

Vedavaag Systems Ltd.

Emerging player in IOT, Fintech & AI

The world is getting digitized and India is not an exception. Be it the urban India or the rural India – everyone is now getting digitized. Once considered as a Third world Country – India is making its impact felt at Global level. While the exports of IT and Software services has been the core growth driver for the Indian economy for the past three decades, it is now the inclusive growth that is being focused by the Government for rural development as well. Rather the India has managed to conduct the Covid-19 vaccination drive successfully, this digital play and development has played a vital role. And to the core of such services has been the consistent efforts put by the companies like **Vedavaag Systems Ltd.** Headquartered in Hyderabad, Telangana, India, the Company has operations spread across Andhra Pradesh and other major States of India. From managing the Customer Service Points (CSPs) for Financial Inclusion and other Services like PAN Card issuance and E-Governance, there has been phenomenal effort put by the company. While these are just a few known and visible services (as used on a regular basis), there are certain other services provided by the company. The work related to Primary Agriculture Credit Society (PACS) is another factor to be noticed. Let's understand the company in detail.

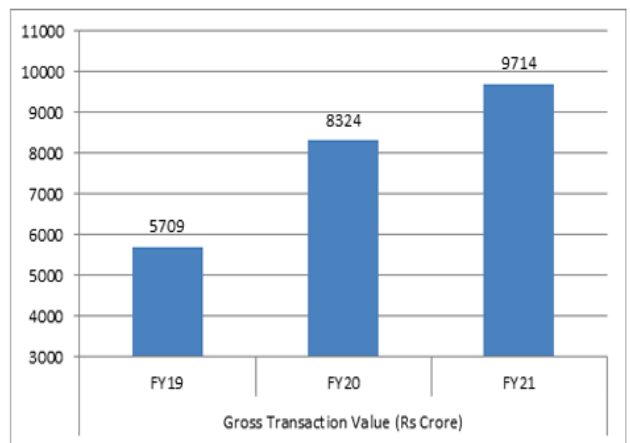
Business Segments

Established in 1998 as E-Governance Company, Vedavaag is a niche player in Citizen Services Delivery that includes Financial Inclusion, AI & ML, Cloud enabled Internet of Things (IOT), online education & other e-Governance solutions. Headquartered in Hyderabad, Telangana, the Company has operations spread across 18 states with about 2757 VARISHTA (CSP) outlets as National Business Correspondent for State Bank of India, Bank of Baroda and Punjab National Bank servicing around 30Lac citizens with kiosk banking.

Vedavaag VARISHTA points delivered a service volume of over 2.5 Cr transactions per annum with a gross transaction value (GTV) of about ₹9714 Cr for FY 2020-21 and ₹5660Cr for H1 FY 2021-22. Vedavaag is envisaging enhancing its VARISHTA (CSP) network to about 3600 outlets by March 2022. Vedavaag is also certified by IRDA to provide insurance products and is currently offering SBI Life and General insurance products.

Gross Transaction Value

On a broader perspective the business of the company can be segregated in three main segments viz Financial Services, E-Governance and Internet of Things (IOT), In the Financial Services (CSPs for SBI in Banking and in insurance it has CSPs for HDFC ERGO General Insurance and SBI General Insurance). Vedavaag Systems Ltd. is authorized by the IRDAI to act as a corporate agent to solicit and procure insurance business through its network in India.



Financial Performance :

Half Yearly Performance			
Particulars (₹ Crore)	H1FY22	H1FY21	Change (%)
Total Income	44.30	26.20	69.20
Total Expenses	38.30	22.50	69.80
EBITDA	8.40	6.60	27.30
EBITDA Margins (%)	19.00	25.30	
PBT	6.10	3.70	65.40
Tax	1.40	0.80	60.70
Profit After Tax	4.70	2.80	66.80
PAT Margins (%)	10.60	10.80	
Diluted EPS (₹)	2.10	1.20	66.10

Yearly Performance			
Particulars (₹ Crore)	FY21	FY20	Change (%)
Total Income	72.72	73.68	-1.30
Total Expenses	63.05	65.70	-4.00
EBITDA	15.48	12.43	24.50
EBITDA Margins (%)	21.30	16.90	26.20
PBT	9.66	7.98	21.10
Tax	2.66	1.80	47.80
Profit After Tax	7.00	6.18	13.30
PAT Margins (%)	9.60	8.40	14.80
Diluted EPS (₹)	3.05	2.69	13.40

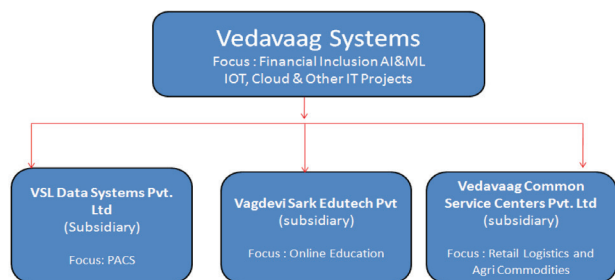
Vedavaag developed two AI & ML cloud enabled products

DRIVER ALERT MONITORING SOLUTION known as V-DAMS, the device detects human errors and alerts the driver in real time to avoid accidents. V-DAMS is developed using Computer vision, Machine learning (ML), Artificial intelligence (AI) and Internet of Things (IoT). Driver Alert Monitoring Solution (V-DAMS) captures and analyses first order biometrics of the driver such as gaze, head position, pupil diameter and other parameters.

PATIENT ACTIVITY MONITORING SYSTEM (PAMS) is an AI and ML based cloud enabled software embedded device driven solution that helps in taking timely action in saving precious lives of the people.

The solution captures the patient activity such as physiological conditions, limbs movements, vital parameters data, analyses it and presents it to attending nurses/doctors - key contacts for faster and informed remedial action. This also helps in remote monitoring, virtual rounding of wards without compromising on patient care, saving valuable time of doctors/specialists. Further, it assists in optimizing nursing administration costs. Vedavaag is also in the process of developing Artificial Intelligence and cloud-based IoT products for other industry segments.

Vedavaag's subsidiary, VSL Data Systems, is an exclusive implementation partner of M/s Intellect Informatics Private Limited for deployment of its UNITE ERP for Primary Agricultural Credit Societies (PACS). VSL Data Systems has successfully implemented an ambitious project of automating 1,500 PACS in the states of Telangana and Uttarakhand. This complex computerization project provides direct linkage of PACS with district banks, district banks with state cooperative banks and state cooperative banks with NABARD and all schemes of NABARD for farmers to reach them directly through PACS. Very few states in the country have been able to accomplish this task so far. On 30 Oct 2021, Union Minister of Home Affairs and Minister of Cooperation, Shri Amit Shah launched the computerization of cooperative societies implemented by Vedavaag's subsidiary, VSL Data Systems in Dehradun, Uttarakhand. Along with the above Segment there subsidiary companies as well and the following chart explains the holding structure.



PACS Project

PACS work at the grass root level (Gram Panchayat and village). Vedavaag through its subsidiary, VSL Data Systems, has entered an exclusive implementation partnership with M/s Intellect Informatics Private Limited for deploying its UNITE ERP for PACS. VSL Data Systems has successfully implemented an ambitious project of automating 1,500 PACS in the states of Telangana and Uttarakhand. NABARD is facilitating the process of bringing the co-operative sector onto a completely automated platform. It is expected to be a nation-wide transformation program across 1,00,000 PACS. The Company remains focused on garnering new orders in this space.

Management Bandwidth

Mr. Gaurishetty Anjaneyulu, an Engineering and Management graduate with over 25 years of experience, is presently working with Microsoft as Director Azure cloud, and AI lab. Based out of Singapore Mr. Gaurishetty is working on cutting edge technologies. He has joined as advisor to Board of the Company to facilitate the company in getting into emerging technologies such as AI, ML, IoT and Cloud. He has been with Indian IT pioneers HCL and Wipro before joining Microsoft.

Recently, Mr. Ananth Jonnavittula, son of the promoter director Mr. Muralikrishna, has been inducted as director in the Board. Mr. Ananth did his MS in Robotics from Worcester Polytechnic Institute, USA and worked as a Robotics Engineer at Parker Hannifin Corporation (www.parker.com), a US\$13.7 Billion fortune 250 company, where he successfully introduced robots for automation. Pursuing Ph. D in Mechanical Engineering (Robotics) at Virginia Tech, USA, Mr. Ananth in his research focuses on leveraging Artificial Intelligence and Deep Learning techniques to develop algorithms that enable efficient collaboration between humans and robots. Mr. Ananth, the young professionally qualified and equipped with emerging technologies, will help accelerate the growth of the company in future. The Company has equity of ₹22.93 Cr backed by reserves of around ₹96.99 Cr.

Stand Alone Financial Performance (₹ Crore)

For Q2 FY22, Vedavaag reported PAT of ₹2.48 Crore (which is 64.23 percent higher as against PAT of ₹1.51 crore of Q2 FY21) on a Turnover of ₹22.22 Crore (higher of 53.66 percent as against Turnover of ₹14.46 Crore of Q2 FY21) and an EPS of ₹1.08. During H1 FY22, it reported PAT of ₹4.73 Crore (66.54 percent higher as against PAT of ₹2.84 Crore for corresponding H1 FY21) on turnover of ₹44.32 Crore (69.09 percent higher over corresponding H1 FY21) and an EPS of ₹2.06. The company has a small debt of ₹4.15 Crore against net worth of ₹119.92 Crore. The company has been maintaining a healthy dividend payout of 23.34 per cent.