



Building Resilience by redefining the last mile

INTEGRATED ANNUAL REPORT 2020-21



Building Resilience by redefining the last mile



'Resilience' is a word being used very often these days. Black swan events, like the coronavirus pandemic, is making the world ask some very fundamental questions on how to navigate the future. For many businesses, it's been about having adequate financial liquidity; possessing sufficient balance sheet strength; and about the validity and relevance of their existing business model in a world beset with the 'New Normal'. For Vakrangee, these basic questions were never needed to be asked. Thanks to our zero debt philosophy; robust balance sheet with embedded liquidity; and a time tested business model that has become even more relevant in a post-pandemic world, we have never been more sure about our capacity, purpose and relevance to an evolving marketplace.

For us, 'resilience' has been about how relevant we can be to our customers in times of adversity and tranquillity, and how many people we can reach within the world's second most populous country. It is about re-inventing our last mile engagement with customers. It is about our customer centricity.



For Vakrangee, becoming more resilient has been about 'redefining the last mile'. We have not just been focussed on expanding our Kendra network, but also on how we deliver our services through physical and online models in a hybrid way. We have also redefined the last mile by bringing services to the very doorsteps of our consumers, ensuring their safety during this uneasy period. When one is dealing with vast clusters of customers in both urban and rural environments, the act of redefining the last mile is by no means an easy endeavour. In fact, our ability to serve the entire nation on an equal footing is playing a vital role in narrowing the divide between the underserved rural and the privileged urban India.

During the pandemic, the Vakrangee brand became ever so more meaningful and germane to our consumers. Today, we are increasingly being seen as an essential and indispensable service provider to the marketplace, in which the masses can carry out their basic crucial transactions, even at the worst of times. We made this possible by introducing new innovative ways of delivering our services, such as 'Doorstep Banking' and 'Digital Vakrangee Kendra'. These innovations now allow our customers to receive services from the comfort of their homes - especially the need of the hour while lockdowns were in force. We also became a trusted arbiter in delivering much needed tele-medicine services to our customers, such as online doctor consultations in regional languages, blood tests from homes, and doorstep delivery of medicines.

By redefining the last mile, we are super-gluing our bond with our consumers. The more customer-centric we become, the greater our capacity to serve a nation and create value for our stakeholders.

CORPORATE OVERVIEW

CONTENTS

CORPORATE OVERVIEW 04-35

Integrated Overview of our reports	04
Achievements on global ESG ratings	06
Highlights of Value Creation in FY 2020-21	08
Message from the Chairman	10
Message from the Managing Director & Group CEO	12
About Vakrangee	16
Board of Directors	26
Corporate Structure	28
Our Key Management	29
Corporate Governance	30
Rewards and Recognitions	34
Corporate Information	35

STRATEGY AND PERFORMANCE 38-53

Stakeholder Engagement and Materiality	38
Value Creation Model	42
Business Risks and Opportunities	44

PERFORMANCE OF CAPITALS 56-129

Financial Capital	56
Manufactured Capital	60
Human Capital	68
Intellectual Capital	86
Social and Relationship Capital	92
Natural Capital	102
SDG Mapping	114
GRI Content Index	116
Assurance Statement	120

STATUTORY REPORTS 132-215

Management Discussion and Analysis	132
Directors' Report	150
Corporate Governance Report	186
Business Responsibility Report	204

FINANCIAL STATEMENTS 218-339

Standalone Statements	218
Consolidated Statements	278

About the report

This Integrated Annual Report ('Report') for FY 2020-21 highlights Vakrangee Limited's ('Vakrangee') creative approach towards value creation for its stakeholders by redefining the last mile service and thereby contributing towards building a resilient India.

The Report provides a comprehensive overview of how we create financial and non-financial value in terms of six capitals, for our stakeholders.

Scope

The Report covers information in the period of 1st April 2020 to 31st March 2021, unless otherwise stated. For the Report, we have adopted the Integrated Reporting <IR> framework of the International Integrated Reporting Council (IIRC). The Report provides a comprehensive overview of how we create financial and non-financial value in terms of six capitals of <IR>, for our stakeholders. The six capitals are financial, manufactured, natural, human, intellectual, and social and relationship capital. In addition to an inclusive approach for economic, social, and environmental impacts of the organisation, we aim to present our governance framework for robust business processes and long-term growth. The Report also includes method of engagement with identified key stakeholders and material topics discussed with them. It describes our corporate governance, risk management framework and strategies to mitigate risks.

Reporting Framework

This Report is the second Integrated Annual Report of Vakrangee and follows the Integrated Reporting Framework provided by the International Integrated Reporting Council (IIRC). It also incorporates the GRI Standards where relevant as per the Core reporting option. Financial and statutory information reported are aligned to leading frameworks. It adheres to reporting requirements of Companies Act, 2013 and rules thereunder, the Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements), Indian Accounting Standards (IndAS). In addition, the National Voluntary Guidelines (NVGs) for Business Responsibility Report (BRR) and UN-Sustainable Development Goals (UN-SDGs) are also considered while developing this Report.

Reporting Boundary

The boundary of this report covers all information on business activities and their role in creating value to our stakeholders. Hence, this Report covers corporate and state offices of Vakrangee as well as 560 Next-Gen Vakrangee Kendras that are franchisee outlets for providing the services offered by Vakrangee. All Next-Gen Kendras covered in the report have been operational for a minimum of one year from the reporting date.

Reporting Period

The Report covers information in the period of 1st April 2020 to 31st March 2021.

Responsibility Statement

Vakrangee's senior management has reviewed the content of the Report, under the guidance of the Board. The Report's integrity, accuracy and completeness of information has therefore, been ensured.

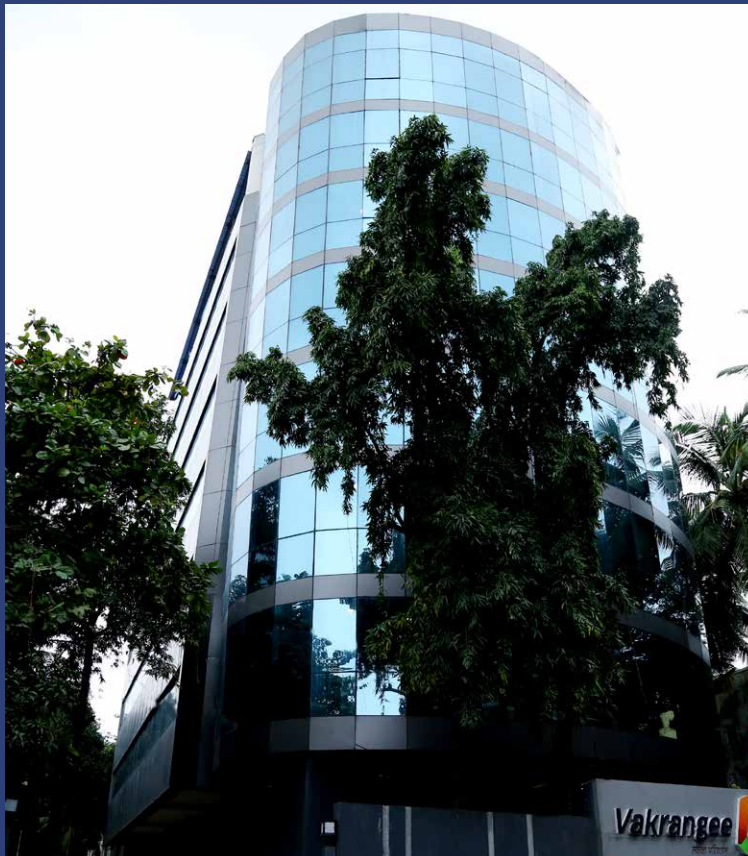
Independent Assurance

We have reported performance of six capitals in terms of Key Performance Indicators (KPIs). Grant Thornton Bharat LLP has provided a reasonable assurance on select KPIs for FY 2020-21. They are mentioned in the assurance statement, which also forms part of the Report.



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Integrated Overview of our reports	04
Achievements on global ESG ratings	06
Highlights of Value Creation in FY 2020-21	08
Message from the Chairman	10
Message from the Managing Director & Group CEO	12
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Board of Directors	26
Corporate Structure	28
Our Key Management	29
Corporate Governance	30
Rewards and Recognitions	34
Corporate Information	35



Integrated Overview of our reports

Our sustainable value creation efforts are built on the basis of integrated thinking. We published our first integrated report in 2020 using the <IR> framework guidelines proposed by IIRC. Our Annual Integrated Report covers the company's material financial and non-financial performance in various capitals. We have also published a set of other reports that details out dedicated information and may be intended for specific audience.

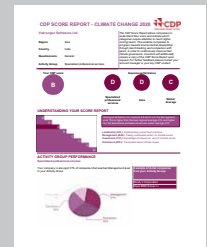
Strategy 2.0: Vakrangee's Physical Network Platform - Our next 5 year growth plan

It provides a detailed highlights of the company's Next 5 year growth targets and operational and financial deliverables of Physical network of Next-Gen Kendra outlets in detail.



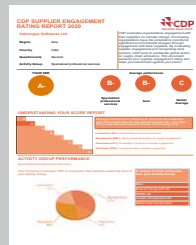
Vakrangee Ltd.'s CDP Climate Change 2020 Report

It provides a detailed disclosure of the company's strategy and performance with respect to climate change and its' impacts.



Vakrangee Ltd.'s CDP Supplier Engagement 2020 Report

It provides a snapshot of the company's strategy and performance with respect to engagement with suppliers on climate change and its' impacts.



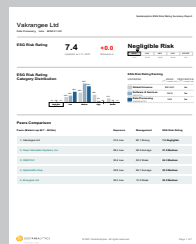
Assurance Statement for Integrated Report 2019-20

It provides the assurance on non-financial data reported in the year 2020 in the Annual Integrated Report.



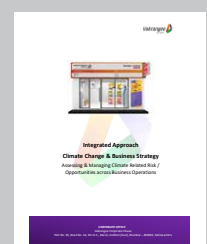
Sustainalytics ESG Ratings Report

It provides ESG Risk parameters and rating for Vakrangee Ltd. by Sustainalytics for year 2020.



Integrated Approach Climate Change & Business Strategy Assessing & Managing Climate Related Risk / Opportunities across Business Operations

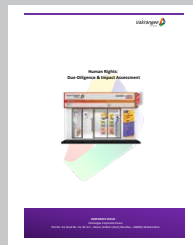
It provides climate change related risk and opportunity assessment and Vakrangee's climate related strategy.





Human Rights: Due-Diligence & Impact Assessment

It provides details on Vakrangee's commitment to human rights as well as their due diligence followed and impact of operations.



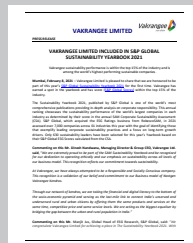
Update on Integrating UN SDG into Business Strategy & Setting Performance Targets

It provides details on Vakrangee's strategy to integrate SDG targets into their business, their targets and performance against these targets.



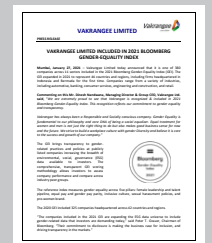
Vakrangee included in the S&P Global Sustainability Yearbook 2021

It provides details on Vakrangee's dedication to operate ethically and an in-depth analysis of corporate responsibility.



Vakrangee included in the Bloomberg Gender-Equality Index 2021

It elaborates on Vakrangee's effort towards transparent gender related practices and policies.



Achievements on global ESG ratings

At Vakrangee, we have always attempted to be a responsible and socially conscious. Through our network of Kendras, we are taking the financial and digital literacy to the bottom of the socio economic pyramid and serving as the last mile link to connect India's unserved and underserved rural and urban citizens by offering them the same products and services at affordable prices and same service levels. We are acting as the biggest equalizer by bridging the gap between the urban and rural population in India.

Vakrangee has been successful in benchmarking its performance on a wide range of industry specific ESG criteria that are relevant to the growing focus on business sustainability and financially relevant to the corporate success.

Global recognition reflects Vakrangee's commitment to further enhance its corporate governance and transparency standards. We have achieved Global recognition across various platforms for the superior ESG performance and long term business sustainability.



Sustainalytics ESG Risk rating

Sustainalytics is the leading independent global provider of ESG and corporate governance research and ratings to investors. Sustainalytics is also the Rating partner to National Stock Exchange (NSE). Vakrangee is proud of being ranked no. 1 out of the 816 companies worldwide assessed in the Software and Services industry. We have also ranked 22nd globally out of the 14051 companies (Global Universe). This has been achieved by establishing a robust structure of governance and interest in assessing the key risks associated with ESG parameters. The score not only motivates us to continue our efforts towards ESG risk management but also helps us identify areas where we may improve further in future.



RobecoSAM – S&P Global ESG Score

Vakrangee has been included in the S&P Global Sustainability Yearbook 2021 for the first time. Our sustainability performance is within the top 15% of the industry and is among the world's highest performing sustainable companies. Only 630 sustainability leaders have been selected out of 7,000 Companies assessed for this year's Yearbook based on their S&P Global ESG Scores calculated from the CSA. We have ranked 13th with a score of 70 in the Global industry ranking and ranked 9th with a score of 69 in the Corporate Governance global industry ranking based on RobecoSAM – S&P Global ESG Score. This showcases the high level of corporate responsibility and the continuous effort towards ethical business practice driving sustainability across all levels of our business model.



Disclosure through CDP

Vakrangee has been on the journey towards achieving sustainable operation and during the FY we have boosted our level of transparency on the environmental and climate change data by disclosing relevant information to the stakeholders through CDP. We have recognised the importance of environmental impacts and have taken strategic actions towards reducing the same by introducing initiatives such as "Go Green", AePS (Aadhaar enabled Payment System) model for our banking processes and disabling the generation of paper receipts on ATM transactions.



CDP Environmental Rating for Supplier Engagement

Vakrangee has achieved the leadership band score of "A-" from CDP for suppliers engagement which is higher than the Asia regional average of "B-", Global Average of "C" and higher than the specialized professional services sector average of "B-". It is a recognition of the concrete and constant commitment of the Company's engagement with its suppliers on climate change and implementation of sustainable approach throughout the value chain.



Bloomberg Gender-Equality Index

Vakrangee has been included in the Bloomberg Gender Equality Index among 380 companies across 11 sectors in 44 countries and regions. This achievement is an outcome of the belief and practice of gender equality and transparency. We have made consistent efforts in building an inclusive workplace without bias by being responsible and socially conscious at the same time. The reference index measures gender equality across five pillars of female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and pro-women brand. Vakrangee has been transparent with the gender related data and provided investors an opportunity to assess the Company's performance in the ESG front as well as provided the market with a benchmark of gender related initiatives which may be a step towards transforming business altogether.



Participant and Member of UNGC

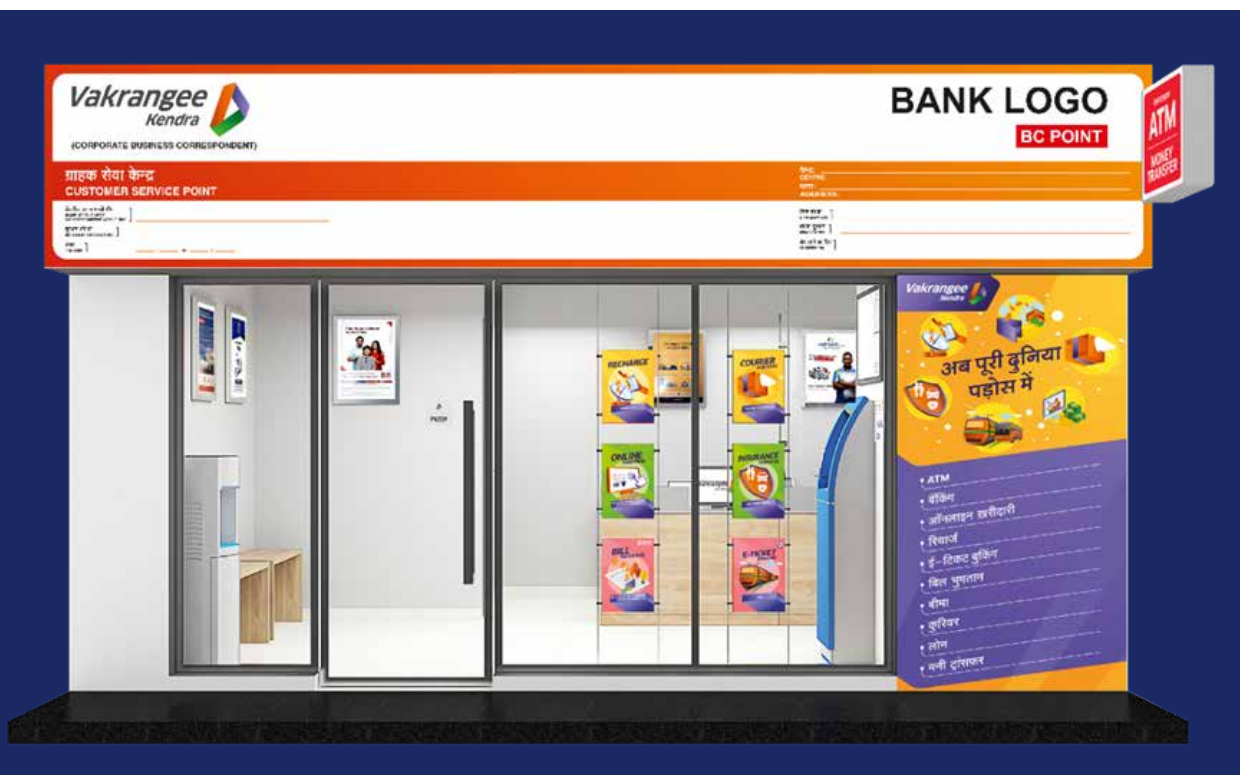
United Nations Global Compact (UNGC) is the world's largest corporate sustainability initiative. A call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. Vakrangee is now a Participant and Signatory member of UNGC and our Company is entirely compliant with the ESG Framework. The participation and the membership adds to the commitment we have shown towards adoption and implementation of sustainable and socially responsible policies.

WOMEN'S EMPOWERMENT PRINCIPLES

United Nations Women Empowerment principles (UN WEP)

The United Nations Women's Empowerment Principles (UN WEPs) are a set of Principles offering guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. Established by UN Global Compact and UN Women, the WEPs are informed by international labour and human rights standards and grounded in the recognition that businesses have a stake in, and a responsibility for, gender equality and women's empowerment. Vakrangee is a Signatory member of UN WEPs which further demonstrates the commitment towards gender equality as we believe that equal treatment of men and women is not only the right thing to do but also good for business. The seven steps of WEPs will help us realize these opportunities.

Highlights of Value Creation in FY 2020-21



Total Income

INR 38,395
Lakhs

PAT

INR 6,279
Lakhs

EBITDA

INR 9,762
Lakhs

Total Next-Gen Kendras

11,730

Presence in

518
districts

Presence in

4,588
postal codes