

# AGS TRANSACT TECHNOLOGIES LIMITED

## Issue highlights

- ❑ **AGS Transact Technologies Limited ("AGS Transact")** was incorporated on December 11, 2002. AGS Transact is one of the largest integrated omni-channel payment solutions providers in India in terms of providing digital and cash-based solutions to banks and corporate clients, as of March 31, 2021. They provide customised products and services comprising ATM and CRM outsourcing, cash management and digital payment solutions including merchant solutions, transaction processing services and mobile wallets.
- ❑ AGS Transact operates their business in the following segments:
  - Payment Solutions;
  - Banking Automation Solutions; and
  - Other Automation Solutions (for customers in the retail, petroleum and colour sectors).
- ❑ As of March 31, 2021, they were the 2<sup>nd</sup> largest company in India in terms of (i) revenue from ATM managed services under the outsourcing model, and (ii) revenue from cash management and number of ATMs replenished.
- ❑ As of August 31, 2021, they deployed 221,066 payment terminals and were one of the largest deployers of POS terminals at petroleum outlets in India, having rolled out IPS at more than 16,000 petroleum outlets with 28,986 terminals in India, as of March 31, 2021.
- ❑ They have expanded internationally to offer automation and payment solutions to banks and financial institutions in other Asian countries comprising Sri Lanka, Singapore, Cambodia, Philippines and Indonesia. They also provide **outsourcing solutions for 1,273 ATM and kiosks in Sri Lanka**, as of August 31, 2021.
- ❑ AGS Transact started providing banking automation solutions in India in 2004. They deployed products from international solution providers such as **Diebold Nixdorf** and established their own country-wide service infrastructure and automation solutions expertise to provide related services. In 2016, they also entered into an alliance with ACI Worldwide ("ACI"), a leading international payments solution provider.

## Brief Financial Details\*

(₹ In Cr)

	As at Aug' 31,	As at Mar' 31,		
	2021(05)	2021(12)	2020(12)	2019(12)
Equity Share Capital	118.58	118.58	118.58	118.58
Reserves	425.15	440.08	380.37	306.35
Net worth as stated	543.74	558.66	498.96	424.93
Revenue from Operations	753.40	1,758.94	1,800.44	1,805.74
Revenue Growth (%)	-	(2.30)%	(0.29)%	-
EBITDA	194.06	476.76	495.46	442.88
EBITDA Margin (%)	25.5%	26.5%	27.0%	24.3%
Profit before Tax	(5.50)	82.43	119.52	78.89
Net Profit for the period	(18.11)	54.79	83.01	66.19
Net Profit Margin (%)	(2.38)%	3.05%	4.53%	3.63%
EPS -Basic (₹)	(1.53)^	4.62	7.00	5.58
EPS -Diluted (₹)	(1.53)^	4.55	6.90	5.53
RoNW (%)	(2.87)%^	10.29%	16.70%	15.91%
Net Asset Value (₹)	45.85	47.11	42.08	35.84

Source: RHP \*Restated Consolidated, EBITDA Margin and Net Profit Margin on Total Income;

^ not annualised.

## Issue Details

**Offer for sale of Equity shares aggregating upto ₹ 680 Cr**

### Issue summary

**Issue size: ₹ 680 Cr**
**No. of shares: ('000) 40,964 – 38,857 Shares**
**Face value: ₹ 10**
**Price band : ₹ 166 - 175**
**Bid Lot: 85 Shares and in multiple thereof**
**Post Issue Implied Market Cap =**
**₹ 1,999 – 2,107 Cr**
**BRLMs: ICICI Securities, HDFC Bank, JM Financial**
**Registrar: Link Intime India Pvt. Ltd.**
**Issue opens on: Wednesday, 19<sup>th</sup> Jan'2022**
**Issue closes on: Friday, 21<sup>st</sup> Jan'2022**

## Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	27-01-2022
Refunds/Unblocking ASBA Fund	28-01-2022
Credit of equity shares to DP A/c	31-01-2022
Trading commences	01-02-2022

## Issue break-up

	No. of Shares ('000)		₹ In Cr	% of Issue
	@Lower	@Upper		
QIB	20,481	19,428	340.00	50%
NIB	6,144	5,828	102.00	15%
RET	14,337	13,600	238.00	35%
<b>Total</b>	<b>40,963</b>	<b>38,857</b>	<b>680.00</b>	<b>100%</b>

## Listing : BSE & NSE

## Shareholding (No. of Shares)

	Pre-Offer and Post-Offer Equity Shares
<b>No of shares</b>	120,392,576

## Shareholding (%)

	Pre-Issue	Post-Issue
Promoters	97.61%	65.45%
Promoter Group	0.62%	0.62%
Public – Selling S/h	0.12%	0.01%
Public - Other	0.98%	33.25%
Employee Trust	0.67%	0.67%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

### Company and Directors

The Company was incorporated as 'AGS Infotech Private Limited' on December 11, 2002, at Mumbai. The Promoters of the company are Ravi B Goyal and Vineha Enterprises Pvt Ltd. Currently Ravi B. Goyal holds 66,460,312 Equity Shares and Vineha Enterprises Pvt Ltd holds 51,054,264 Equity Shares, representing total 97.61% of the issued, subscribed and paid-up equity share capital of the company.

### Brief Biographies of Directors

**Ravi B. Goyal** is the Promoter, Chairman and Managing Director of the company. He is responsible for the management of the overall operations of the company and their subsidiaries. He is currently also on the boards of their subsidiaries, India Transact Services Ltd ("ITSL"), Securevalue India Ltd ("SVIL") and Global Transact Services Pte. Ltd. ("GTSL"). He has approximately 26 years of experience in the field of technology.

**Anupama R Goyal** is the Non-Independent, Non-Executive Director of the company. She is also a director on the board of their subsidiary, ITSL.

**Sudip Bandyopadhyay** is the Independent, Non-Executive Director of the company. He is also a director on the boards of their Subsidiaries, ITSL and SVIL.

**Vijay Chugh** is the Independent, Non-Executive Director of the company. He was firstly appointed as a Director on March 12, 2015. He is also the director on the boards of their subsidiaries, ITSL and SVIL. He has over 32 years of experience at the Reserve Bank of India.

**Rahul Narain Bhagat** is the Independent, Non-Executive Director of the company. He was appointed as an Independent, Non-Executive Director on June 7, 2018. He is also an independent director on the board of their Subsidiaries, SVIL and ITSL.

**Subrata Kumar Mitra** is the Non-Executive, Independent Director on the Board of the company. He was appointed as a director on July 20, 2021. He has extensive experience in the fields of management and finance.

**Stanley Johnson P** is the Executive Director on the Board of the company. He has been appointed as an Executive Director with effect from June 9, 2021. He has been instrumental in strengthening and expanding company's banking outsourcing operations across India. He is also the director on the board of their overseas step-down subsidiary, Novus Technologies (Cambodia) Co Ltd. He has over 26 years of experience in the field of payment industry.

**Vinayak R. Goyal** is the Executive Director on the Board of the company. He has been appointed as an Executive Director with effect from June 9, 2021. He is also a non-executive director on the board of the subsidiary, ITSL. He works closely with the management to drive strategic and business initiatives at the company.

### Key Managerial Personnel

**Saurabh Lal** is the Chief Financial Officer of the company and of their subsidiary, SVIL. He has been associated with the company since April 19, 2012. He has over 15 years of experience in the financial service industry.

**Sneha Kadam** is the Company Secretary and Compliance Officer of the company and their subsidiary, SVIL. She has been associated with the company since August 17, 2017. She has over 8 years of experience as a company secretary in Indian companies.

## OFFER DETAILS

Offer for Sale	₹ 680.00	Upto 38,857,141 <sup>^</sup> Equity Shares
<b>The Investor Selling Shareholders</b>		
Ravi B Goyal – Promoter Selling Shareholder	₹ 677.580	Upto 38,718,857 <sup>^</sup> Equity Shares
V C Gupte – Other Selling Shareholder	₹ 0.763	Upto 43,600 <sup>^</sup> Equity Shares
Shailesh Shetty – Other Selling Shareholder	₹ 0.597	Upto 34,114 <sup>^</sup> Equity Shares
Rakesh Kumar – Other Selling Shareholder	₹ 0.464	Upto 26,514 <sup>^</sup> Equity Shares
Nikhil Patiyat – Other Selling Shareholder	₹ 0.298	Upto 17,028 <sup>^</sup> Equity Shares
Rajesh H Shah – Other Selling Shareholder	₹ 0.298	Upto 17,028 <sup>^</sup> Equity Shares

(Approximate figures at <sup>^</sup> upper price band)

## SHAREHOLDING PATTERN

Shareholders	Pre-offer		No. of Shares offered*	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	117,514,576	97.61%	38,718,857	78,795,719	65.45%
Promoters Group	750,080	0.62%	-	750,080	0.62%
<b>Total for Promoter and Promoter Group</b>	<b>118,264,656</b>	<b>98.23%</b>	<b>38,718,857</b>	<b>79,454,799</b>	<b>66.07%</b>
Public – Other Selling Shareholders	146,000	0.12%	138,284	7,716	0.01%
Public - Other	1,179,370	0.98%	0	40,036,511	33.25%
<b>Total for Public Shareholder</b>	<b>1,325,370</b>	<b>1.10%</b>	<b>138,284</b>	<b>40,044,227</b>	<b>33.26%</b>
Shares held by Employee Trust	802,550	0.67%	-	802,550	0.67%
<b>Total Equity Share Capital</b>	<b>120,392,576</b>	<b>100.00%</b>	<b>38,857,141</b>	<b>120,392,576</b>	<b>100.00%</b>

\* Approximate figures at ^ upper price band

## BUSINESS OVERVIEW

AGS Transact Technologies Limited (“AGS Transact”) is one of the largest integrated omni-channel payment solutions providers in India in terms of providing digital and cash-based solutions to banks and corporate clients, as of March 31, 2021. They provide customised products and services comprising ATM and CRM outsourcing, cash management and digital payment solutions including merchant solutions, transaction processing services and mobile wallets. As of March 31, 2021, they were the 2<sup>nd</sup> largest company in India in terms of (i) revenue from ATM managed services under the outsourcing model, and (ii) revenue from cash management and number of ATMs replenished. As of August 31, 2021, they deployed 221,066 payment terminals and were one of the largest deployers of POS terminals at petroleum outlets in India, having rolled out IPS at more than 16,000 petroleum outlets with 28,986 terminals in India, as of March 31, 2021. They also pioneered IPS with OMCs. For the 5 months ended August 31, 2021 and the financial years 2021, 2020 and 2019, they derived 95.9%, 95.6%, 95.5% and 96.1%, respectively, of their revenues from operations in India where their business started, although they have expanded internationally to offer automation and payment solutions to banks and financial institutions in other Asian countries comprising Sri Lanka, Singapore, Cambodia, Philippines and Indonesia. Their total revenue from operations was ₹ 753.40 crore, ₹1758.94 crore, ₹1800.44 crore and ₹1805.74 crore for the 5 months ended August 31, 2021 and the financial years 2021, 2020 and 2019, respectively.

AGS Transact started providing banking automation solutions in India in 2004. They deployed products from international solution providers such as **Diebold Nixdorf** and established their own country-wide service infrastructure and automation solutions expertise to provide related services. Beginning in 2009, they leveraged their banking automation solutions expertise and service reach to offer ATM outsourcing and managed services by, among other things, entering into two cooperation agreements with Diebold Nixdorf for banking and retail products. As part of their strategy to strengthen their presence in the cash value chain, offer an integrated payments platform and improve their operational efficiencies, they commenced offering transaction switching services in 2011 and cash management services in 2012. In 2014, they expanded their offerings into digital payment solutions, enhancing their integrated digital platform and Software-as-a-Service (“SaaS”) capabilities. In 2016, they also entered into an alliance with ACI Worldwide (“ACI”), a leading international payments solution provider, which has further strengthened their value proposition to customers.

The company provides end-to-end cash and digital payment solutions and technology for the banking, retail, petroleum, ecommerce and fintech sectors in India, Sri Lanka, Singapore, Cambodia, Philippines and Indonesia.

As of August 31, 2021, they had installed, maintained or managed a network of approximately 72,000 ATMs and CRMs, provided cash management services to 46,214 ATMs through SVIL, installed 221,066 merchant POS and approximately 46,800 cash billing terminals, automated approximately 17,924 petroleum outlets and installed approximately 88,521 colour dispensing machines.

For the 5 months ended August 31, 2021 and the financial years 2021, 2020 and 2019, SVIL replenished a daily average amount of approximately ₹20 billion, ₹20 billion, ₹10 billion and ₹9 billion, respectively, and they processed 48.71 crore, 109.49 crore, 87.17 crore and 93.68 crore switching transactions, respectively. For the 5 months ended August 31, 2021 and the financial years 2021, 2020 and 2019, they processed 7.29 crore, 12.13 crore, 8.57 crore and 19.52 crore merchant transactions, respectively, with a GTV of ₹12,349.8 crore, ₹20,571.82 crore, ₹14,275.10 crore

and ₹8,196.25 crore, respectively. Their operations covered approximately 2,200 cities and towns, servicing approximately 446,000 machines or customer touch points, as of August 31, 2021.

AGS Transact has a strong management team with significant industry experience and established relationships with their customers. Their key managerial personnel and senior managerial personnel enable them to identify new opportunities and implement their business strategies in the manner contemplated and to continue to build on their track record of customer service and respond to market opportunities.

AGS Transact has an established track record of delivering robust financial performance as well as continued growth. For the 5 months ended August 31, 2021 and the financial years 2021, 2020 and 2019, their total income was ₹ 762.30 crore, ₹1,797.15 crore, ₹1,833.53 crore and ₹1,823.63 crore, respectively, their profit/(loss) before tax was ₹ (5.50) crore, ₹82.43 crore, ₹119.52 crore and ₹78.89 crore, respectively,

The EBITDA was ₹ 194.06 crore, ₹476.76 crore, ₹495.46 crore and ₹442.88 crore, respectively, and their EBITDA Margin was 25.5%, 26.5%, 27.0% and 24.3%, respectively.

As of August 31, 2021, including their subsidiaries, they had 34 branch offices across India and an employee base of 12,935 personnel, including 1,562 engineers and 6,158 ATM officers, engaged in their core operations.

## COMPANY BUSINESS

The company operates in 3 broad business segments:

- **Payment Solutions**, which comprises ATM and CRM outsourcing and managed services, cash management services, iCDs, digital payment services which include toll and transit solutions, Fastlane, transaction switching services, services through POS machines and agency banking;
- **Banking Automation Solutions**, which comprises sale of ATMs and CRMs, currency technology products and self-service terminals and related services and upgrades; and
- **Other Automation Solutions**, which comprises sale of machines and related services to customers in the retail, petroleum and colour sectors.
  - Their Payment Solutions segment comprises ATM and CRM outsourcing and managed services, cash management services, iCDs, digital payment services which include toll and transit solutions, Fastlane, transaction switching services, services through POS machines and agency banking. Their customers in the Payment Solutions segment include ICICI Bank Ltd, Axis Bank Ltd, HDFC Bank Ltd and Federal Bank Ltd.
  - In their ATM and CRM outsourcing and managed services businesses, they are responsible for the end-to-end management of ATMs and CRMs, starting from site identification and development, followed by machine deployment, maintenance and management on behalf of their customers. While they own the ATMs and CRMs in their outsourcing services business, ownership of ATMs and CRMs remains with the customers themselves under their managed services business. As of August 31, 2021, their portfolio consisted of 14,099 ATMs and CRMs under their outsourcing business and 19,161 ATMs and CRMs under their managed services business in India. They also provide outsourcing solutions for 1,273 ATM and kiosks in Sri Lanka, as of August 31, 2021.
  - The cash management services of their subsidiary, SVIL, build on their ATM outsourcing and managed services businesses, and include cash replenishment, cash pick-up, cash-in-transit ("CIT"), cash vaulting and cash processing services for ATMs managed by them and by other operators. As of August 31, 2021, they provided cash management services to 46,214 ATMs through a fleet of 2,513 cash vans including 267 dedicated cash vans to banks, and 475 vaults and spoke locations, covering approximately 1,860 cities and towns in India. SVIL, was the 2nd largest cash management company in India, in terms of revenue from cash management and number of ATMs replenished, as of March 31, 2021. They have also implemented cassette swaps for their outsourcing services business. One of their major customers in cash management services is BTI India Payments Pvt Ltd and Hitachi Payment Services Pvt Ltd.
  - To enhance their digital portfolio and address new market segments, they commenced their operations in merchant solutions. Their merchant services include device-based and device-less payment solutions, prepaid and loyalty programs, Cash@POS, payment gateway and remote payment solutions, loans against card receivables and other VAS. As of August 31, 2021, they had 180,993 merchants as clients. In a span of 2

years, they became one of the largest deployer of POS terminals at petroleum outlets in India. In particular, they focus on serving the oil marketing industry, private and public sector banks and corporate merchants. Of their 221,066 POS terminals deployed with clients as of August 31, 2021, 183,985 terminals were located at retail and corporate outlets and 37,081 terminals were located at OMCs. For the 5 months ended August 31, 2021 and the financial years 2021, 2020 and 2019, the GTV transacted through their POS terminals at OMC retail outlets was ₹ 9,517.8 crore, ₹13,365.63 crore, ₹7,499.05 crore and ₹2,537.68 crore, respectively. They have orders in hand from major OMCs including Hindustan Petroleum Corporation Limited (“**HPCL**”) and Indian Oil Corporation Limited (“**IOCL**”). Other corporate customers for their digital portfolio include Dr. Lal Pathlabs Ltd, Patanjali Ayurved Ltd, Sunshine Teahouse Pvt Ltd (Chaayos), RJ Corp Ltd, VRIPL Retail Pvt Ltd, Om Sweets, Lata Mangeshkar Medical Foundation and Organic India Pvt Ltd.

The Financial and Operational Metrics for the Merchant services:

	5 Months Ended Aug'31, 2021	FY2021	FY2020	FY2019
Number of Terminals	221,066	207,335	171,809	111,773
Number of Merchants	180,993	172,181	141,643	93,729
Number of Transactions (in Cr)	7.29	12.13	8.57	19.52
Total Gross Transaction Value (GTV) (₹ Cr)	12,349.8	20,571.8	14,275.0	8,196.2

- In April 2021, to further enhance their digital capability and to leverage on the PPI authorisation issued to their subsidiary, ITSL, AGS Transact started their open loop Ongo prepaid card, which can be used by consumers to pay for transactions.
- AGS Transact also provide transaction switching services, where they integrate a variety of payment channels, including internet payment gateways and several mobile payment systems, to route, switch and process electronic transactions even across non-banking segments. This gives them the ability to cater to the needs of banks, retailers, petrol stations and other financial institutions across the payment transactions value chain and to assist their customers in the issuance of new cards, migration of their existing card base and the authorization of cards. Their in-house switch development software team also develops customized switching solutions for their customers.

Company’s Banking Automation Solutions business segment, which commenced in 2004, comprises sale of ATMs and CRMs, currency technology products and self-service terminals and related services and upgrades. As of August 31, 2021, they had approximately 50 banking customers, including **ICICI Bank Ltd**, **HDFC Bank Ltd** and **Axis Bank Ltd**.

Company’s Other Automation Solutions business segment encompasses the sale of machines and related services to customers in the retail, petroleum and colour segments. As part of this, they supply automation products and provide implementation services, system integration, remote management and support and help desk services. Customers for their retail sector offerings include **More Retail Pvt Ltd**, while customers for their petroleum sector offerings include **HPCL**, **IOCL** and **BPCL**. Their colour operations primarily comprise the supply of automatic paint dispensers and related services, and serve customers including **Asian Paints Ltd**, **Kansai Nerolac Paints Ltd** and **Berger Paints India Ltd**.

## REVENUE FROM OPERATIONS

The Revenue for the various business segments in which they operates:

Segment	5 months ended August 31,		Year Ended March 31,					
	2021		2021		2020		2019	
	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Payment Solutions	561.31	74.50%	1350.58	76.78%	1,378.43	76.56%	1,277.82	70.76%
Banking Automation Solutions	104.09	13.82%	159.84	9.09%	210.87	11.71%	246.10	13.63%
Other Automation Solutions	88.00	11.68%	248.53	14.13%	211.14	11.73%	281.83	15.61%
<b>Total</b>	<b>753.40</b>	<b>100.00%</b>	<b>1758.95</b>	<b>100.00%</b>	<b>1,800.44</b>	<b>100.00%</b>	<b>1,805.75</b>	<b>100.00%</b>

## GEOGRAPHICAL REACH

The locations of 14,099 ATMs and CRMs under the outsourcing contracts and 19,161 ATMs and CRMs under managed services contracts in India, as of August 31, 2021:



SVIL's cash replenishment for 46,214 ATMs:



The locations of the 25,092 ATMs and CRMs under service in India as of August 31, 2021:



## COMPETITIVE STRENGTHS

### • **Omni-Channel Integrated Payment and Cash Solutions Provider**

AGS Transact serves diverse industries such as banking, retail, petroleum, toll and transit, cash management and fintech in India and other select countries in Asia. The size and wide reach of their operational network enables them to realize economies of scale.

The company offers a payments platform, customized solutions and related managed services to cater to end-users, merchants, banks, bank agents as well as other ecosystem partners. Their payment platform accepts payments through a broad spectrum of options including magnetic stripe, chip and pin, contactless, Bharat QR, Unified Payment Interface (“UPI”) and Aadhaar Pay. They also provide device-based solutions such as “Smart POS” GPRS terminals, Digital M-POS terminals and Public Switched Telephone Network (“PSTN”). Their device-less portfolio comprises static Bharat QR, payment gateway and remote payment solutions. They also offer customized mobile wallet solutions that can be integrated with existing payment solutions. They also process transactions using their switching platform, along with payment and settlement services. Through their technological partnership with ACI, they offer their customers a variety of payment solutions including BASE 24-eps, Universal Payment Framework (“UPF”), and fraud management as a service on a pay-per-transaction basis. They also provide support services such as a 24x7 call centre, merchant management services, software development, operations services and monitoring services.

They also offer a portfolio of banking services and automated banking products, such as ATM and CRM outsourcing and managed services, manufacturing and deployment of ATMs and CRMs and self-service terminals. They also have the ability to customize, integrate, maintain and manage such products for their customers. They are the only company in India to provide the full range of services in the ATM managed services market, namely: ATM equipment and supply, maintenance of ATMs, managed services, ATM replenishment and CIT and retail cash management and cash pickup and delivery.

As of March 31, 2021, they provided cash management services to 47,569 ATMs and serviced approximately 4,011 cash pick-up and doorstep banking points.

### • **Customer Driven Portfolio with Strong Capabilities to Develop Customized Solutions In-house**

AGS Transact has developed the following customized solutions in-house:

- Voice-guided ATM and CRM software and biometric-based solutions for their banking clients;
- Check deposit terminal application;
- Cash clearance and loading for CRMs;
- Novus TRANSACT Switch and Novo YOUPAY;

- A cloud-based software that drives their POS terminals and allows them to keep their merchants updated with the latest services and offerings;
  - Ongo Prepaid and Ongo Rewards, which are loyalty programs offered to merchants for enhanced customer retention, additional revenue generation and new customer acquisition, and which can be tailored by them to meet their specific requirements;
  - Loyalty prepaid platforms for an oil company to support its fleet operators;
  - iCDs to facilitate automated retail cash pick-ups in their cash management business;
  - Solutions such as 'Remote++' to enable payment through a web link generated by a merchant;
  - Paytrack, a merchant analytics and engagement application that helps merchants to analyse business parameters relevant to their business; and
  - VAS portfolio consisting of Cash@POS facility, Ongo Billing++ and loans against card receivables to cater to diverse merchant needs.
- ***Diversified Product Portfolio, Customer Base and Revenue Streams Leading to Cross-Selling Opportunities***

The company derive revenues from a variety of products and services catering to customers across diverse industries such as banking, retail, petroleum and colour. In each of these industries, they offer a combination of automation solutions along with payment and maintenance services. They have entered into a strategic agreement with RBL Bank Ltd in relation to a proposal to provide an integrated prepaid card solution based on the National Common Mobility Card ("NCMC") at Bangalore Metro stations, comprising the provision, acquisition and issuance of NCMC cards.

By having a diversified product portfolio and customer base, they are able to capitalize on cross-selling opportunities. In the petroleum sector, they are able to integrate their POS terminals into their fuel automation solutions, giving their merchants access to their sales volumes and payment transaction data. They also monetise their POS network by offering VAS for both consumers and merchants. Leveraging on the technology, products and cross-sector expertise, they have expanded their business to Asia, namely, Sri Lanka, Singapore, Cambodia, Philippines and to Indonesia through a joint venture with **PT Sumber Cipta Multiniaga** and **PT. Muria Kencana Indah**.

- ***Long-Standing Relationships with Technology Providers and Customers***

AGS Transact has long-standing relationships with leading global technology providers, such as **Diebold Nixdorf** and **ACI**. They have entered into a cooperation agreement with Diebold Nixdorf, under which they assemble ATMs in India. Together with ACI, they have launched a suite of solutions covering processing, and fraud monitoring and reconciliation.

Further, they have established relationships with leading Indian financial institutions. Their ATM outsourcing and managed services contracts with leading Indian financial institutions typically range from 3 to 10 years. In their international operations, their contracts with their customers typically range for a period of 3 to 5 years.

- ***Dedicated In-house Infrastructure and Technological Capabilities***

Company's dedicated in-house infrastructure, skills and capabilities has been critical to the growth of their business. As of March 31, 2021, they were servicing approximately 420,000 customer touch points covering approximately 2,200 cities and towns through their 34 branch offices, 474 vaults and spoke locations, and their work force comprised of 13,155 personnel. Their back-end switching platform processed 109.49 crore, 87.17 crore and 93.68 crore switching transactions during the financial years 2021, 2020 and 2019, respectively.

As of March 31, 2021, their technology development team comprised 233 employees, and has developed and customized ATM client software and digital applications deployed by their clients, such as Axis Bank Ltd's check deposit terminal application, Novus TRANSACT Switch and Novo YOUPAY, solutions such as *QR Cash* that enables withdrawal of cash from ATMs by scanning a QR code on the machine's screen, applications such as *Cure* to connect their helpdesk and engineers, and *Monitum* to monitor ATMs and various digital merchant solutions such as *Fastlane* and *Paytrack*. Recently, they introduced the Digiview surveillance system with 24/7 live recording, intrusion detection and API integration A dedicated 24/7 control centre facilitates communication among their divisions as well as between their internal stakeholders and external clients, keeps track of all open issues and collects field data which they use to further improve their operational efficiency.

- **Experienced Board of Directors and Senior Management**

Company's Board includes a combination of executive as well as independent directors with significant business experience. Their Board is committed to implementing best practices of corporate governance and achieving a high level of transparency, with a focus on investors' best interests and the maximisation of shareholder value. They have a strong management team with significant industry experience and established relationships with their customers. Their key managerial personnel and senior managerial personnel enable them to identify new opportunities and implement their business strategies in the manner contemplated and to continue to build on their track record of customer service and respond to market opportunities.

## KEY BUSINESS STRATEGIES

- **Focus on Growing their Digital Payment Solutions Business**

The launch of new and innovative payment products, increased demand for cashless transactions due to the COVID-19 pandemic, increasing smartphone adoption, a growing need for faster payment modes and a strong push from the GoI and regulators towards adoption of digital channels have driven the increase in digital payments. To capitalize on this growth, AGS Transact intends to leverage their existing presence in the consumer-oriented sectors to service the growing demand for products and services.

Further, they seek to expand their services to fuel merchants by providing IPS which are integrated to the merchants' POS machines and Android-based POS, enabling merchants to provide services to their consumers beyond payments. As of March 31, 2021, they had a team of 291 "feet on street" personnel, 393 channel partners and 86 bank partnerships catering to the POS and other merchant service needs of small- and medium-scale retailers. The company focuses their merchant acquisition efforts on certain verticals, such as banks, corporate merchants and OMCs. They also intend to continue to monetise their POS network to cross-sell their VAS to merchants.

- **Pivot from Payments-as-a-Service to Payments-as-a-Convenience through their Ongo Card and Ecosystem**

The company intends to grow their digital payments business by attracting more merchants and consumers to join their **Ongo ecosystem**. They aim to do this by pivoting from 'payment-as-a-service' to 'payment-as-a-convenience'. The *Ongo* ecosystem allows consumers to use one single payment system, *Ongo*, to make payments at POS terminals through various modes of payment including card-based (debit and credit cards), RFID, Bharat QR and UPI online acceptance.

They were among the first companies in India to launch QR-code based payments for various card schemes. By developing mobility-based payment solutions, which enables additional modes of making payments beside cash or card, they are able to develop customized payment solutions, including mobile wallet offerings for their customers. By offering 'payment-as-a-convenience' to consumers, they will be able to tap into a variety of services and platforms and expand their revenue streams.

- **Focus on ATM and CRM Outsourcing and Managed Services**

The demand for ATMs, CRMs and related services, to continue to grow for a number of reasons, including:

- The Government's Direct Benefit Transfer program, under which subsidies and wages are paid electronically to beneficiaries;
- The Government of India's launch in August 2014 of the Pradhan Mantri Jan-Dhan Yojana ("PMJDY"), a plan of financial inclusion to provide banking access to all households across the country;
- Replacement of existing ATMs which will drive the increase in revenue share of ATM supply in the future;
- The expected growth in the number of CRM machines in India from 34,631 units as of March 31, 2021 to 100,276 as of March 31, 2026; and
- An increase in interchange fee structure for ATM transactions, which was allowed by the RBI in July 2021.

They intend to increase the share of outsourced or managed ATMs and CRMs in their portfolio since it allows them to focus on increasing revenue by facilitating a greater number of transactions. They also intend to leverage the cash management capabilities of SVIL to make their ATM management operations more efficient.

- **Focus on Enhancing the Integrated Technology Payments Platform**

AGS Transact intends to leverage their product and services portfolio to provide additional customized payment solutions as well as develop integrated payments platform for their customers. They have deployed automation

solutions across various industries over the years and using their in-house expertise, they have the technical capability to offer their customers with integrated payments solutions.

- **Focus on Cash Management Services**

The company intends to grow their Cash Management business further by leveraging their experience and other factors such as:

- The increasing trend of banks outsourcing their ATM operations and retailers outsourcing cash pick-ups to third parties such as them;
- The expected increase in the number of ATMs in India due to various financial inclusion initiatives of the Indian Government, such as the PMJDY.
- Their subsidiary, SVIL, being the only cash management company that has followed MHA guidelines dated August 8, 2018 and RBI guidelines dated April 6, 2018 on a pan-India basis, which enables them to offer their customers robust infrastructure and services in compliance with such MHA guidelines.
- SVIL being one of the few providers to implement the cassette swapping system across multiple ATM locations in Mumbai, Pune and Bangalore, allowing them to derive an additional revenue stream under their cash replenishment business and further improving their margins.

- **Expand Internationally**

The company evaluates opportunities in developing markets in Asia where they have had recent successes in deploying their digital platform and securing multi-year managed services and outsourcing deals. They plan to continue to leverage on the technology and products developed in India and provide these solutions to other countries to facilitate financial inclusion, demonstrating the same cross-sector expertise they have in India, and to further diversify their business.

They currently have local teams in Sri Lanka, Singapore, Cambodia, Philippines and Indonesia. For the financial years 2021, 2020 and 2019, they derived ₹76.98 crore, ₹81.76 crore and ₹70.70 crore of revenue from their overseas operations, representing 4.4%, 4.5% and 3.9% of their total revenue from operations, respectively.

They plan to further penetrate these markets by scaling up their existing businesses or offering new products or services where they identify gaps in the market or opportunities for potential growth or consolidation.

## INDUSTRY OVERVIEW

### Competition Scenario in India's ATM Managed Services Market

Heat Map	ATMs Equipment Supply	Maintenance of ATM*	ATM Managed Services	ATM Replenishment and Cash in Transit	Retail Cash Management Or Cash Pickup and Delivery
<b>AGS Transact</b>	✓	✓	✓	✓	✓
Brinks	x	x	x	✓	✓
CMS Info System	x	✓	✓	✓	✓
Diebold Nixdorf	✓	✓	✓	x	x
Euronet	x	✓	✓	x	x
FIS	x	✓	✓	x	x
FSS	x	✓	✓	x	x
Hitachi Payments	✓	✓	✓	x	x
NCR Corporation	✓	✓	✓	x	x
OKI	✓	x	x	x	x
SIS Prosegur	x	x	x	✓	✓
TCPS	✓	✓	✓	x	x
Writer Corporation	x	✓	✓	✓	✓
Hyosung	✓	✓	✓	x	x

\* First Line Maintenance and Second Line Maintenance

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