

Serving cash, digital payment opportunity...

About the Company: AGS Transact Technologies 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.

- AGS provides customised products and services comprising ATM and CRM outsourcing, cash management and digital payment solutions
- AGS is the second largest company in India in terms of (i) revenue from ATM managed services under outsourcing model, (ii) revenue from cash management and number of ATMs replenished

Key triggers/Highlights:

- As of August 31, 2021, AGS has deployed 2,21,066 payment terminals while it operates 14,099 ATMs and CRMs under outsourcing business and 19,161 ATMs and CRMs under the managed services business in India
- Customer driven portfolio with strong capabilities to develop customised solutions in-house
- Diversified product portfolio, customer base and revenue leading to cross-selling opportunities
- Focused on growing the digital payment solutions business
- Focused on cash management services and intends to grow this business by further by leveraging its expertise
- Plans to expand internationally and continue to leverage on the technology & products to provide solutions to other countries

What should investors do? AGS Transact Technologies, being a leading player in ATM and CRM outsourcing, is a play on increasing cash & digital payment landscape, with various disruptive technological developments in the industry. At the upper end of the price band, the company is valued at ~38x FY21 EPS.

- We assign **UNRATED** rating to the IPO

Key risk & concerns

- Significant dependence of revenues from customers in banking sector
- Highly competitive industry, which is further expected to increase
- Any changes in interchange fees by the NPCI, or regulatory changes, may have adverse effect on the business

Key Financial Summary

	FY19	FY20	FY21	5 months ended Aug 31, 2021	2 Year CAGR (FY19-21)
Total Revenue	1823.6	1833.5	1797.2	762.3	-0.7%
PAT	66.2	83.0	54.8	-18.1	-9.0%
EPS	5.6	7.0	4.6	-1.5	-9.0%
ROE %	15.9	16.7	10.3	-2.9	
ROA %	3.2	3.7	1.9	-0.6	
P/E	31.4	25.0	37.9	-	

Source: RHP, ICICI Direct Research



Particulars

Issue Details

Issue Opens	19th January 2022
Issue Closes	21st January 2022
Issue Size	₹ 680 crore
Fresh Issue	-
Offer for Sale	₹680 crore
Price Band	₹ 166-175

No. of shares on offer (in crore)	3.89
QIB (%)	50
Retail (%)	35
NIB (%)	15
Minimum lot size (no of shares)	85

Note: OFS, No of shares on offer based on upper price band

Shareholding Pattern (%)

	Pre-Issue	Post-Issue
Promoter	98.2	66.1
Public	1.8	33.9
Total	100.0	100.0

Objects of issue

Objects of the Issue

Company will not directly receive the Offer Proceeds. The Selling Shareholders will receive the proceeds from the Offer for Sale.

Research Analyst

Kajal Gandhi
kajal.gandhi@icicisecurities.com

Vishal Narnolia
vishal.narnolia@icicisecurities.com

Sameer Sawant
sameer.sawant@icicisecurities.com

Dixit Sankharva
dixit.sankharva@icicisecurities.com

Company Background

AGS Transact Technologies is one of the largest integrated omni-channel payment solutions provider 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.

Incorporated in 2004, AGS began its operation by providing banking automation solutions in India. As of March 31, 2021, they were the second 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, it deployed 2,21,066 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. For the five months ended August 31, 2021 and FY21, FY20 and FY19, they derived 95.9%, 95.6%, 95.5% and 96.1%, respectively, of its revenues from operations in India. The company has 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.

AGS operates its business in the following segments:

- Payment solutions;
- Banking automation solutions; and
- Other automation solutions (for customers in the retail, petroleum and colour sectors)

AGS' 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. As of August 31, 2021, the company had ~50 banking customers, including a large private bank, HDFC Bank and Axis Bank.

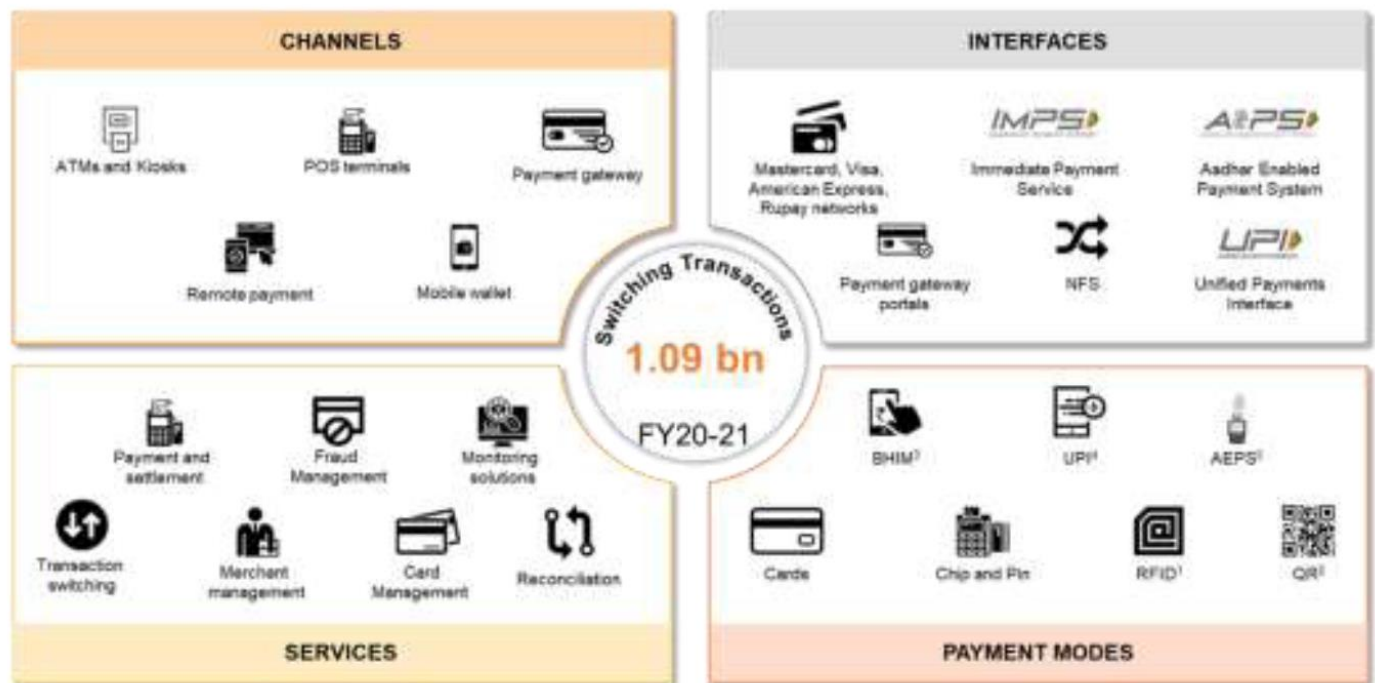
AGS has an established track record of delivering robust financial performance as well as continued growth. Their total revenue from operations was ₹ 753.4 crore, ₹ 1,758.9 crore, ₹ 1,800.4 crore and ₹ 1,805.7 crore for the five months ended August 31, 2021 and the financial years 2021, 2020 and 2019, respectively. For the five months ended August 31, 2021 and FY21, FY20 and FY19, its total income was ₹ 762.3 crore, ₹ 1,797.2 crore, ₹ 1,833.5 crore and ₹ 1,823.6 crore, respectively. EBITDA was ₹ 194.1 crore, ₹ 476.8 crore, ₹ 495.5 crore and ₹ 442.9 crore, respectively. EBITDA margin was 25.5%, 26.5%, 27.0% and 24.3%, respectively.

Exhibit 1: Revenue from various business segments

Particulars	FY19	FY20	FY21	Five months ended August 31, 2021
Payment Solutions	1277.8	1378.4	1350.6	561.3
Banking Automation Solutions	246.1	210.9	159.8	104.1
Other Automation Solutions	281.8	211.1	248.5	88.0

Source: RHP, ICICI Direct Research

Exhibit 2: AGS' omni-channel payment platform



Source: RHP, ICICI Direct Research

Exhibit 3: AGS' various components of ATM, CRM outsourcing and managed services



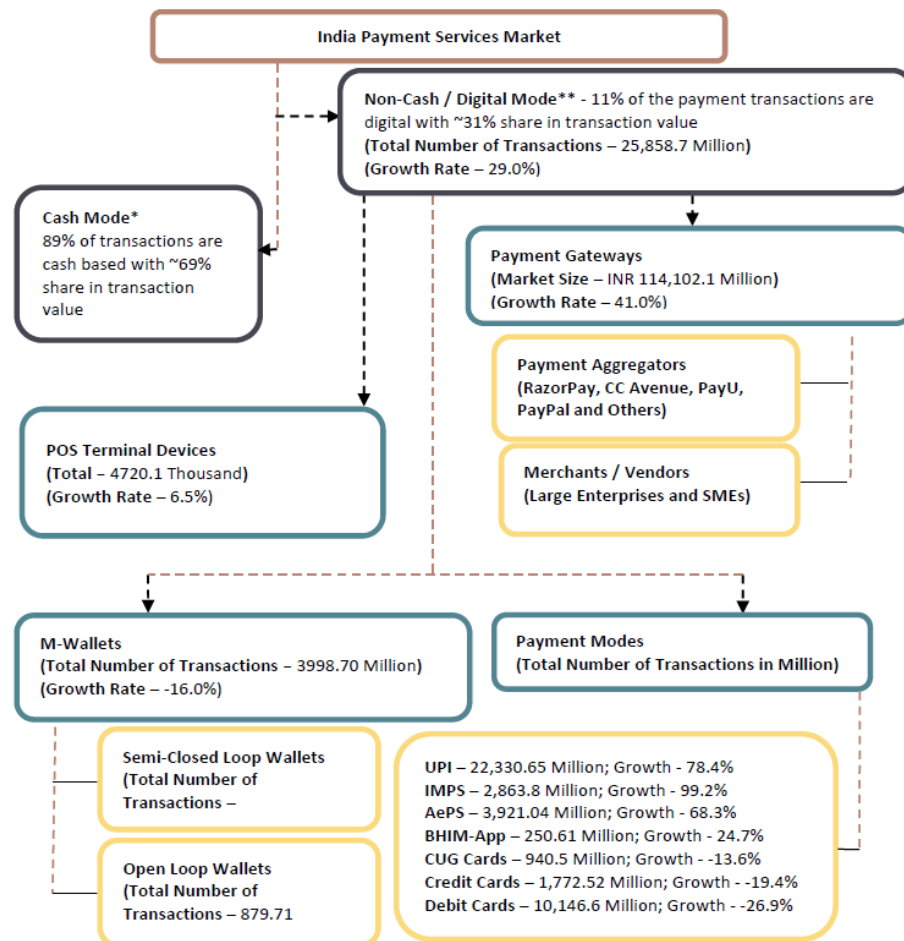
Source: RHP, ICICI Direct Research

Industry Overview

India's Payment Services Market Size

The flagship Digital India Programme was launched in India in 2015, with the vision of transforming India into a digitally empowered society and knowledge economy. Digital innovations are expected to play a pivotal role in improving financial inclusion and providing ease of service across retail banking, payments, wealth management and insurance.

Exhibit 4: India's payment services market, as of March 31, 2021

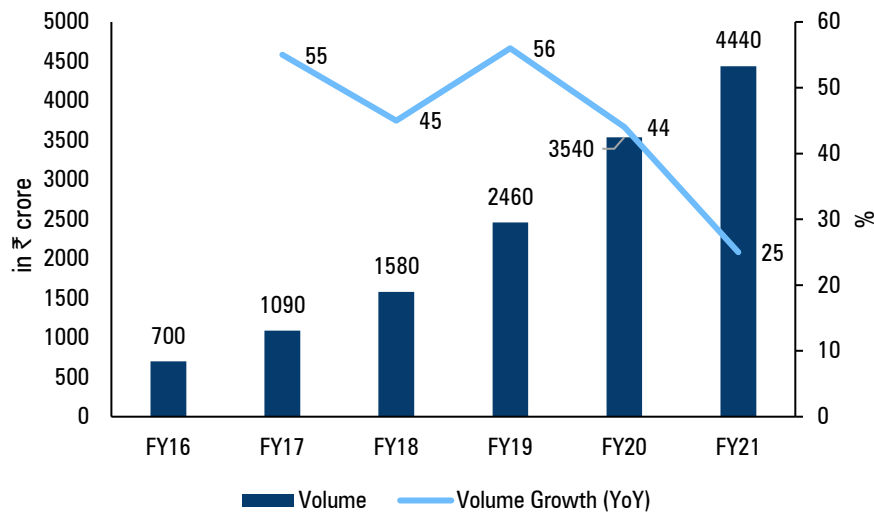


Source: RHP, ICICI Direct Research

The Indian digital payment space has seen extraordinary growth in the last few years, with the volume of transactions increasing at a CAGR of 36%. New and innovative payment products such as UPI, NETC, FASTag and BBPS have contributed to the growth of the digital payment industry. With the emergence of new payment technologies and use cases across sectors, this growth momentum is expected to continue. Transactions saw a minor drop in the early months of FY21 and have now begun to go return to pre Covid-19 levels. Businesses are now looking to integrate both online and offline channels to provide an omni-channel experience to their customers. UPI transaction volumes have already gone back to pre-lockdown levels. Similar trends can be observed in NETC transactions.

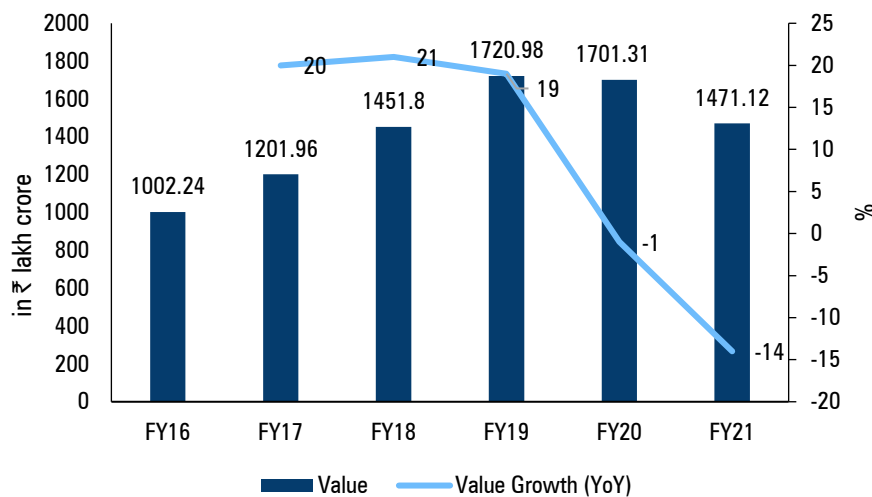
Digital transactions have recovered from their lows in the months of the lockdown and gained traction over the rest of the year with a growing preference for contactless transactions and tailored financial offerings by fintech players to adapt to the needs of end users.

Exhibit 5: India's payment services market size based transaction volume & growth



Source: RHP, ICICI Direct Research

Exhibit 6: Payment services market size based on transaction value and growth rate

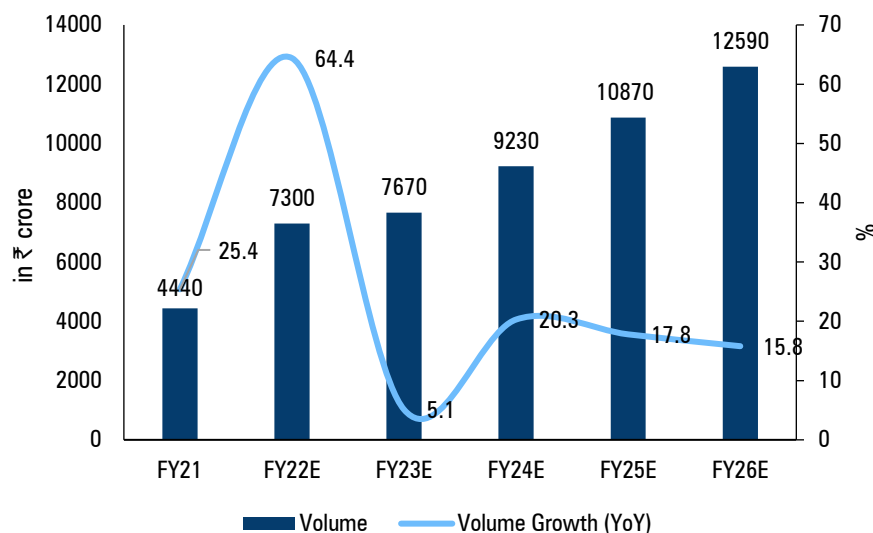


Source: RHP, ICICI Direct Research

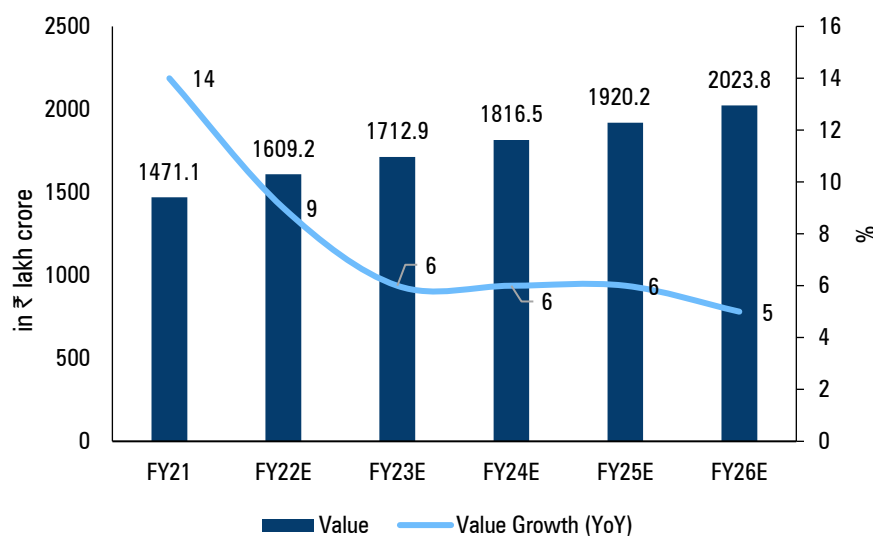
India's payment services market future outlook and projections

Growth in digital payments in India has been driven by multiple factors such as the launch of new and innovative payment products, increased demand for cashless transaction due to Covid-19, increasing smartphone adoption, a growing need for faster payment modes, and a strong push from the Govt and regulators towards adoption of digital channels.

Covid-19 has further accelerated the shift to digital payment modes. One of the key requirements for long term growth and a faster adoption of fintech solutions at last-mile touch point is the customer's trust in digital payment modes.

Exhibit 7: Payment services market future projections based on transaction growth rate (FY22E to FY26E)

Source: RHP, ICICI Direct Research

Exhibit 8: Payment services market future projections based on transaction value, growth rate (FY22E-26E)

Source: RHP, ICICI Direct Research

Overview of India's ATM market

In India, the number of ATMs (excluding white label ATMs) installed increased from 1,99,099 as of March 31, 2016, to 2,13,575 as of March 31, 2021. The number of ATMs (including white label ATMs) operating in India's ATMs market increased from 2,12,061 as of March 31, 2016, to 2,38,588 as of March 31, 2021; a CAGR of 2.39%.

ATMs are popular in developing countries because people prefer paying through cash when making low-value payments, for personal budgeting reasons and to maintain anonymity in transactions. Also, significant portions of the population who mostly operate outside of cities and who are unbanked or under-banked prefer cash payments. Therefore, the sizeable unbanked population in developing countries is representative of the strong potential for new ATM users in the future. The global ATM industry is therefore positioned to grow, due to an increasing proportion of the population availing financial services and a subsequent rise in number of ATMs being set up in these developing nations.

Exhibit 9: Comparison of major countries

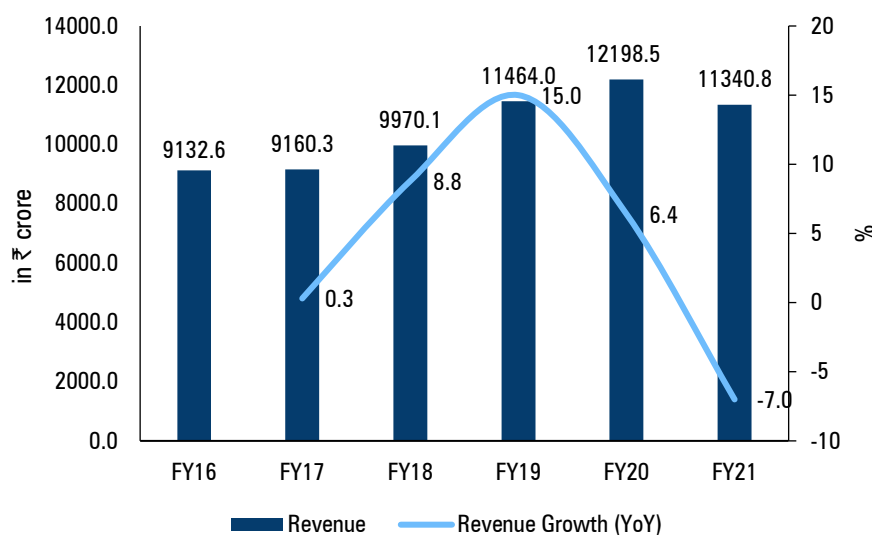
Regions	Total Number of ATMs	ATM Penetration	ATM Density
China	1013900	70.4	105.6
US	470135	141.8	47.8
India	213575	15.4	64.9
Brazil	169496	79.7	19.9
Russia	131908	90.3	7.7
Japan	129680	102.5	343.0
UK	53813	79.2	221.9

Source: RHP, ICICI Direct Research

India's ATM managed services market size by revenues

Revenues of India's ATM managed services market declined ~7% from ₹ 12,198.5 crore during FY20 to ₹ 11,340.8 crore during FY21 due to restrictions and lockdowns in India on account of the Covid-19 pandemic. People in India shifted to digital payment methods, which led to a decline of cash withdrawals and usage of ATMs in the country, which, in turn, led banks to halt plans for setting up ATMs.

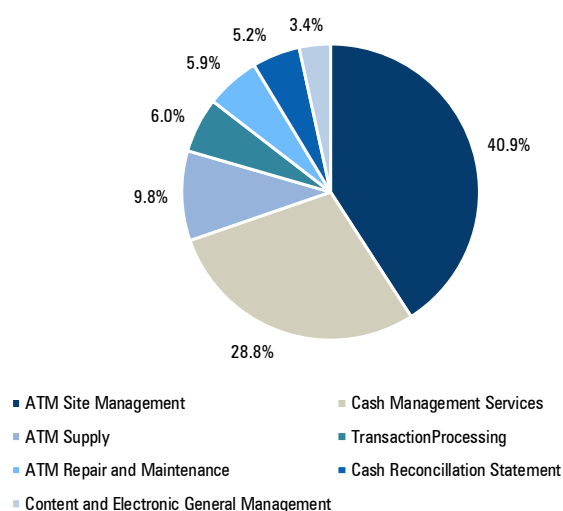
Exhibit 10: India's ATM managed services market based on revenue and growth



Source: RHP, ICICI Direct Research

ATM site management contributed 40.9% of total revenue of ATM managed service providers. Site management services include surveillance, electricity payment, consumables, payment of rent, network services and services such as deployment, management and operationalization of ATMs.

Exhibit 11: ATM managed services market segments by service offerings



Source: RHP, ICICI Direct Research

India payment POS terminal market

A payment POS terminal is a computerised replacement for a cash register, where customers can make a digital transaction with the help of their debit and credit cards. A customer needs to enter a security PIN in order to execute a transaction using a payment POS terminal. All accounts are settled when the merchant does the batch settlement at the end of the day and the respective amount after deducting bank charges is credited to the merchant's account.

Payment POS terminal companies earn their revenue through three channels, namely: initial device set up fees, MDR and monthly rental income, which is estimated at ₹ 100 crore to ₹ 35 crore for mPOS devices and ₹ 40 crore to ₹ 75 crore for traditional POS devices. The MDR paid by the merchant is divided among three entities: the issuer bank, which issues the debit card and gets the highest share of the MDR, the acquirer, which installs the payment POS and the switch network.

Customers today make payments digitally at in-store merchant locations primarily through either POS terminals or using a QR code. POS terminals have a steadily growing market in merchant categories such as restaurants, grocery stores, apparel stores, jewellery stores and fuel stations. These verticals record the highest volume and value of POS transactions across the country. With the rapidly increasing penetration of e-commerce in the country, mPOS implementation has enabled doorstep delivery of products. Financial transactions at the doorstep have been made possible digitally, in a more versatile manner, using mPOS terminals.

Investment Rationale

Omni-channel integrated payment and cash solutions provider

AGS is one of the largest integrated omni-channel payment solutions provider in India in terms of providing digital and cash-based solutions to banks and corporate clients, as of March 31, 2021. AGS serves diverse industries such as banking, retail, petroleum, toll and transit, cash management and fintech in India and other select countries in Asia. The company believes that its services help increase the speed and accuracy of cash as well as digital payment transactions. In addition, the size and wide reach of their operational network enables it to realise economies of scale.

AGS offers a payments platform, customised solutions and related managed services to cater to end-users, merchants, banks, bank agents as well as other ecosystem partners. The company's 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, which it believes makes it a partner of choice for merchants. AGS also provides device-based solutions such as "Smart POS" GPRS terminals, Digital M-POS terminals and Public Switched Telephone Network (PSTN).

Focus on growing digital payment solutions business

The launch of new and innovative payment products, increased demand for cashless transactions, increasing smartphone adoption, a growing need for faster payment modes and a strong push from the Govt and regulators towards adoption of digital channels have driven the increase in digital payments. To capitalise on this growth, it intends to leverage its existing presence in the consumer-oriented sectors to service the growing demand for products and services. For example, India's POS terminal market is expected to increase from 47.2 lakh device installations in FY21 to 78.9 lakh device installations in FY26; i.e. a CAGR of 11%.

Its all-in-one POS solutions allows merchants to accept various modes of payment including card-based (debit and credit cards), RFID, Bharat QR and UPI online acceptance and biometric-based (Aadhaar Pay). Its device less portfolio comprises payment gateway and remote payment solutions, and it also offers customised mobile wallet solutions that can be integrated with existing payment solutions. The company also combines value added services that help merchants grow their business such as prepaid or loyalty programmes and Cash@POS, and services that help simplify their operations such as the billing software and merchant analytics application. Further, it also intends to continue to monetise its POS network to cross-sell its VAS to merchants, such as loans against card receivables, local account management, bill payments and domestic money transfer facilities.

Diversified product portfolio, customer base & revenue streams leading to cross-selling opportunities

AGS derives revenue 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, it offers a combination of automation solutions along with payment and maintenance services. AGS had started providing banking automation solutions in 2004, and have, over the years, diversified into payment solutions. Revenue from the payment solutions segment was ₹ 561.3 crore, ₹ 1,350.6 crore, ₹ 1,378.4 crore and ₹ 1,277.8 crore, constituting 74.5%, 76.8%, 76.6% and 70.8% of its total revenue from operations for the five months ended August 31, 2021 and FY21, FY20 and FY19, respectively. Revenue from its banking automation solutions segment was ₹ 104.1 crore, ₹ 159.8 crore, ₹ 210.9 crore and ₹ 246.1 crore, constituting 13.8%, 9.1%, 11.7% and 13.6% of its total revenue from operations for the five months ended August 31, 2021 and FY21, FY20 and FY19, respectively. As of August 31, 2021, its customers included ~50 banks and 1,80,993 merchants. The company has also diversified into VAS, which include customer-facing services such as loyalty programmes, invoicing solutions and merchant credit.

Focus on cash management services

AGS launched its cash management business through its subsidiary SVIL in 2012 with the objective of gaining better control over an important component of its ATM outsourcing and managed services business. Having gained scale and operational efficiencies in this business, AGS intends to grow this business further by leveraging their experience and other factors such as: (1) the increasing trend of banks outsourcing their ATM operations and retailers outsourcing cash pick-ups to third parties; (2) the expected increase in the number of ATMs in India due to various financial inclusion initiatives of the Government of India, such as the PMJDY. The number of ATMs in India under managed services is projected to increase from 217,000 as of March 31, 2022 to 232,000 ATMs by FY26; (3) its 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; (4) SVIL being one of the few providers to implement the cassette swapping system across multiple ATM locations in Mumbai, Pune, and Bangalore.

The company also intends to expand the geographical scope of its cash management business and explore opportunities in new cash user segments. AGS will continue to focus on providing services such as cash pick-up, cash-sorting and cash-deposit services to various establishments, including retail outlets. AGS intends to offer such services through the use of sophisticated technology, with little or no human intervention, with an objective of enabling these establishments to reduce its working capital cycles.

Key risks and concerns

Significant dependence of revenue from banking customers

AGS derives a significant portion of its revenues from their customers in the banking sector in India. AGS' banking sector operations comprise banking automation solutions and payment solutions, cash management services, transaction switching services. For five months ended August 31, 2021, and FY21, FY20 and FY19, the aggregate revenue from its customers in the banking sector were 66.9%, 68.1%, 71.7% and 70.8% of its total revenue from operations, respectively.

Exhibit 12: AGS' various components of ATM and CRM outsourcing and managed services

(₹ crore)	FY19		FY20		FY21		Five months ended, August 31, 2021	
Customers	Revenue	% of Revenue from Operations	Revenue	% of Revenue from Operations	Revenue	% of Revenue from Operations	Revenue	% of Revenue from Operations
Axis Bank Limited	202.1	11.2%	243.8	13.5%	254.3	14.5%	97.4	12.9%
Bank of Baroda	223.4	12.4%	145.9	8.1%	125.2	7.1%	43.6	5.8%

Source: RHP, ICICI Direct Research

For five months ended August 31, 2021, and FY21, FY20 and FY19, the company derived 61.4%, 62.8%, 62.6% and 67.6% of its revenue from operations from its top 10 customers, respectively. Accordingly, a significant percentage of the future revenues will depend upon the successful continuation of their relationship with these customers.

Financial performance may be affected based on fee income

The primary drivers of AGS' revenue are the fees that it charges for its products and services, and volume achieved of such fees. The fees charged to customers can depend upon a number of internal factors, which could be controlled. Further, it also depends upon a number of external factors, which can include general macroeconomic conditions, market value of certain infrastructure, supply or demand for a product and service, regulatory instructions (for example, interchange fees on ATMs and merchant discount rates on RuPay debit cards imposed by the RBI and NPCI), changes in general banking activity and competitive factors with certain other payments or fintech companies.

Highly competitive industry may adversely affect business

AGS' businesses are and can be expected to remain highly competitive. In banking automation solutions and payment solutions business segments, its principal competition comes from independent ATM manufacturers and managed services providers and national and regional financial institutions. In payment solutions segment, competitors include other cash management companies, commercial banks and other POS and mPOS players.

Any changes in interchange fees by NPCI or regulatory changes

Interchange fees, which are the fees charged by one bank for usage of another bank's ATM card on its ATM machines, are set by the NPCI, an organisation established and regulated by RBI. Banks that outsource their ATM operations to companies typically pay on a per transaction basis to ATM operators. Such per transaction fee is dependent on the interchange fee. If there were any reduction in the interchange fee required to be paid by the banks, it may impact financial operations of the company. Similarly, if some of the networks through which payment transactions are routed were to reduce the interchange rates paid to AGS or increase their transaction fees charged to AGS for routing transactions across their network, its revenues could decline and its future transaction costs could increase.

Financial Summary

Exhibit 12: Profit & Loss Statement

	(₹ crore)			
PARTICULARS (in ₹ Cr.)	FY19	FY20	FY21	5 months ended Aug 31, 2021
Income				
Revenue From Operations	1805.7	1800.4	1758.9	753.4
Other income	17.9	33.1	38.2	8.9
Total income	1823.6	1833.5	1797.2	762.3
Expenses				
Purchases of Goods	352.6	274.2	263.0	105.0
Employee benefits expense	274.9	280.1	277.2	108.8
Other expenses	753.3	783.8	780.2	354.5
Total expenses	1380.8	1338.1	1320.4	568.2
EBITDA	442.9	495.5	476.8	194.1
Finance Cost	136.7	130.4	133.1	97.1
Depreciation and amortisation expense	227.3	244.7	259.6	101.6
PBT	78.9	120.4	84.1	-4.7
Tax	12.7	37.4	29.3	13.4
PAT	66.2	83.0	54.8	-18.1
Earnings per equity share				
Basic earnings per share (₹)	5.6	7.0	4.6	-1.5
Diluted earnings per share (₹)	5.5	6.9	4.6	-1.5

Source: RHP, ICICI Direct Research

Exhibit 13: Balance Sheet

	(₹ crore)			
PARTICULARS (in ₹ Cr.)	FY19	FY20	FY21	5 months ended Aug 31, 2021
Cash, Cash equivalents and Bank	38.1	75.9	694.2	91.0
Investments	0.0	2.4	10.5	659.8
Inventories	91.9	63.9	72.0	65.5
Trade Receivables	561.5	615.9	808.8	770.5
Fixed assets, CWIP and intangible	1057.7	1140.7	1022.9	1014.0
Other Current Assets	85.8	101.2	93.6	99.2
Other Non-Current Assets	219.5	241.5	211.8	217.0
Total Assets	2054.4	2241.4	2913.8	2917.0
Share Capital	118.6	118.6	118.6	118.6
Other Equity	306.4	380.4	440.1	425.2
Total Equity	424.9	499.0	558.7	543.7
Borrowings	607.6	678.9	1233.0	1243.6
Lease Liabilities	497.7	480.1	389.3	410.9
Trade Payables	369.3	362.2	426.8	391.1
Other Current Liabilities	36.9	40.4	35.5	31.2
Other Non-Current Liabilities	118.0	180.8	270.5	296.6
Total Equity and Liabilities	2054.4	2241.4	2913.8	2917.0

Source: RHP, ICICI Direct Research

Exhibit 14: Key Ratios

PARTICULARS (in ₹ Cr.)	FY19	FY20	FY21	5 months ended Aug 31, 2021
Net Worth (Cr.)	424.9	499.0	558.7	543.7
Gross Debt (Cr.)	1105.3	1159.0	1622.3	1654.5
Operating Ratios				
Net Profit Margin (%)	3.6	4.5	3.0	-2.4
Gross debt to equity ratio	2.6	2.3	2.9	3.0
PE Ratio	31.4	25.0	37.9	-
PB Ratio	4.9	4.2	3.7	3.8
Return Ratios				
RONW (%)	15.9	16.7	10.3	-2.9
ROA%	3.2	3.7	1.9	-0.6
NAV per Share	35.8	42.1	47.1	45.9
EBITDA	442.9	495.5	476.8	194.1
EBITDA Margin (%)	24.3	27.0	26.5	25.5

Source: RHP, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, Subscribe for the long term and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Subscribe only for long term: Apply for the IPO only from a long term investment perspective



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Kajal Gandhi, CA, Vishal Namolia, MBA, Sameer Sawant, MBA, and Dixit Sankharva, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc. as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction

ICICI Securities Limited has been appointed as one of the Book Running Lead Managers to the initial public offer of AGS Transact Technologies Limited. This report is prepared on the basis of publicly available information