("BC") and Business Facilitator ("BF") model - Cash in-cash out services allowed without branch presence	BCs visited villages periodically with PoS machines to enable deposit/withdrawal transactions	- Brick & Motor Bank branch opened in each Gram Panchayat by BC 1 branch per gram panchayat: flexibility to club Panchayats in case of sparsely populated panchayats 24x7 Banking & Paper less banking run by localites
2009	- Banks advised to provide Board Approved 3 yr Financial Inclusion Plans starting Apr '10 - Focus on villages with population>2k - Outcome Monitoring # of BC outlets, Savings A/c opened, # of KCC/GCC provided - Branch Opening norms relaxed for areas with less than <0.1mm population	- No limit on no. of BC firms - No area/region based exclusivity to BC	- Country divided into 20 clusters - BC given exclusive mandate for each cluster
2011	- Finance Ministry and RBI advise banks to open Brick and Mortar branches vs. mobile BC model earlier - Lead bank designated for each gram panchayat - Services to be provided through Ultra Small Branch Model - Also allowed to provide other Business-to-Consumer ("B2C") and Government-to-Citizen ("G2C") services	No interoperability	Interoperable across different platforms
2013	- Banks advised to provide Board Approved 3 yr Financial Inclusion Plans starting Apr '13 - Focus on villages with population<2k - Uniformity in reporting structure - Focus on the volume of transactions in new accounts opened - Use of Information and Communication Technology ("ICT")	Offline, smart card-based	- Real time - Biometric + Smart card enabled identity verification linked to Aadhar accounts
		Lack of trust as BCs don't have permanent presence	Higher trust due to presence of permanent Bank Branch with the signage of the bank at the front
		Higher cost of delivery – smart cards, dispatch, travel costs for BC agent	Biometric authentication eliminates reliance on expensive smart cards
		- Offline transactions - led to discrepancies during subsequent reconciliations - Significant cash handling	- Online/real time processing resulting in zero discrepancies - Optimized cash requirement as working capital - Faster A/c opening as applications processed by link branch at real time 33 Banking services coupled with other B2C/G2C Services

Financial Inclusion

RBI's Recent Initiative



<u>Haryana, Punjab, Himachal Pradesh and J&K</u> In Process
<u>Uttar Pradesh</u> SREI SAHAJ - @0.28% (Part 1) & FINO -@ 0.35% (Part 2)
<u>Rajasthan and Delhi</u> Vakrangee - @ 0.37%
<u>Gujarat, Dadra & Nagar Haveli and Daman & Diu</u> Vakrangee - @ 1.12% (Later Cancelled)
<u>Madhya Pradesh & Chattisgarh</u> MPCON - @ 0.18%
<u>Maharashtra</u> Vakrangee - @ 0.48%
<u>Karnataka and Goa</u> FINO -@ 0.03%
<u>Tamil Nadu, Kerala and Pondicherry</u> FINO -@ 0.46%



<u>Uttarakhand & Part of UP</u> SREI SAHEJ - @0.31%
<u>North Eastern States</u> RFP cancelled
<u>Bihar</u> FINO - @0.05% (Part 1) &@0.11% (Part 2)
<u>West Bengal, Sikkim& Andaman</u> Srei Sahaj - @0.45%
<u>West Bengal (Part-1)</u> FINO -@ 0.35%
<u>Jharkhand and Part of Bihar</u> FINO -@ 0.35%
<u>Chattisgarh</u> FINO - @ 0.19% (Later Cancelled)
<u>Orissa and Part of Chattisgarh</u> @0.11% (Later Cancelled)
<u>Andhra Pradesh</u> 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 Outlets



Vakrangee Outlets



Mr. Arun Tiwari, CMD (UBI) inaugurating Vakrangee Mart Outlet in Varanasi



Bank of Maharashtra, CMD inaugurating Vakrangee Mart Outlet in Thane



Inauguration of Vakrangee Mart Outlet in Pasarni, Wai Outlet in Satara District



Vakrangee Outlets



Shri GS Sandhu, inaugurating Vakrangee Mart Outlet in Jaipur Rajasthan



Inauguration of Vakrangee Mart Outlet in Pasarni, Wai Outlet in Satara District



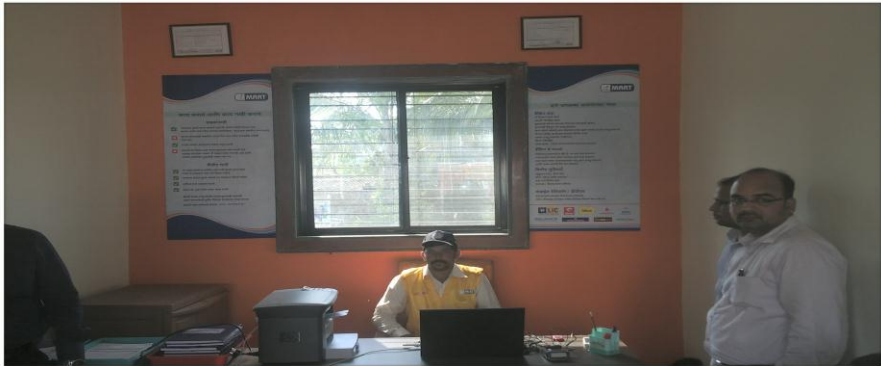
Inauguration of Bhamahsah in Udaipur, Rajasthan by Hon'ble Chief Minister of Rajasthan



Vakrangee Outlet



Visit of Union Bank of India, ED at Nashik Outlet



Vakrangee UID Center at Jayapura (Varanasi)

Adarsh Gram adopted by Hon'ble Prime Minister



Inauguration Ceremony of 101 outlets of BUPGB in Sultanpur District-UP



Training Camp



Vakrangee Outlets



Urban Outlet



Rural Outlet



Urban Outlet



Semi Urban Outlet



Vakrangee Mart Outlet and ATM



Vakrangee Outlet in Kota, Rajasthan



Vakrangee Outlet in Andheri East, Mumbai



Vakrangee Outlet in Varanasi



Vakrangee Outlet in Mira Road, Mumbai



Vakrangee ATM



Vakrangee Mart Snapshots



Q2 Business Update





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

Objective:

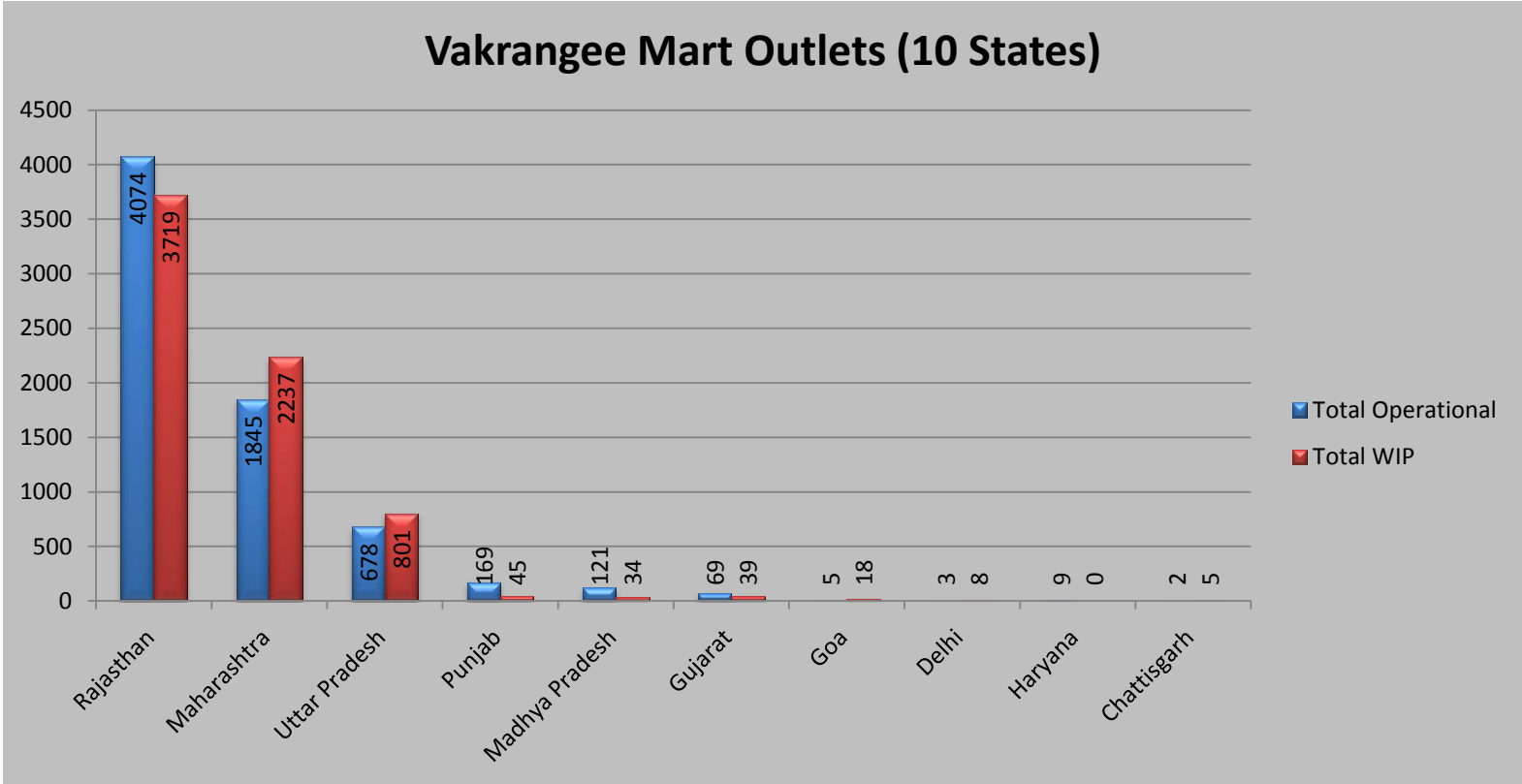
- To bring every Indian into the banking system including the poorest of the poor with minimum 2 accounts per household.
- To provide these banking services banking outlets to be provided within 5 KM distance of every village.
- To enable e-KYC for account opening and AEPS transactions based on biometric authentication .
- Target to open 7.5 cr bank accounts to cover 15 cr households across rural and urban India.
 - Phase I (15th Aug, 2014 – 14th 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 (15th Aug, 2015 – 15th Aug, 2018)
 - Overdraft facility of up to Rs. 5000 after six months of satisfactory performance of saving / credit history.
 - Micro-Insurance and unorganized sector pension schemes.
- 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, Vakrangee would now be setting up and managing BC branches in 12 more states across India (Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Bihar, Jharkhand, Punjab, Haryana, UT Of Chandigarh, Himachal Pradesh, Uttarakhand, Goa & Gujarat).
- Vakrangee has also been appointed as national BC by Union Bank and Allahabad Bank to open their BC branches across the 15 states.

Operational Vakrangee Mart – State wise & Bank wise Breakup

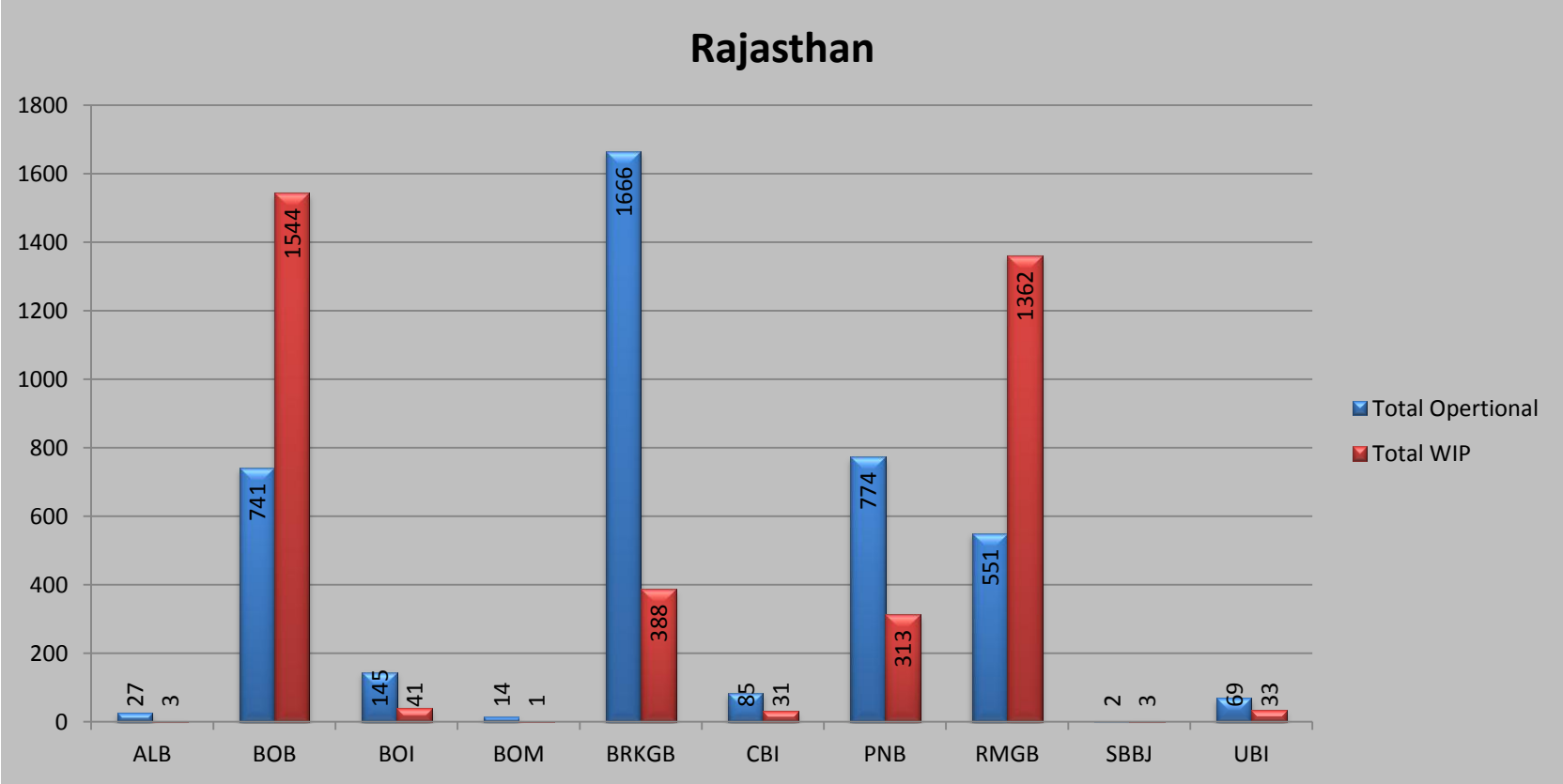


States	Rural Branches	Urban Branches	Total
Maharashtra	1712	133	1845
Rajasthan	3885	189	4074
Delhi	0	3	3
Uttar Pradesh	583	95	678
Gujarat	69	0	69
Goa	5	0	5
Haryana	8	1	9
Punjab	153	16	169
Madhya Pradesh	80	41	121
Chhattisgarh	2	0	2
Total	6497	478	6975

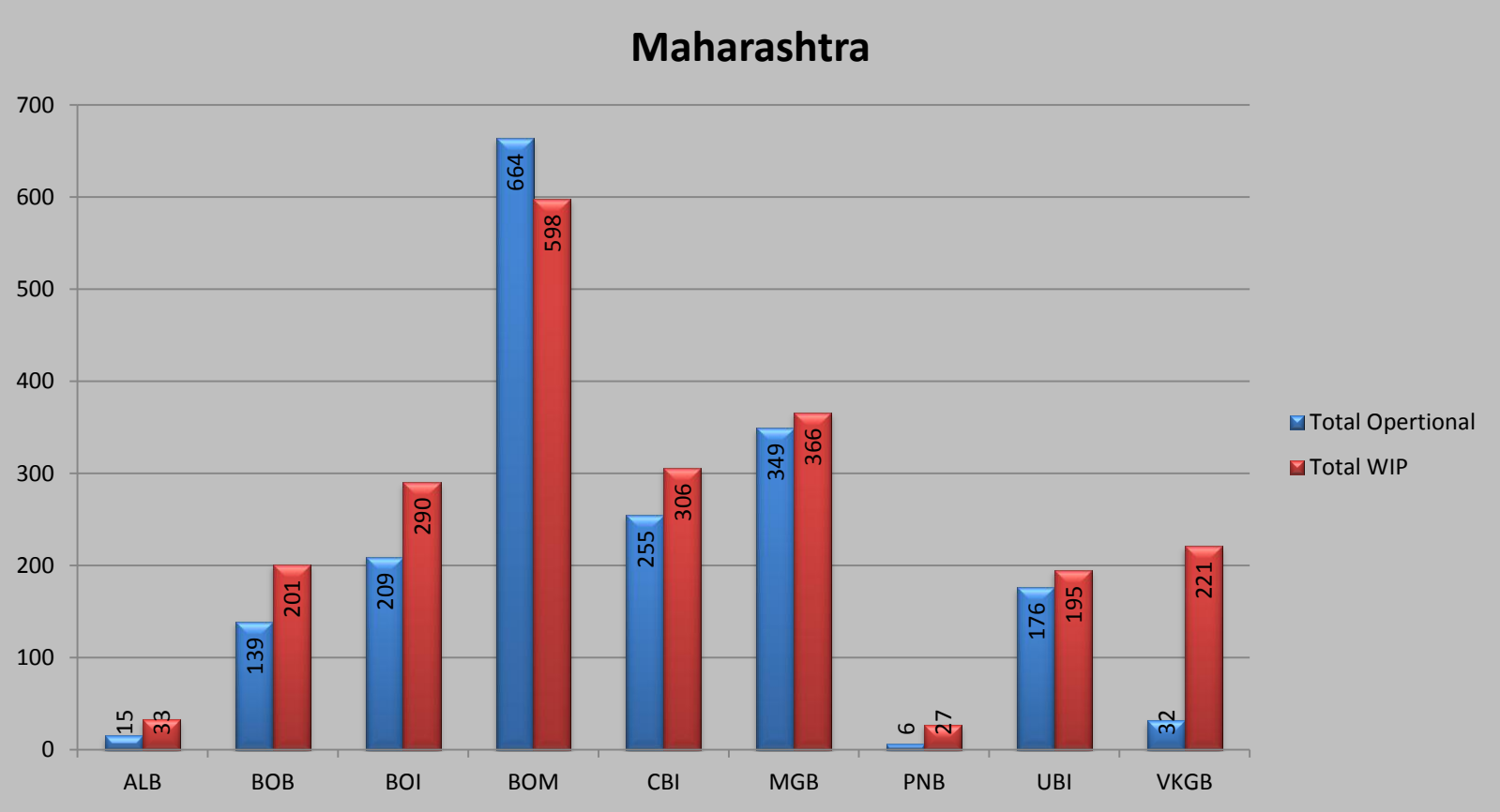
Bank Tie-Ups	Rural Branches	Urban Branches	Total
Bank of Baroda	703	201	904
Bank of India	522	175	697
Bank of Maharashtra	669	9	678
Baroda Rajasthan Kshetriya Gramin Bank	1661	6	1666
Central Bank of India	321	19	340
Maharashtra Gramin Bank	346	3	349
Rajasthan Marudhara Gramin Bank	551	0	551
Punjab National Bank	767	16	783
Union Bank of India	335	26	361
Vidarbha Kshetriya Gramin Bank	27	5	32
Allahabad Bank	79	4	83
Baroda UP Gramin Bank	397	5	402
Kashi Gomti Samyut Gramin Bank	48	10	58
State Bank of Bikaner & Jaipur	2	0	2
Baroda Gujarat Gramin Bank	69	0	69
Total	6497	478	6975

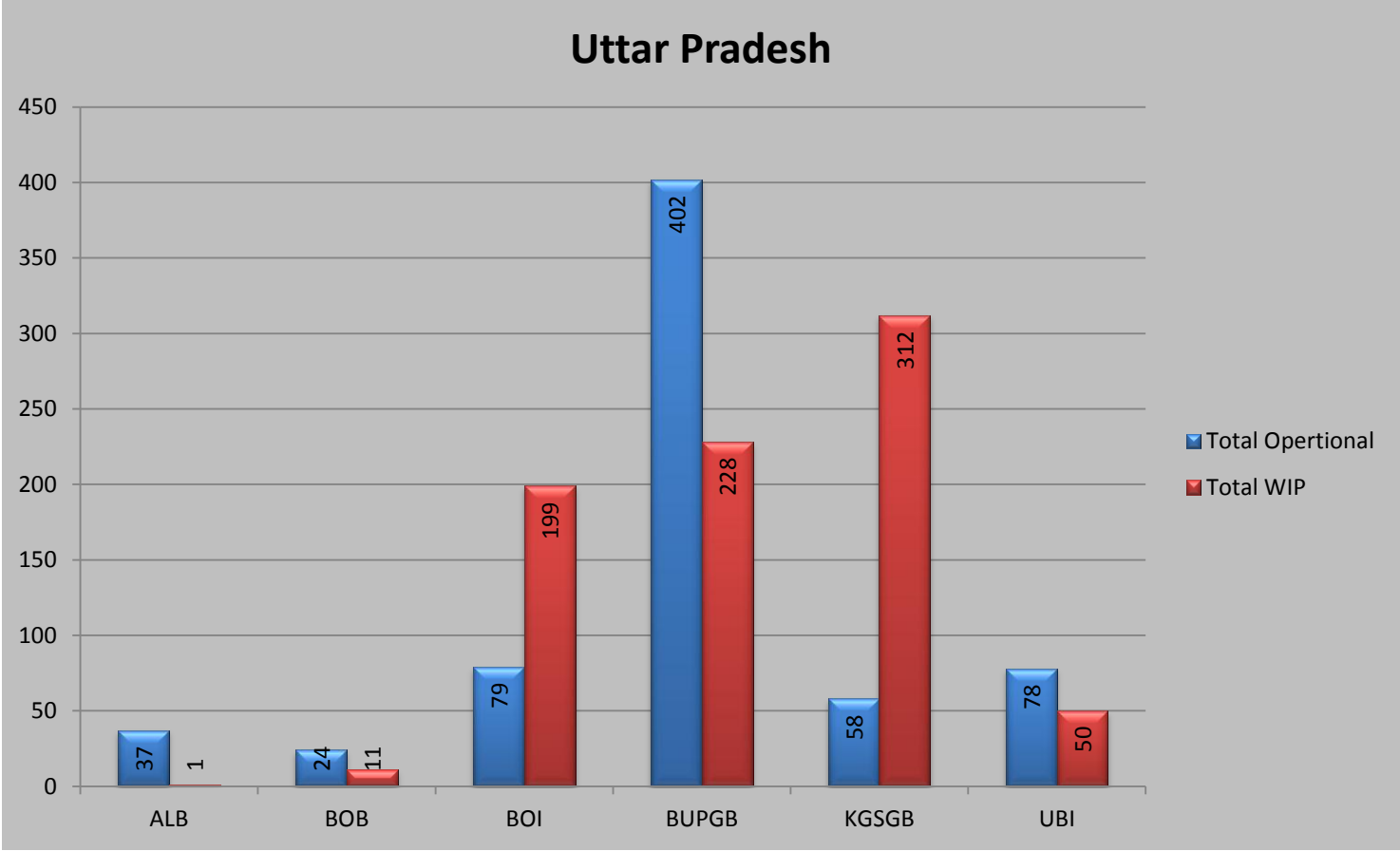


Vakrangee Mart – State wise & Bank Wise



Vakrangee Mart – State wise & Bank Wise

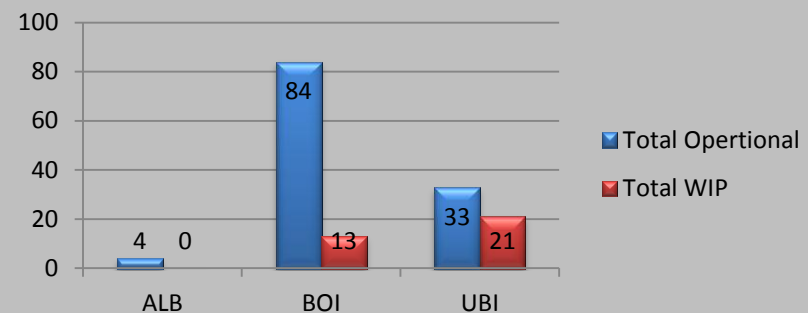




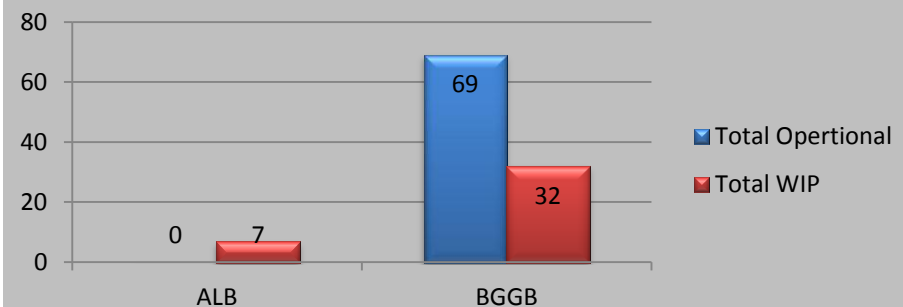
Vakrangee Mart – State wise & Bank Wise



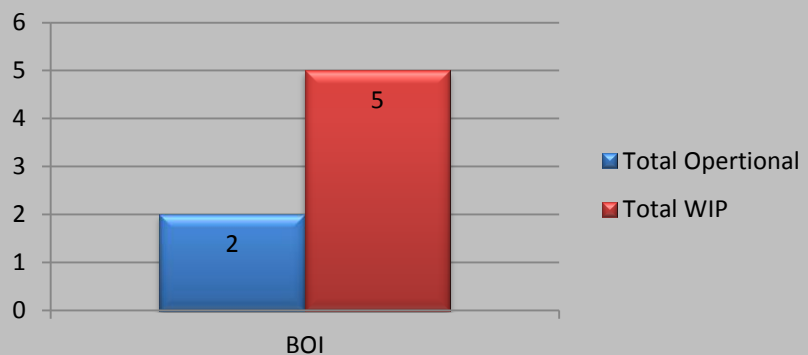
Madhya Pradesh



Gujarat



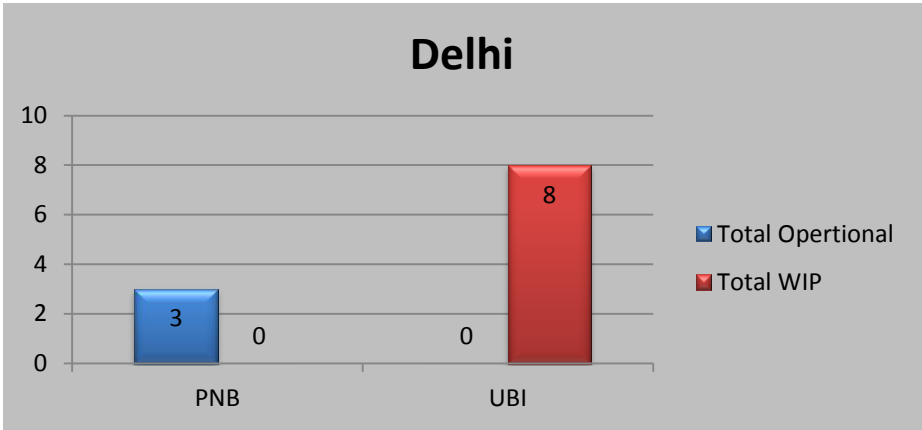
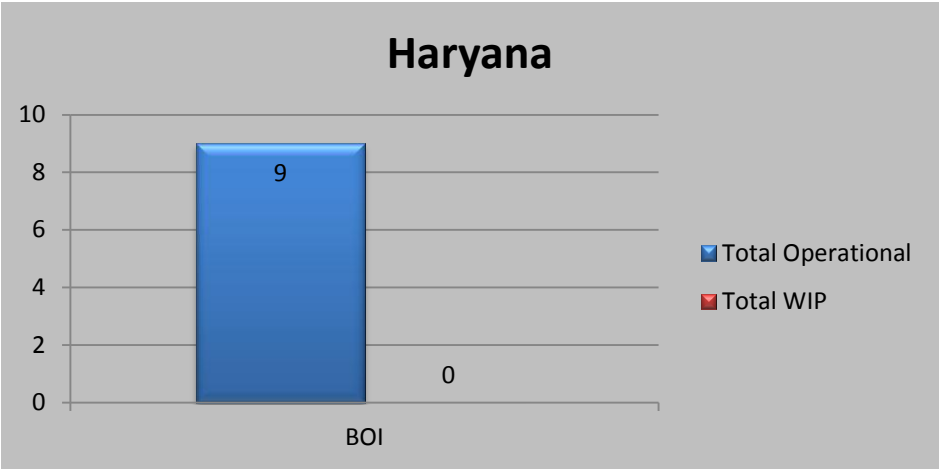
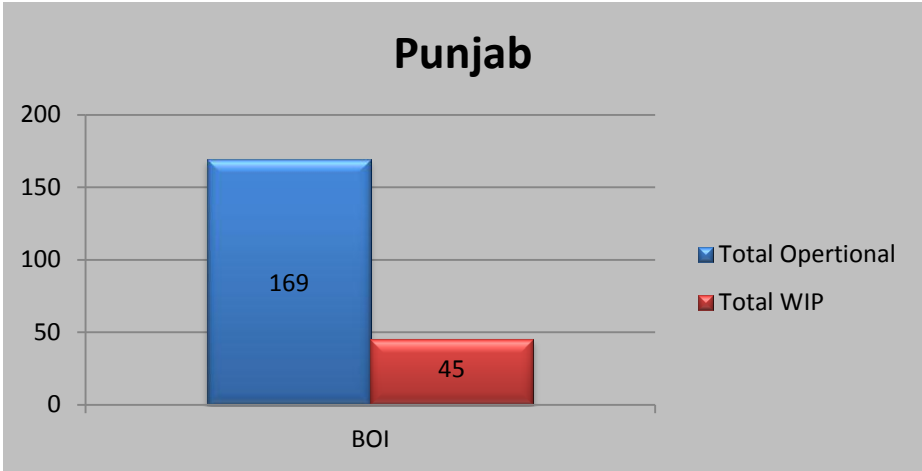
Chattisgarh



Goa



Vakrangee Mart – State wise & Bank Wise



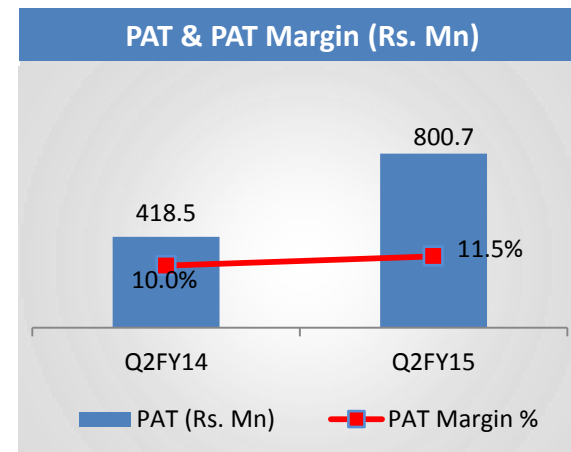
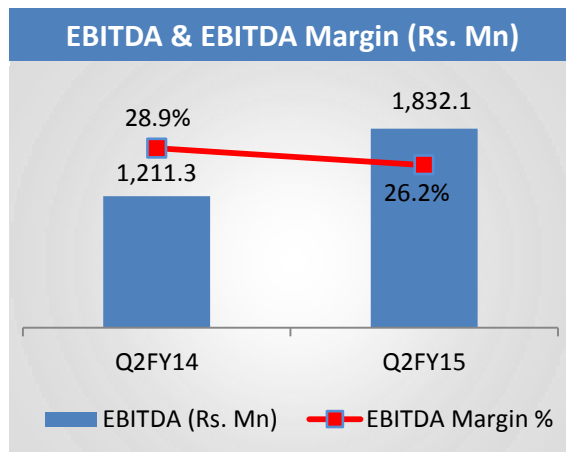
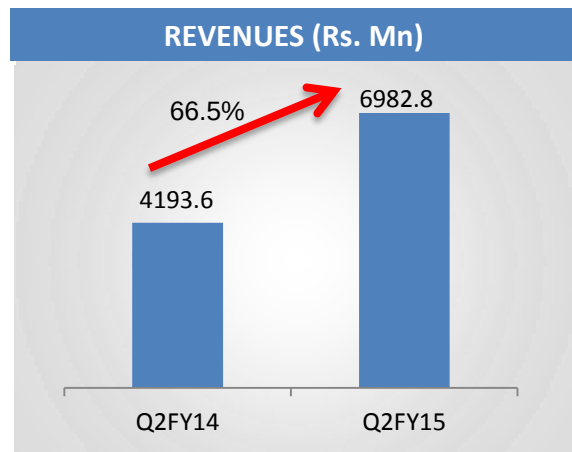
Q2 & H1 FY15 Results Highlights



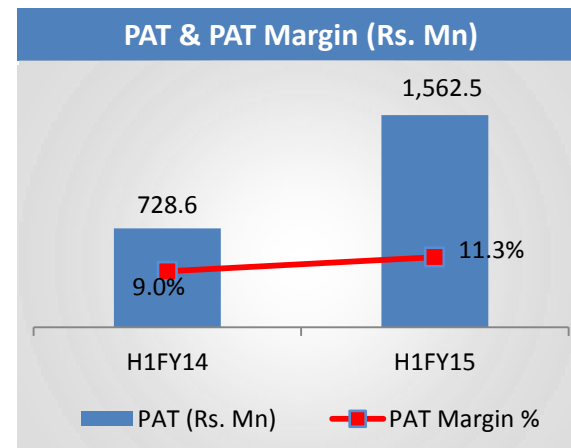
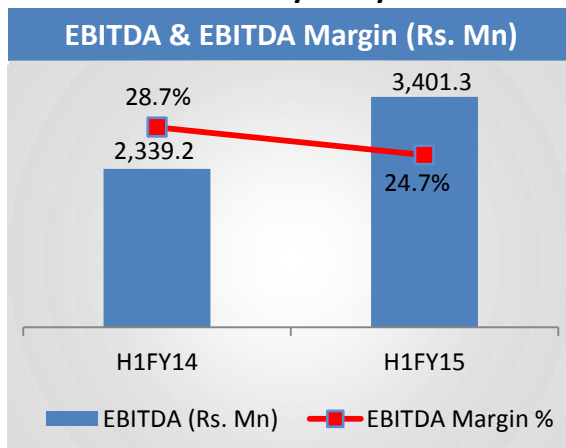
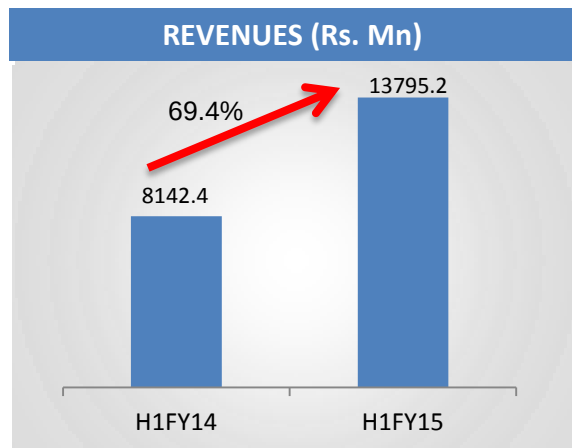
Q2 & H1 FY15 Results Highlights (Consolidated)



Quarterly Analysis



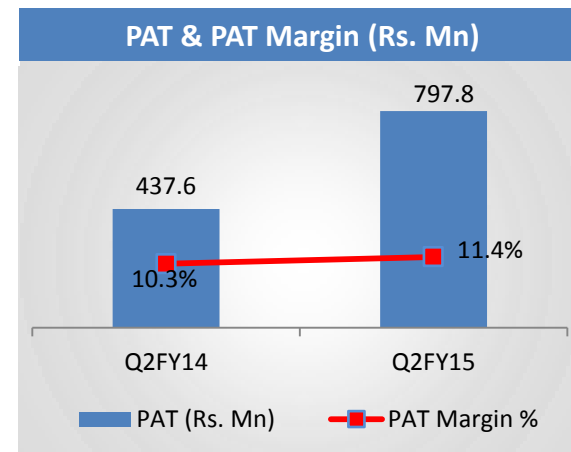
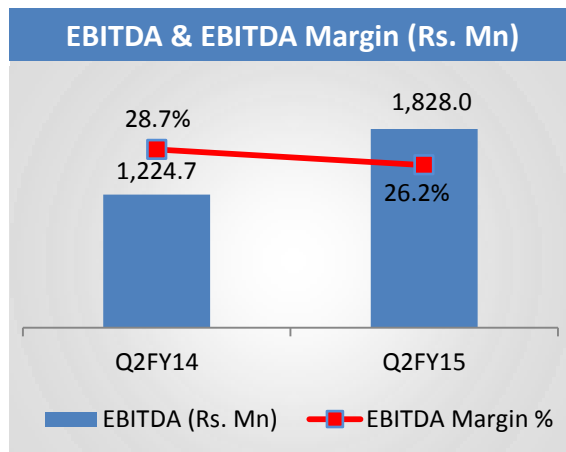
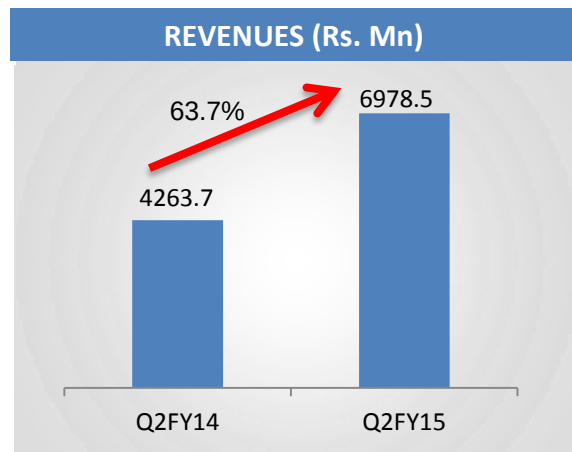
Half Yearly Analysis



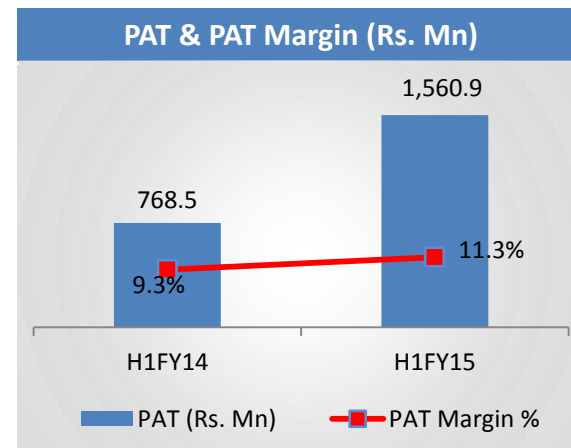
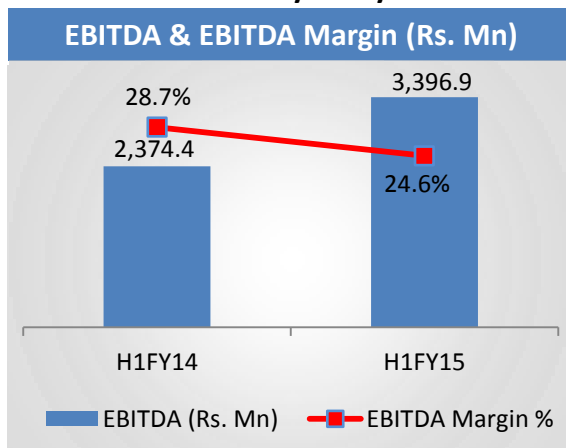
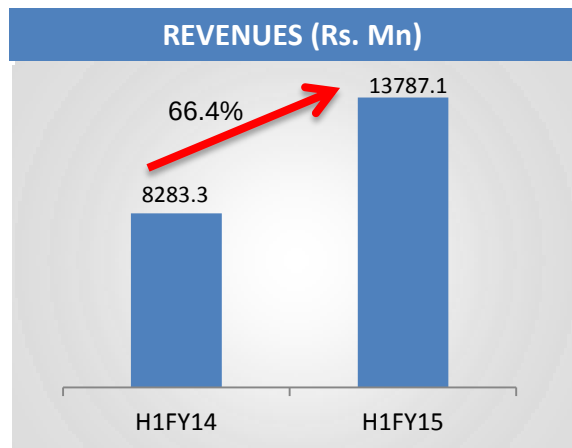
Q2 & H1 FY15 Results Highlights (Standalone)



Quarterly Analysis



Half Yearly Analysis



Q2 FY15 - Segmental Update



Q2 FY15 Results – Segmental Analysis (Standalone)



Particulars (Rs Mn)	Q2 FY15		Q2 FY14		YoY %	Q1 FY15		QoQ %
		% of Total		% of Total			% of Total	
Total Revenues	6978.5	100.00	4263.7	100.00	63.7	6808.7	100.00	2.5
Vakrangee Mart	2964.7	42.5	2005.8	47.04	47.8	2762.4	40.57	7.3
E-Governance	4013.8	57.5	2257.9	52.96	77.8	4046.3	59.43	(0.8)
Total EBITDA	1828.0	100.00	1224.7	100.00	49.3	1568.8	100.00	16.5
Vakrangee Mart	907.2	49.6	583.9	47.68	55.4	858.3	54.71	5.7
E-Governance	920.8	50.4	640.8	52.32	43.7	710.8	45.29	29.5
EBITDA Margin %	26.2	----	28.7	----	(8.7)	23.0	----	13.9
Vakrangee Mart	30.6	---	29.1	---	5.2	31.0	---	(1.3)
E-Governance	22.9	----	28.4	----	(19.4)	17.6	----	30.1

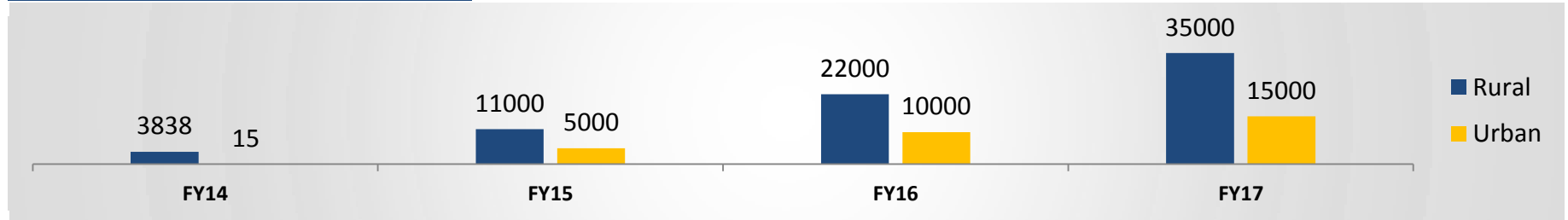
Summary Outlook



Summary Outlook



Vakrangee Mart – Roll Out Plan



High 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.
- High scalability with efficient capex management through combination of own and franchise model.

Strong Operating Leverage & Higher 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 from Vakrangee Mart business.

THANK YOU

