STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO OUR COMPANY AND ITS SHAREHOLDERS

March 17, 2015

To
The Board of Directors
AGS Transact Technologies Limited
601-602, B-Wing, Trade World Kamala City
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013, India

Dear Sirs,

We hereby confirm that the enclosed annexure, prepared by AGS Transact Technologies Limited (the "Company") states the possible tax benefits available to the Company and the shareholders of the Company under the Income tax Act, 1961, the Wealth Tax Act, 1957 and the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income tax Act, 1961. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The amendments in Finance Act 2014 have been incorporated to the extent relevant in the enclosed annexure.

The benefits discussed in the enclosed Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We do not express and opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been/would be met.

For S. R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Kalpesh Jain
Partner
Membership No.: 106406
Mumbai

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO AGS TRANSACT TECHNOLOGIES LIMITED AND ITS SHAREHOLDERS

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India for the year ending March 31, 2015.

A. Benefits to the Company under the Income Tax Act, 1961 ('Act')

1. Special Tax Benefits

There are no special tax benefits available to the Company.

2. General tax benefits

(a) Business income

- The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act.

- Business losses, if any, for an assessment year can be carried forward and set off against business profits for 8 subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.

(b) MAT credit

- As per provisions of Section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax ('MAT') paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years.

- MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the tax paid under Section 115JB for that assessment year. Such MAT credit is available for set-off up to 10 years succeeding the assessment year in which the MAT credit arises.

(c) Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being securities (other than a unit) listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as long – term capital gains ('LTCG'). In respect of capital assets, being unlisted securities and units of mutual fund other than equity oriented fund, the holding period should exceed thirty – six months to be considered as long – term capital assets.

- Short Term Capital Gains ('STCG') means capital gains arising from the transfer of capital assets, being securities (other than a unit) listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond, held by an assessee for 12 months or less.

- In respect of capital assets, being unlisted securities and units of mutual fund other than equity oriented fund, STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.

- In respect of any other capital assets, LTCG means capital gains arising from the transfer of an asset, held by the assesse for more than 36 months and STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.

- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of business trust as defined in section 2(13A), is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.

- Income by way of LTCG exempt under Section 10(38) of the Act is to be taken into account while determining book profits in accordance with provisions of Section 115JB of the Act.

- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.

- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of a business trust, where such transaction is not chargeable to STT is taxable at the rate of 30%.

- The tax rates mentioned above stands increased by surcharge, payable at the rate of 5%[1] where the taxable income of a domestic company exceeds Rs 10,000,000 but not Rs. 100,000,000. The surcharge shall be payable at the rate of 10%[2] where the taxable income of a domestic company exceeds Rs 100,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

- As per Section 50 of the Act, where a capital asset is forming part of a block of assets in respect of which depreciation has been allowed under the Act, capital gains shall be computed in the following manner:

    - where full value of consideration on account of transfer of any asset forming part of block of asset, as reduced by expenditure incurred wholly or

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[1] Proposed to be increased to 7% by Finance Bill 2015, with effect from 1 April 2015

[2] Proposed to be increased to 12% by Finance Bill 2015, with effect from 1 April 2015

exclusively in connection with transfer, exceeds the written down value of block of assets and actual cost of assets acquired during the year, such excess shall be deemed to be short term capital gains and taxed accordingly.

- where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference between the consideration arising on result of transfer and the written down value of block of assets and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains/ (losses) and taxed accordingly.

- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.

- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains from income – tax

- Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by –:
  - National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
  - Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.

- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year and subsequent financial year.

- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as capital gains in the year of transfer / conversion.

- The characterization of the gain / losses, arising from sale / transfer of shares / units as business income or capital gains would depend on the nature of holding and various other factors.

(d) Securities Transaction Tax ('STT')

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

(e) Dividends

- As per provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax.

- The domestic company distributing dividends will be liable to pay dividend distribution tax at the rate of 15% on net basis on the amount of dividend payable till September 30, 2014 (plus a surcharge and education cess, as applicable).

- Further w.e.f October 1, 2014, Finance Act 2014, has amended section 115-O in order to provide that for the purpose of determining the tax on distributed profits payable in accordance with the section 115-O, any amount which is declared, distributed or paid by any domestic Company out of current or accumulated profit shall be increased to such amount as would, after reduction of the tax on such increased amount at the rate of 15%, be equal to the net distributed profits.

- Therefore, the amount of distributable income and the dividends which are actually received by the unit holder of mutual fund or shareholders of the domestic company need to be grossed up for the purpose of computing the additional tax.

- Further, if the company being a holding company, has received any dividend from its subsidiary on which dividend distribution tax has been paid by such subsidiary, then company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.

  As per provisions of Section 10(35) of the Act, income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) is exempt from tax.

- As per the provisions of Section 115BBD of the Act, dividend received by Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (excluding surcharge and education cess) upto March 31, 2014. As per Finance Act, 2014, the benefit of lower rate of 15% is extended without limiting it to a particular assessment year.

- For removing the cascading effect of dividend distribution tax, while computing the amount of dividend distribution tax payable by a Domestic Company, the dividend received from a foreign subsidiary on which income-tax has been paid by the Domestic Company under Section 115BBD of the Act shall be reduced.

(f) Buy-back of shares

- As per section 115QA of the Act, an Indian unlisted company will have to pay 20% tax on 'distributed income' on buy-back of shares. Distributed income has been defined to mean consideration paid by the Indian unlisted company for purchase of its own shares as reduced by the amount which was received by the Indian unlisted company at the time of issue of such shares. The said provision has come into effect from June 1, 2013.

(g) Other Provisions

- As per provisions of Section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfillment of the conditions specified in that section.

B. Benefits to the Shareholders

1. Special Tax Benefits

There are no special tax benefits available to the shareholders of the Company.

2. General Tax Benefits

2.1 Benefits to the Resident members / shareholders of the Company under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members / shareholders from a Domestic Company is exempt from tax.

(b) Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being securities (other than units) listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of capital assets, being unlisted securities and units of mutual fund other than equity oriented fund, the holding period should exceed thirty – six months to be considered as long – term capital assets.

- STCG means capital gains arising from the transfer of capital asset being securities (other than units) listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond, held by an assessee for 12 months or less.

- In respect of capital assets, being unlisted securities and units of mutual fund other than equity oriented fund, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

- In respect of any other capital assets, LTCG means capital gains arising from the transfer of an asset, held by the assesse for more than 36 months and STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.

- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of business trust is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.

- The Finance Act 2012 has amended the chapter of Securities Transaction Tax [Chapter VII of Finance Act (No 2) of 2004]. As per the amendment, sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the said Chapter. Accordingly, STT is leviable on sale of shares under an offer for sale to the public in an initial public offer and the LTCG arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act.

- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) or unit of a business trust, are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.

- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30% in case of domestic company and at normal slab rates in case of other assessees.

- The Finance Act 2013, any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.

- In the case of domestic companies, the tax rates mentioned above stands increased by surcharge, payable at the rate of 5%[3] where the taxable income of a domestic company exceeds Rs 10,000,000. As per Finance Act 2013 surcharge shall be payable at the rate of 10%[4] where the taxable income of a domestic company exceeds Rs 100,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

- As per the Finance Act 2013, surcharge shall be payable at the rate of 5% and 2% where the total taxable income of a taxpayer, being a foreign company, exceeds Rs 100,000,000 and Rs 10,000,000 respectively. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable.

- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.

- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains arising from income – tax

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[3] Proposed to be increased to 7% by Finance Bill 2015, with effect from 1 April 2015

[4] Proposed to be increased to 12% by Finance Bill 2015, with effect from 1 April 2015

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:

- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year and subsequent financial years.

- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

- In addition to the same, some benefits are also available to a resident shareholder being an individual or Hindu Undivided Family ('HUF').

- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'. However, the said section is not applicable in case the shares and securities are received under instances specified under the proviso thereon.

(c) Other Provisions

- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

2.2 Benefits to the Non-resident shareholders of the Company under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34), dividend (both interim and final), if any, received by non-resident shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 5%[5] (if income exceeds Rs 10,000,000 but is less than Rs 100,000,000) or 10%[6] (if income exceeds Rs 100,000,000) on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

[5] Proposed to be increased to 7% by Finance Bill 2015, with effect from 1 April 2015

[6] Proposed to be increased to 12% by Finance Bill 2015, with effect from 1 April 2015

(b) Capital gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being securities (other than units) listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond, held by an assessee for more than twelve months are considered to be long – term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of capital assets, being unlisted securities and units of mutual fund other than equity oriented fund, the holding period should exceed thirty – six months to be considered as long – term capital assets.

- STCG means capital gain arising from the transfer of capital asset being securities (other than units) listed in a recognised stock exchange in India or unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond, held by an assessee for 12 months or less.

- In respect of capital assets, being unlisted securities and units of mutual fund other than equity oriented fund, STCG means capital gain arising from the transfer of an asset, held by an assessee for 36 months or less.

- In respect of any other capital assets, LTCG means capital gains arising from the transfer of an asset, held by the assesse for more than 36 months and STCG means capital gains arising from the transfer of an asset, held by an assessee for 36 months or less.

- Therefore, capital asset being unlisted share or unit of mutual fund (other than an equity oriented mutual fund) shall be short-term capital asset if it is held for not more than thirty-six months.

- LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of business trust is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.

- The Finance Act 2012 has amended the chapter of Securities Transaction Tax [Chapter VII of Finance Act (No 2) of 2004]. As per the amendment, sale of unlisted equity shares under an offer for sale to the public which are included in an initial public offer and where such shares are subsequently listed on a recognized stock exchange, the same would be covered within the ambit of taxable securities transaction under the said Chapter. Accordingly, STT is leviable on sale of shares under an offer for sale to the public in an initial public offer and the LTCG arising on transfer of such shares would be exempt from tax as per provisions of Section 10(38) of the Act.

- As per provisions of Section 112 of the Act, LTCG arising on transfer of listed securities not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. The indexation benefits are however not available in case the shares are acquired in foreign currency. In such a case, the capital gains shall be computed in the manner prescribed under the first proviso to Section 48. As per first proviso to Section 48 of the Act, where the shares have been purchased in foreign currency by a non-resident, the capital gains arising on its transfer need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. If the tax payable on transfer of listed securities exceeds 10% of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assessee.

- Further, LTCG arising from transfer of unlisted securities (other than by way of offer for sale under an initial public offer) is chargeable to tax at 10% without indexation and foreign exchange fluctuation benefits.

- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) or a unit of business trust, are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.

- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the normal rates of taxation as applicable to the taxpayer.

- As per the Finance Act 2013, any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.

- The tax rates mentioned above stands increased by surcharge, payable at the rate of 2% where the taxable income of a foreign company exceeds Rs 10,000,000. As per the Finance Act 2013 the levy of surcharge as follows:

- In case of a foreign company whose total taxable income exceeds Rs 100,000,000 the rate of surcharge shall increase from 2% to 5%

- In case of other non-residents, whose total taxable income exceeds Rs 10,000,000 surcharge shall be payable at the rate of 10% of income tax payable.

- Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

- As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.

- As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains arising from income – tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:

- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 5,000,000 per assessee during any financial year and the subsequent financial year.

- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

- In addition to the same, some benefits are also available to a non-resident shareholder being an individual or HUF.

- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a one new residential house in India, or for construction of one residential house in India within three years from the date of transfer and subject to conditions and to the extent specified therein.

- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'. However, the said section is not applicable in case the shares and securities are received under instances specified under the proviso thereon.

(c) Tax Treaty benefits

- As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial. It needs to be noted that a non-resident is required to hold a valid tax residency certificate. Additionally the non-resident tax payer is required to provide such other documents and information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013. However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

(d) Taxation of Non-resident Indians

- Special provisions in case of Non-Resident Indian ('NRI') in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:

- NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

- Specified foreign exchange assets include shares of an Indian company which are acquired / purchased / subscribed by NRI in convertible foreign exchange.

- As per provisions of Section 115E of the Act, LTCG arising to a NRI from transfer of specified foreign exchange assets as duly mentioned in Section 115C(f) of the Act is taxable at the rate of 10% (plus education cess and secondary & higher education cess of 2% and 1% respectively). Further as per the Finance Act 2013 a surcharge of 10%[7] is applicable in case income of the NRI exceeds Rs 10,000,000.

- As per provisions of Section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under Section 10(38)) from assets (other than specified foreign exchange assets under Section 115C(f)) arising to a NRI is taxable at the rate of 20% (education cess and secondary & higher education cess of 2% and 1% respectively). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act. Further as per the Finance Act 2013, a surcharge of 10%[8] is applicable in case income of the NRI exceeds Rs 10,000,000.

- As per provisions of Section 115F of the Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

- As per provisions of Section 115G of the Act, where the total income of a NRI consists only of investment income from a foreign exchange assets/ LTCG from such foreign exchange asset / specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.

- As per provisions of Section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him / her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

- As per provisions of Section 115I of the Act, a NRI can opt not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of the chapter shall not apply for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and tax liability arising thereon.

- The Finance Act 2013, any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.

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7 Proposed to be increased to 12% by Finance Bill 2015, with effect from 1 April 2015

8 Proposed to be increased to 12% by Finance Bill 2015, with effect from 1 April 2015

2.3 Benefits available to Foreign Institutional Investors ('FIIs') under the Act

(a) Dividends exempt under section 10(34) of the Act

- As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company is exempt from tax.

(b) Long – term capital gains exempt under section 10(38) of the Act

- LTCG arising on sale equity shares of a company subjected to STT is exempt from tax as per provisions of Section 10(38) of the Act. It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

(c) Capital gains

- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act. Finance Act, 2013 has inserted a provision that the amount of income tax calculated on the income by way of interest referred in section 194LD shall be at the rate of five percent.

- As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities is taxable as follows:

Nature of income	Rate of tax (%)
LTCG on sale of equity shares not subjected to STT	10
STCG on sale of equity shares subjected to STT	15
STCG on sale of equity shares not subjected to STT	30

- For corporate FIIs, the tax rates mentioned above stands increased by surcharge, payable at the rate of 5% where the taxable income exceeds Rs 100,000,000 (or 2% in case the income is less than Rs 100,000,000 but exceeds Rs 10,000,000). Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of FIIs.

- The benefit of exemption under Section 54EC of the Act mentioned above in case of the Company is also available to FIIs.

- As per the Finance Act, 2013 any income arising to shareholders on account of buy-back of shares as referred to in Section 115QA of the Act (buy-back of shares by unlisted companies) shall be exempt in the hands of the shareholders.

(d) Securities Transaction Tax

- As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

(e) Tax Treaty benefits

- As per provisions of Section 90(2) of the Act, FIIs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FII, whichever is more beneficial. It needs to be noted that a non-resident is required to hold a valid tax residency certificate. Additionally the FII is required to provide such other documents and information in the Form 10F as prescribed vide Notification 57 of 2013 dated August 1, 2013. However, it may be noted that Tax Authorities may ask for other information and supporting documents if required.

- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

2.4 Benefits available to Mutual Funds under the Act

(a) Dividend income

Dividend income, if any, received by the shareholders from the investment of mutual funds in shares of a domestic Company will be exempt from tax under section 10(34) read with section 115O of the Act.

(b) As per provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, is exempt from income-tax, subject to the prescribed conditions.

C. Wealth Tax Act, 1957[9]

- Wealth tax is chargeable on prescribed assets. As per provisions of Section 2(m) of the Wealth Tax Act, 1957, the Company is entitled to reduce debts owed in relation to the assets which are chargeable to wealth tax while determining the net taxable wealth.

- Shares in a company, held by a shareholder are not treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957 and hence, wealth tax is not applicable on shares held in a company.

D. Gift Tax Act, 1958

- Gift tax is not leviable in respect of any gifts made on or after October 1, 1998.

Note:

- All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.

[9] Wealth tax proposed to be abolished by Finance Bill 2015, with effect from 1 April 2015

SECTION IV: ABOUT OUR COMPANY

INDUSTRY

The information contained in this section is derived from several industry sources. Neither we nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. Unless otherwise specified, references to years are to calendar years in this section.

Overview of the Indian Economy

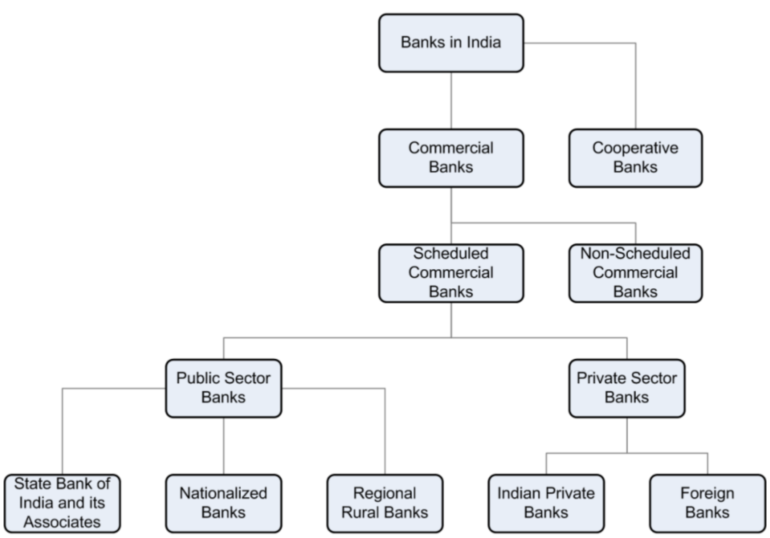
The Indian economy is the fourth largest economy by purchasing power parity. *(Source: https://www.cia.gov/library/publications/the-world-factbook/geos/in.html)* For the year 2013, India's gross domestic product ("**GDP**") per capita on a purchasing power parity basis was approximately US$ 5,449.82. *(Source: International Monetary Fund, World Economic Outlook Database, October 2014)* The GDP growth rates, in terms of percentage, for certain developed and developing economies for each of the years 2012, 2013 and 2014 are set out below:

Countries ***(in percentage)***	**2012**	**2013**	**2014 (est.)**
China	7.7	7.7	7.4
India.............................	**4.7**	**5.0**	**5.6**
Russia	3.4	1.3	0.2
Brazil............................	1.0	2.5	0.3
South Africa	2.5	1.9	1.4
United States	2.3	2.2	2.2
Japan.............................	1.5	1.5	0.9
United Kingdom...........	0.3	1.7	3.2

(Source: International Monetary Fund, World Economic Outlook Database, October 2014)

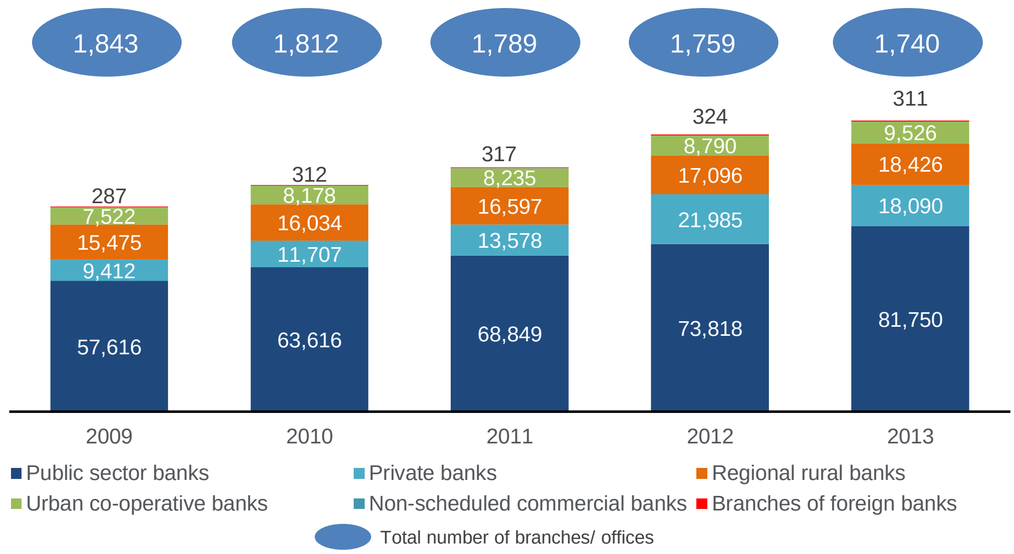
Overview of the Indian Banking and NBFC Industry Structure

The key constituents of the Indian banking industry include the RBI, the banks and the non-banking financial institutions. The RBI, established in 1935, is the central banking and monetary authority in India.
Classification of banks in India can be presented as follows:



(Source: RBI's Manual on Financial and Banking Statistics, March 2007)

As of December 31, 2013, there were 1,740 banking institutions operating in India, of which 27 were public sector banks, 20 were private banks, 57 were regional rural banks, 1,589 were urban cooperative banks, 4 were non-scheduled commercial banks and 43 were branches of foreign banks. From 2009 to 2013, the number of branches grew by a CAGR of 9.1% while the number of institutions decreased. *(Source: Bank for International Settlements (BIS): Statistics on Payment, Clearing and Settlement Systems in the CPMI countries – Figures for 2013. Published December 2014, http://www.bis.org/cpmi/publ/d124.pdf)*



(Source: Bank for International Settlements (BIS): Statistics on Payment, Clearing and Settlement Systems in the CPMI countries – Figures for 2013. Published December 2014, http://www.bis.org/cpmi/publ/d124.pdf)

As of March 2013, the commercial banking sector comprised 89 banks split into public, private and foreign banks. Within the public sector, the State Bank of India ("**SBI**") Group, which comprises the SBI and five regional state banks, is separate from the 20 nationalised banks. There are 20 private sector banks and 43 foreign banks, up from 40 in 2012. As of November 2013, the commercial banks held assets worth ₹96 trillion. The public sector banks held 73% of those assets, the private sector banks 21% and the foreign banks 6%. *(Source: Global ATM Market and Forecasts to 2019, India)*

The largest bank in India is SBI, which has nearly 14,700 branches. The wider SBI Group, as a whole, accounts for approximately 20,000 branches or 17% of India's total number of branches. As of December 31, 2013, the SBI Group had assets of ₹24 trillion. The second largest branch network belongs to Punjab National Bank. Punjab National Bank has over 5,500 outlets which represent 5% of the total. The seven largest branch networks are all owned by nationalised banks and make up 39% of the national total. *(Source: Global ATM Market and Forecasts to 2019, India)*

During the financial year 2013, the number of branches in India increased by 6% to 118,528. Most of the growth was in the state-owned sector, which grew 5%, although growth in the private sector was faster at 16%. Private-sector HDFC Bank opened the highest number of new branches at 846, followed by SBI Group at 696 and a further 17 banks added more than 100 branches each. Punjab National Bank actually closed 224 branches, the only major bank which rationalised its branch network during the financial year 2013. *(Source: Global ATM Market and Forecasts to 2019, India)*

The 20 private domestic banks own 13% of branches and 20% of banking sector assets. They are divided into 13 old private sector banks, established before the 1960s and seven new private sector banks which date from the mid-1990s and mid-2000s. Some from the latter group, such as ICICI Bank, HDFC Bank and Axis Bank, are among India's largest ATM deployers, although their branch networks are smaller than those of the state-owned banks. In 2012-2013, ICICI Bank, HDFC Bank and Axis Bank saw an increase in their branch networks, with growths of 11%, 39% and 17%, respectively. They also hold the large majority of the sector's assets. *(Source: Global ATM Market and Forecasts to 2019, India)*

ICICI bank had 3,095 branches as of March 2013 and assets worth ₹5.7 trillion as of December 2013, making it the largest private-sector bank. HDFC Bank had 3,032 branches and an asset base worth ₹4.7 trillion. Axis Bank had 1,932 branches and assets worth ₹3.6 trillion. *(Source: Global ATM Market and Forecasts to 2019, India)*

There are 68 rural banks of which 64 are regional rural banks ("**RRBs**") and four are local area banks ("**LABs**"). All are jointly owned by the central Government, the state government and a commercial bank, usually a state-owned one. The RRBs were established in 1975 and serve India's agricultural communities. *(Source: Global ATM Market and Forecasts to 2019, India)*

Urban co-operative banks ("**UCBs**") play a similar role to that of RRBs and serve the under-banked inhabitants of India's towns and cities. As of March 2013, there were 1,606 UCBs with approximately 8,790 branches. The 43 foreign banks play a relatively small part in the Indian banking sector. They have a total of 352 branches and an estimated 7% of commercial bank assets. As of March 2013, only four banks in this sector – Standard Chartered Bank, HSBC, Citibank and the Royal Bank of Scotland – had more than 20 branches and the majority have only one or two. *(Source: Global ATM Market and Forecasts to 2019, India)*

In India, 30% of commercial bank branches are in rural areas, 28% in semi-urban areas, 21% in urban areas and 20% in metropolitan areas. Overall, 58% of branches are now in rural or semi-urban districts. *(Source: Global ATM Market and Forecasts to 2019, India)*

The Indian Payment System Infrastructure

The payment industry in India has been one of the most rapidly emerging sectors with payment flows comparable to many developed Western countries. The payment industry in India ranks fifth amongst the Asian countries with revenues expected to grow at a CAGR of 17.0%. The traditional cash based transactions which used to be documented on paper have witnessed a shift to electronic modes of payments. The three major trends which have been responsible for shaping the payment industry in India have been growth in electronic advancement, change in industry structure and business models and an increased regulatory oversight by the government authorities. The RBI, the banking regulatory authority of India, has increased its regulatory oversight and developed the National Payments Council to contribute to the payment industry. *(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)*

In India, the payment and settlement systems are regulated by the Payment and Settlement Systems Act, 2007 ("**PSS Act**"), which was legislated in December 2007. The PSS Act, as well as the Payment and Settlement System Regulations, 2008 framed thereunder, came into effect on August 12, 2008. In terms of Section 4 of the PSS Act, no person other than the RBI can commence or operate a payment system in India unless authorised by the RBI. The RBI has since authorised payment system operators of pre-paid payment instruments, card schemes, cross-border in-bound money transfers, ATM networks and centralised clearing arrangements. *(Source: RBI Website: http://www.rbi.org.in/scripts/PaymentSystems_UM.aspx)*

Payment Instruments and Media

Cash

In India, cash remains the predominant mode of payment. Reflecting this tendency, the value of banknotes and coins in circulation as a percentage of GDP is very high in the country when compared to other emerging markets, such as Brazil, Mexico and Russia. The number of non-cash transactions per citizen is also very low in India when compared to other emerging markets. The penetration and success of modern electronic payment products and services is concentrated to a large extent in the tier-I and tier-II locations of the country. Cash is the preferred mode of payment for those sections of society not having access to formal payment systems. *(Source: Reserve Bank of India: Department of Payment and Settlements – Payment Systems In India Vision 2012-15)*

Paper-based Instruments

The ongoing endeavour to migrate from paper to electronic payments had a positive impact, leading to a reduction in paper-based transactions in volume as well as in value terms. During the year ended June 30, 2014, in volume terms paper-based transactions accounted for 34.6%, as compared with 43.4% during the year ended

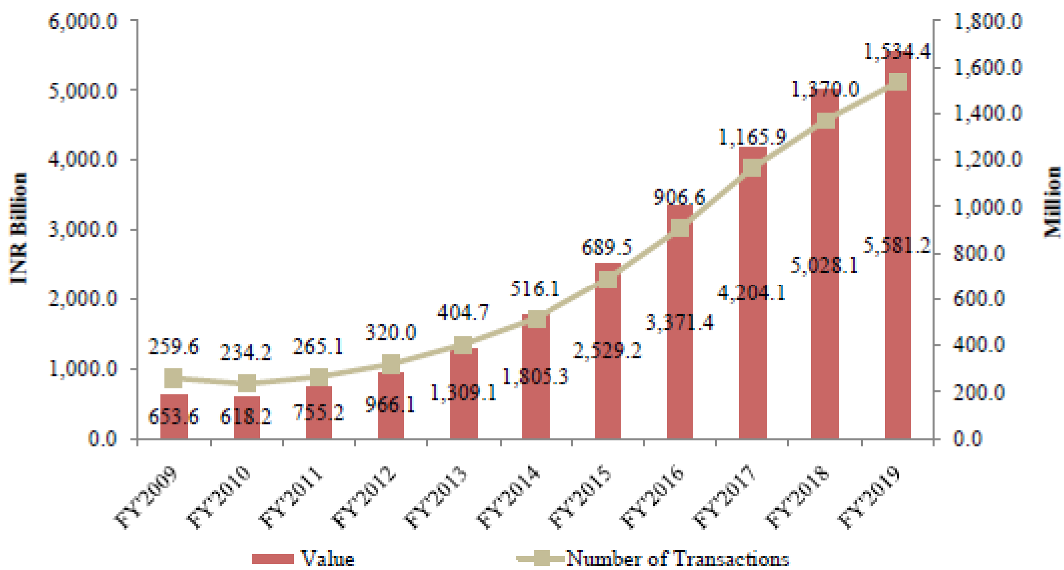
June 30, 2013, of total non-cash transactions. In terms of value too, the share of paper-based transactions reduced to 6.3% in the year ended June 30, 2014, compared with 7.6% during the year ended June 30, 2013. *(Source: RBI Annual Report 2013-2014, Part II, Payment and Settlement Systems and Information Technology)*

Cards

Card-based payments now account for a substantial share of electronic retail payment transactions. The RBI regulates the banks issuing the cards. Under the Payment and Settlement Systems Act, payment card systems are also subject to regulation by the RBI. Any new initiatives concerning the card system must be vetted by the RBI before implementation. *(Source: Payment, Clearing and Settlement Systems in the CPSS Countries, Bank for International Settlements, September 2011)*

Credit card transactions in India have sizably increased between financial years 2009 and 2014, both in terms of number as well as in volume. While the number of transactions done through the credit cards has grown from 259.6 million in financial year 2009 to around 516.1 million in financial year 2014, the value of these transactions has also increased significantly from ₹653.6 billion to ₹1,805.3 billion during the same period, representing a CAGR of 22.5%. The high growth of credit card transactions has primarily resulted from the growing urbanization and rising disposable income of the population in India. As more and more people move towards the urban and large cities and with further increase in the spending capacity of the consumers, the demand for credit cards is expected to substantially increase in the coming years. The credit card transactions in terms of number and value are expected to increase to 1,534.4 million and ₹5,581.2 billion, respectively, in financial year 2019, representing a CAGR of 24.4% and 25.3, respectively. *(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)*

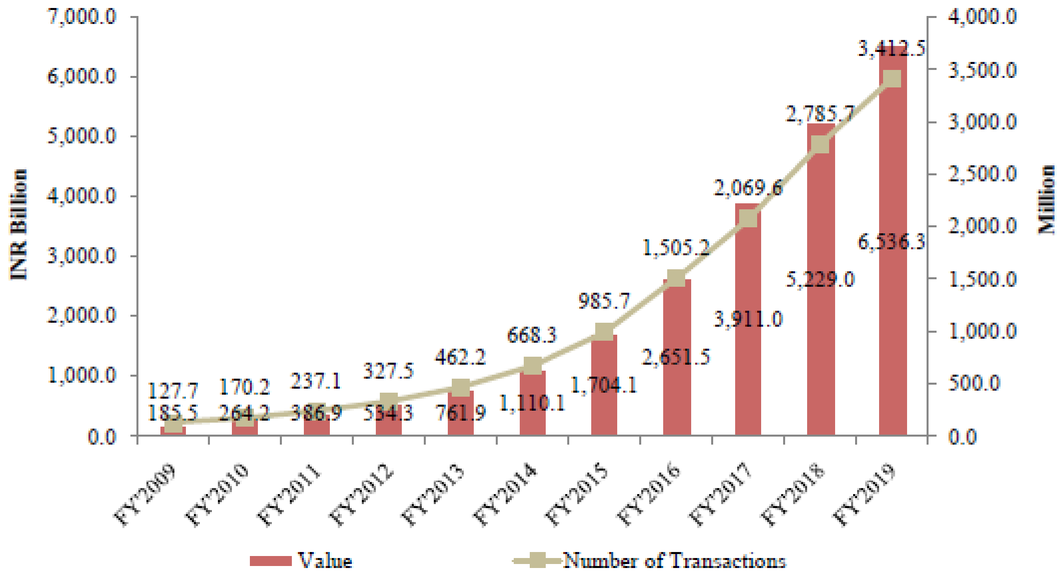
The chart below illustrates the number and volume of credit cards transactions in India for the financial years indicated:



(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)

Debit card transactions have also showcased a robust growth during last five years, indicating growing penetration of banks in the country and rising preference for electronic transactions among the consumers. The number of debit card transactions has robustly grown at a CAGR of 39.2% between financial years 2009 and 2014 and have reached 668.3 million in financial year 2014 from 127.7 million in financial year 2009. The value represented by these transactions has also grown from ₹185.5 billion in financial year 2009 to ₹1,110.1 billion in financial year 2014. Owing to the growing network of the public and private banks in the country and consistently rising preference for the electronic payment systems, the number of debit card transactions is projected to increase to 3,412.5 million in financial year 2019, representing a worth of ₹6,536.3 billion. *(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)*

The chart below illustrates the number and volume of debit cards transactions in India for the financial years indicated:



(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)

Prepaid Instruments

Pre-paid instruments are payment instruments that facilitate purchase of goods and services against the value stored on these instruments. Pre-paid payment instruments can be issued in such forms as smart cards, magnetic stripe cards, internet accounts, internet wallets, mobile accounts, mobile wallets or paper vouchers. The RBI issued guidelines in April 2009 and August 2009 on prepaid payment instruments. Issuers of prepaid payment instruments must be authorised by the RBI under the PSS Act. *(Source: Payment, Clearing and Settlement Systems in the CPSS Countries, Bank for International Settlements, September 2011)*

The table below breaks down the prepaid payment instruments transaction volumes and values into for the periods indicated:

	Year Ended March 31, 2014		Six Months Ended September 30, 2014	
Prepaid Payment Instrument	**Volume (million)**	**Value (rupees billion)**	**Volume (million)**	**Value (rupees billion)**
m-Wallet	107.51	29.05	91.93	31.05
PPI Cards	25.60	28.36	18.62	31.98
Paper Vouchers	0.53	23.63	0.27	12.69
Total	133.63	81.05	110.11	75.74

(Source: Source: Database on Indian Economy, Time-Series Publications, Monthly RBI Bulletin, 43. Payment System Indicators, http://dbie.rbi.org.in/DBIE/dbie.rbi?site=redirectURL&r=%2FOpenDocument%2Fopendoc%2FopenDocument.jsp%3FrbiApp%3Dtrue%26iDocID%3D15358465%26sType%3Dwid%26sRefresh%3DYes)

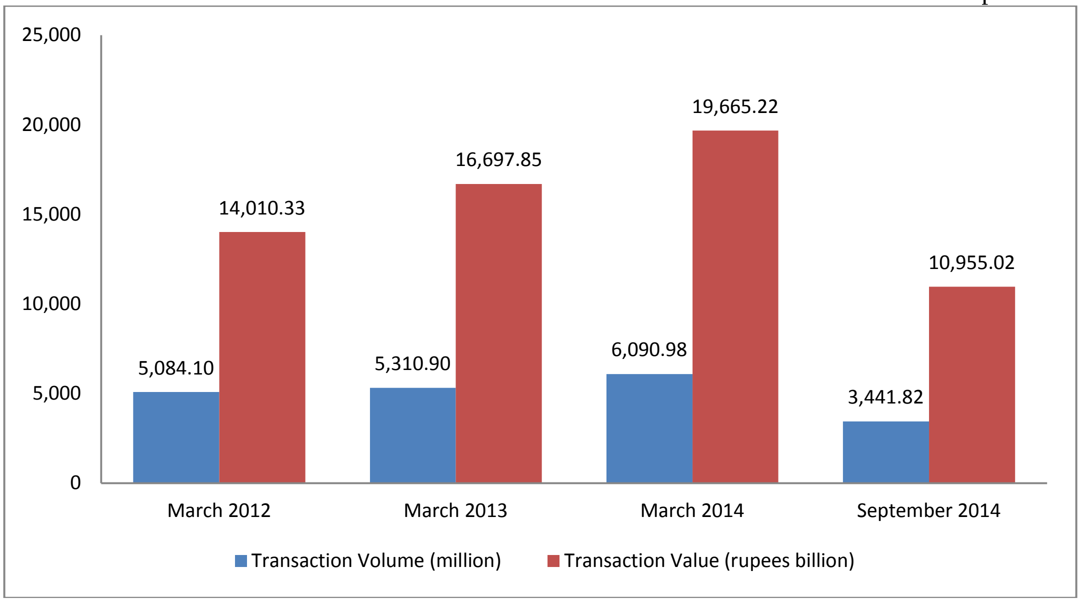
Payment Channels

Automated Teller Machines

ATMs are primarily used for performing some of the banking functions, such as withdrawal of cash or deposit of cash or cheque by using an ATM card. Each customer is provided with an ATM card with a unique personal identification number ("**PIN**"). Whenever a customer performs a transaction, the person has to key in the PIN, which is validated by the ATM before the machine permits any transaction. The PIN has to be kept secret by the customer to prevent any misuse or fraudulent transactions in the event of loss of the card. *(Source: Payment Systems in India, Chapter VI: Electronic Payment Systems, RBI, http://www.rbi.org.in/scripts/PublicationsView.aspx?id=159)*

Standalone ATMs were introduced in India in the early 1990s. These were mostly installed by foreign banks in their branch premises in accordance with the then existing policy. The easing of restrictions on the location of ATMs has led to their being installed at convenient places such as airports, central business districts and hospitals, among others. *(Source: Payment Systems in India, Chapter VI: Electronic Payment Systems, RBI, http://www.rbi.org.in/scripts/PublicationsView.aspx?id=159)*

The chart below illustrates the total transaction volume and values at ATMs in India for the periods indicated:



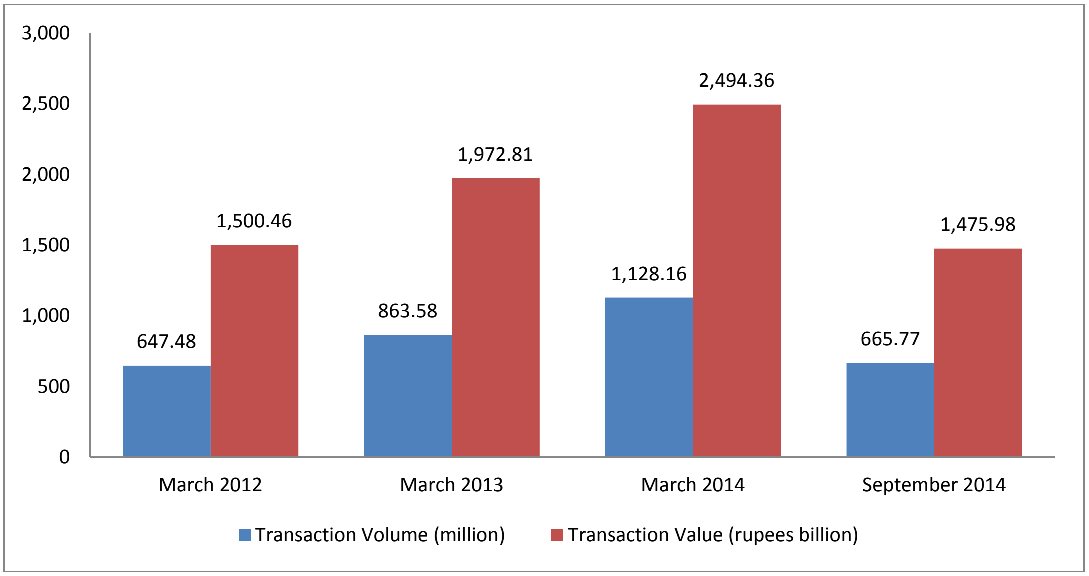
(Source: Source: Database on Indian Economy, Time-Series Publications, Monthly RBI Bulletin, 43. Payment System Indicators, http://dbie.rbi.org.in/DBIE/dbie.rbi?site=redirectURL&r=%2FOpenDocument%2Fopendoc%2FopenDocument.jsp%3FrbiApp%3Dtrue%26iDocID%3D15358465%26sType%3Dwid%26sRefresh%3DYes)

POS Terminals

As of September 2010, there were 524,038 POS terminals in India. All the POS terminals are interoperable with the exception of terminals belonging to American Express. Transactions at POS terminals with debit or credit cards are settled as normal card transactions with the acquiring bank routing these transactions to the VISA switch for settlement through Bank of America in the case of VISA-branded cards. For MasterCard-branded cards, transactions are routed to the MasterCard switch and settled through Bank of India. *(Source: Payment, Clearing and Settlement Systems in the CPSS Countries, Bank for International Settlements, September 2011)*

The use of debit cards at POS terminals has been increasing. Since July 2010, cash withdrawals at POS terminals have been permitted. This facility is available for all debit cards issued in India. There is a limit of ₹1,000 per day. Cash withdrawals are available whether or not the cardholder makes a purchase. *(Source: Payment, Clearing and Settlement Systems in the CPSS Countries, Bank for International Settlements, September 2011)*

The chart below illustrates the total transaction volume and values at POS machines in India for the periods indicated:



(Source: Source: Database on Indian Economy, Time-Series Publications, Monthly RBI Bulletin, 43. Payment System Indicators, http://dbie.rbi.org.in/DBIE/dbie.rbi?site=redirectURL&r=%2FOpenDocument%2Fopendoc%2FopenDocument.jsp%3FrbiApp%3Dtrue%26iDocID%3D15358465%26sType%3Dwid%26sRefresh%3DYes)

Web

A payment gateway tool authenticates online transactions by providing verification steps between various parties and related banks. It is basically an encrypted channel through which transaction must pass from in order to verify the credentials of the user. India has become a rising hub of technology with more and more number of industries moving to internet based processes. Businesses such as ecommerce, fund transfers, loan management and others have been establishing an online presence to reach a wider range of customers. The Indian online payment gateway market, which stood at ₹37,800.0 million in financial year 2014, showcased a CAGR of 16.6% from financial year 2010 to financial year 2014. The market has grown on account of the increase in the number of online users and consumer confidence in making online payment because of the secure safety measures offered by the online payment gateways and the augmented use of credit/ debit cards and internet banking for making online payments. The online payment gateway market amplified, given the affordability, ease of making fast and secure online payments along with a many payment options that these gateways offer to the online customers. *(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)*

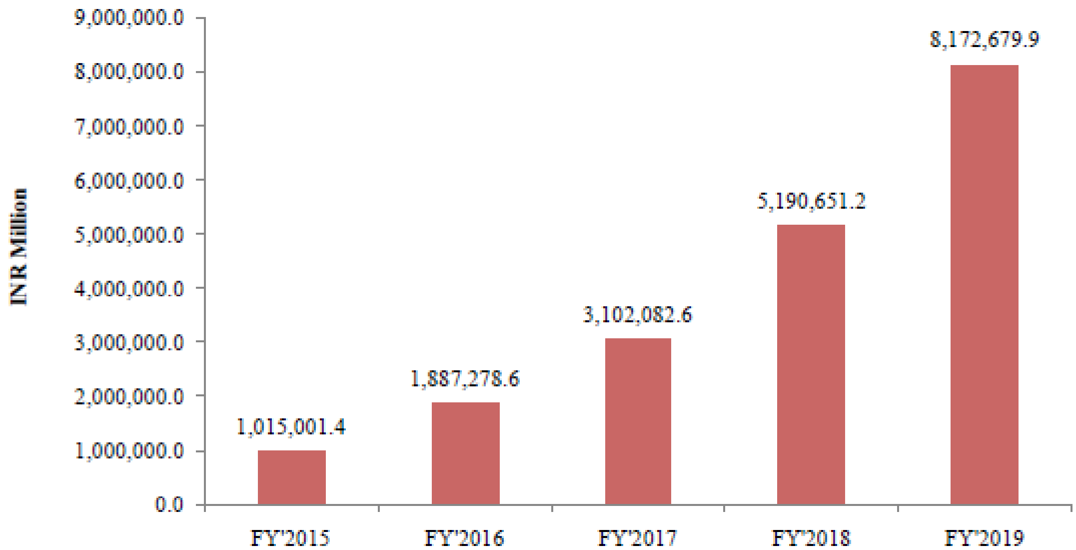
More internet users are expected to enter the online market with access to easy and cheap internet services. Additionally, the immediate future of online retail will be driven by the confidence in payment mechanisms after the initial experience in online travel ticketing and the increasing professionalism of the merchants. Given the fast paced penetration of credit card, the Indian online payment gateway market is poised to amplify at a CAGR of 22.2% from financial year 2015 to financial year 2019. The revenue generated in the online payment gateway in India is estimated to reach ₹102,819.2 Million in financial year 2019. *(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)*

Mobile

The mobile payments market in India is currently at a nascent stage considering the high penetration of mobile phones in the country. India, with a population of 1.2 billion, has immense potential in the mobile payments market. Mobile payments allow customers to save time and makes round the clock payments. In addition, the latest technology in the mobile payments market has enabled customers to conduct seamless transactions at the click of a button. *(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)*

Mobile point of sale terminals would replace existing POS terminals as a mode of payment in the upcoming years. Additionally, the NDA government's initiative to increase the banked population would significantly increase the number of bank account holders in the country. As mobile wallet companies apply to become payment banks, it will lead to a rapid increase in financial inclusion. The aforementioned factors along with an increase in smart phone penetration, increase in internet penetration, fall in prices of smart phones and constant advancements in mobile payments technology would act as major growth drivers for the Indian mobile payments market. The mobile payments market is anticipated to grow at a CAGR of 79.0%, increasing from ₹1,015,001.4 million in financial year 2015 to ₹8,172,679.9 million in financial year 2019. *(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)*

The chart below illustrates the future projections of the India mobile payments market for the financial years indicated:



Note: The future projections of the India mobile payment market have been calculated by summation of the future projections of mobile banking, mobile wallet and mobile POS segments.

(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)

Fund Transfer Systems

The key electronic payment systems in India include: electronic clearing service ("**ECS**"), regional ECS ("**RECS**"), electronic funds transfer ("**EFT**"), national EFT ("**NEFT**") facility, real time gross settlement ("**RTGS**") system and the national automated clearing house ("**NACH**"). *(Source: RBI Website – Overview of Payment Systems in India: http://www.rbi.org.in/scripts/PaymentSystems_UM.aspx)*

For the year ended June 30, 2014, the RTGS system processed approximately 81 million transactions valued at ₹734 trillion. As on April 30, 2014, the number of RTGS enabled bank branches was 109,506. *(Source: RBI Annual Report 2013-2014, Part II, Payment and Settlement Systems and Information Technology)*

NEFT and EFT transactions have showcased a robust growth both by value and volume between financial years 2009 and 2014. While by value, these transactions have increased at a CAGR of 97.6%, by volume, the transactions have grown at a CAGR of 86.5% during this period. The amount of NEFT and EFT transactions have risen sharply from ₹2,519.6 billion in financial year 2009 to ₹75,812.9 billion in financial year 2014. Similarly, the number of these transactions reached 725.0 million in financial year 2014, increasing from just 32.2 million transactions in financial year 2009. NEFT and EFT transactions in India are projected to continue to grow strongly owing to the growing penetration of public and private sector banks. The number of these transactions is expected to reach 7,138.0 million by financial year 2018 while the amount is estimated to grow to ₹689,132.4 billion in financial year 2019. *(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)*

For the year ended June 30, 2014, the ECS debit-handled 193 million transactions valued at approximately ₹1,268 billion and ECS credit processed 152 million transactions valued at approximately ₹2,493 billion. With the gradual expansion of the RECS operations, the volumes at many ECS centres have subsumed to RECS centres. There were approximately 34 ECS centres and 12 RECS centres as of June 30, 2014. *(Source: RBI Annual Report 2013-2014, Part II, Payment and Settlement Systems and Information Technology)*

Payment Switches

Payment switch is basically a computer network machine such as a server which creates digital data for traditional finance processing devices and processes authorized payment orders to the corresponding financial institutions. A merchant who uses payment gateway must establish a merchant facility with a bank, whereas, on using the payment switch, the switch provider facilitates the functions of the merchant facility itself. Hence there is no need for a merchant for establishing a merchant facility. It is expected that in the coming years, more switch providers will emerge with a broader range of technical functionalities, which will enable a better user experience and promote international transactions. *(Source: India Payment Services Industry Outlook to 2019, Ken Research, March 2015)*

POS Switches

Transactions undertaken at POS terminals with debit or credit cards are settled as normal card transactions, with the acquiring bank routing these transactions to the VISA switch for settlement through Bank of America in the case of VISA-branded cards. For MasterCard-branded cards, transactions are routed to the MasterCard switch and settled through Bank of India. Settlement in both cases is on a T+1 basis. *(Source: Payment, Clearing and Settlement Systems in the CPSS Countries, Bank for International Settlements, September 2011)*

ATM Switches

The ATMs of a bank are connected to the accounting platform of the bank through ATM switches. Interbank ATM networks are created by setting up apex level switches to communicate between the ATM switches of different banks. The interbank ATM networks facilitate the use of ATM cards of one bank at the ATMs of other banks for basic services like cash withdrawal and balance enquiry. *(Source: RBI: ATMs of Banks: Fair Pricing and Enhanced Access – Draft Approach Paper, http://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=1102)*

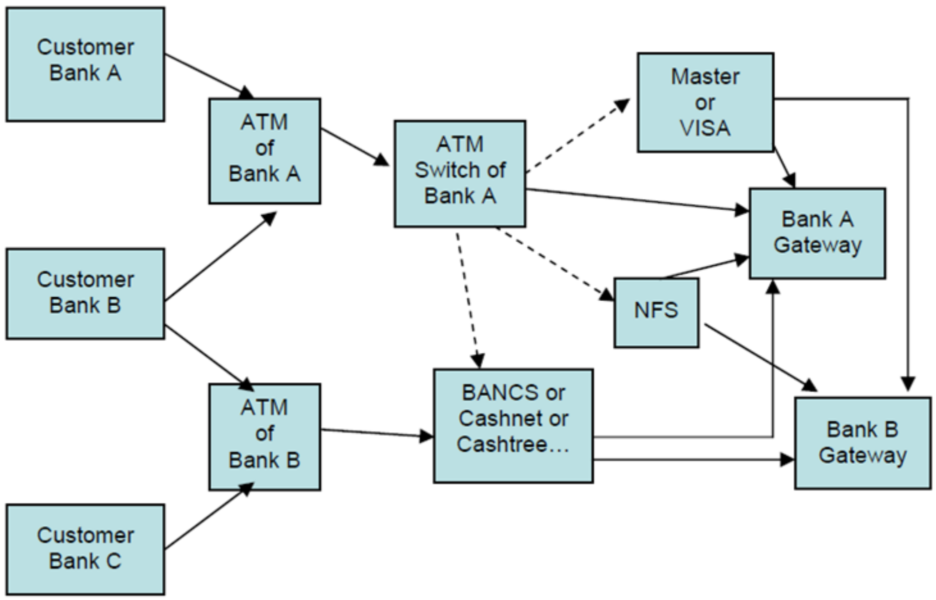
The major ATM networks in India are National Financial Switch, CashTree, BANCS, Cashnet and the SBI Group Network. Most ATM switches are also linked to VISA or MasterCard gateways. The NFS is the largest of these networks. *(Source: Payment, Clearing and Settlement Systems in the CPSS Countries, Bank for International Settlements, September 2011)*

The National Financial Switch ("**NFS**") was established by Institute for Development and Research in Banking Technology to facilitate connectivity among the ATM switches of all banks, addressing the limitations of other ATM networks and creating a reliable national infrastructure. Banks can connect to NFS either from their own switches or through the switch of their group. The NFS is now operated by the National Payments Corporation of India. The Clearing Corporation of India is the settlement agency for all transactions routed through NFS. As at the end of September 2010, 46 banks participated in this service, covering a network of 62,842 ATMs. *(Source: Payment, Clearing and Settlement Systems in the CPSS Countries, Bank for International Settlements, September 2011)*

The Indian ATM Industry

On-us and Off-us Transactions

ATM networks operate in clusters or other cooperative arrangements. Where the issuing bank and acquiring bank are the same, when customer A uses its own bank ATM, the transaction is switched by the bank's ATM switch to its own gateway. Where the issuing bank and the acquiring bank are different, customer B (of issuing bank B) uses the ATM of bank A (the acquiring bank), the transaction is routed to bank A's switch. The bank A switch has the option to route the transaction to one of the networks (shown with the dotted lines). If bank A and B are members of the same closed user group ATM network, the transaction is routed to the issuing bank from the network switch. If banks A and B are not members of the same group, they exercise the option of routing the transactions to NFS (if bank B is a member of NFS) or the VISA or MasterCard switch for transmission to the issuing bank. A stylised transaction flow in an ATM network is illustrated below:



(Source: Payment, Clearing and Settlement Systems in the CPSS Countries, Bank for International Settlements, September 2011)

ATMs are mainly used for cash withdrawals and balance enquiries. Savings bank customers can use a different bank's ATM free of charge for the first five transactions (of any type, financial or non-financial) in a month; with subsequent transactions being charged (the charge is not to exceed ₹20). Customers pay no charges for using the ATMs of their own bank. *(Source: Payment, Clearing and Settlement Systems in the CPSS Countries, Bank for International Settlements, September 2011)*

Banks owning the ATMs charge a fee for providing the ATM facility to the customers of other banks. This fee, referred to as "interchange fee", is recovered by the ATM deploying bank from the card issuing banks. However the interchange fee is not fixed across banks and depends on the terms of bilateral / multilateral arrangements. Banks with larger ATM networks treat interchange fee as an important stream of revenue. An apex level switch or inter-connectivity of ATM networks provides access to the customers to use any ATM in the country irrespective of the bank with which the customer is banking. *(Source: RBI: ATMs of Banks: Fair Pricing and Enhanced Access – Draft Approach Paper, http://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=1102)*

In order to reduce the cost of operations for banks, the Institute for Development and Research in Banking Technology, which is administering the NFS, has waived the switching fee that it was hitherto charging, with effect from December 3, 2007. This reduction in the transaction cost is expected to be passed on to the customers by the banks. *(Source: RBI: ATMs of Banks: Fair Pricing and Enhanced Access – Draft Approach Paper, http://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=1102)*

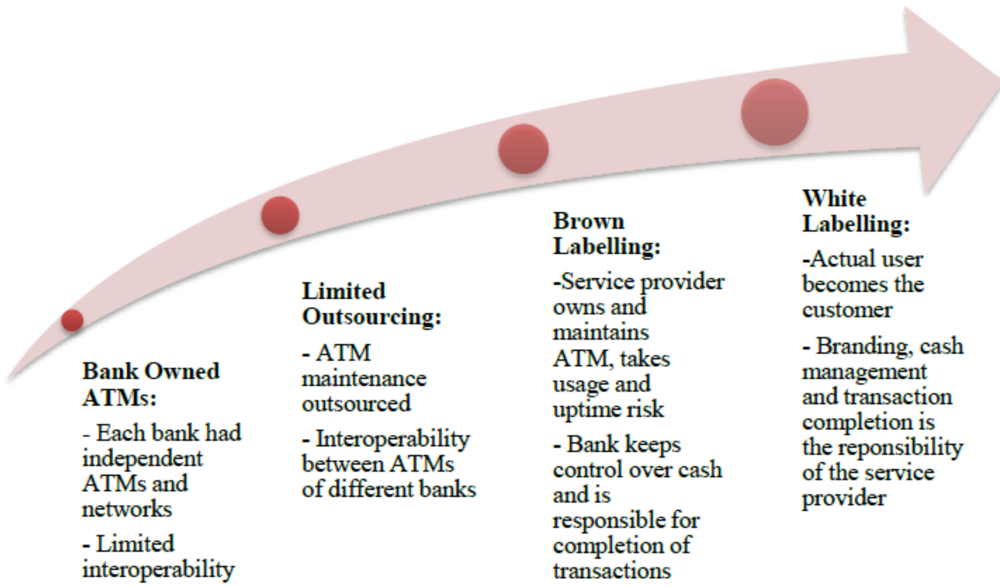
ATM Management and Ownership

In the mid-2000s, the RBI relaxed its licensing regime to allow the participation of non-banks in the ATM sector. Companies were entitled to operate and manage ATMs, but only in partnership with a sponsor bank, whose name appears on all terminals. Such machines are known locally as "brown-label" ATMs. These ATMs are deployed primarily to meet the needs of bank customers and are indistinguishable to customers from fully bank-controlled ATMs. *(Source: Global ATM Market and Forecasts to 2019, India)*

For many years the RBI resisted permitting non-banks to own and operate ATMs autonomously, principally to ensure that it could maintain close control over the ATM sector. As the government's drive for greater financial inclusion progressed, it became clear that banks alone would struggle to meet the public's need for banking facilities and that alternatives would have to be considered. The concept of non-banks having full ownership and operational control of ATM estates is known as "white label" in India, as opposed to brown label, where non-banks own ATMs but essentially operate as outsourcing partners for banks. *(Source: Global ATM Market and Forecasts to 2019, India)*

Outsourcing of ATMs is a recent phenomenon in India, since strict regulations in the past had prohibited non-banking companies from carrying out such operations. Over the past few years, however, the scenario has changed as banks are finding it more viable to concentrate on their core business. While off-site ATMs are increasingly being installed throughout the country, banks find it difficult to manage these ATMs that are distant from its branches. The utility of service providers comes into being in these instances. *(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)*

The chart below illustrates the evolution of ATM outsourcing in India:



(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)

Brown Label

With the relaxation of RBI norms, most banks in India are increasingly opting to outsource management of its ATM channel to third parties, with the intent of focusing on their core business operations. The outsourcing move allows quicker service and efficiency, accompanied by cost savings. Additionally, outsourcing helps banks in increasing their availability for core banking services to the customers, improve customer experience, and an overall better return on investment. *(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)*

While the outsourcing of ATM managed services started with banks asking service providers for services such as cash management, network monitoring and housekeeping, it has now evolved to the concept of complete outsourcing of ATMs. Within this, a service vendor is given the responsibility of finding a suitable site for an ATM, leasing the site, taking care of machinery and installation, and providing managed services thereof. This model is termed as "brown labelling" of ATMs. *(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)*

At first, manufacturers such as NCR and Diebold were the leading companies in the outsourcing sector but they were later joined by companies with different backgrounds. Early brown-label contracts were awarded by the SBI Group to Tata Communications Payment Solutions ("**TCPSL**"), C-Edge Technologies Ltd. and Financial Software Solutions ("**FSS**") in 2008. *(Source: Global ATM Market and Forecasts to 2019, India)*

In 2010, Axis Bank signed deals with Prizm Payments and AGS Transact Technologies to outsource the operation of 5,000 new ATMs. These deals have accounted for essentially all of Axis Bank's ATM growth over the past four years. ICICI Bank has formed similar partnerships with FSS, AGS Transact Technologies and

TCPSL. Other companies active in the sector include Euronet and First Data. Most large banks now deploy at least some brown label ATMs. *(Source: Global ATM Market and Forecasts to 2019, India)*

In 2012, India's public sector banks united to put a contract for the deployment of 63,000 brown-label ATMs to tender. Interested parties submitted bids on the basis of what they would charge banks for each ATM transaction made at machines under their management. The auction was coordinated by seven public sector banks, each awarding contracts for its designated regions. *(Source: Global ATM Market and Forecasts to 2019, India)*

White Label

In June 2012, the RBI announced the requirements for aspiring independent ATM deployers ("**IADs**") in India. A company wishing to enter the white label sector must have a net worth of at least ₹1 billion. Permission to deploy depends on certain criteria, including the proposed scale and speed of terminal installation. There are three options for prospective deployers:

- At least 9,000 ATMs, with deployment increasing over time;
- At least 15,000 ATMs, evenly spread over the period; and
- At least 50,000 ATMs, with at least half installed in the first year.

The proportion of ATMs which may be located in urban areas, which are traditionally favoured by Indian deployers, increase with the size of the proposed deployment:

- For the 9,000 ATMs option, 25%;
- For the 15,000 ATMs option, 33%; and
- For the 50,000 ATMs option, 50%.

In late June 2013, the first white label ATM was installed by TCPSL. The company, whose ATMs bear the "Indicash" brand, intends to install 15,000 ATMs by 2016. *(Source: Global ATM Market and Forecasts to 2019, India)* A total of 1,960 WLAs had been deployed as on April 30, 2014. *(Source: RBI Annual Report 2013-2014, Part II, Payment and Settlement Systems and Information Technology)*

The white label sector is considered a key growth area of the Indian ATM market and is expected to represent approximately 30% of the installed ATM base by 2019, up from 1% in 2014. 140,000 white label ATMs are anticipated by 2019, as new companies enter the sector and existing ones build up their ATM portfolios. The RBI may relax its requirements, increase interchange fees or remove licences from underperforming deployers if growth falls below expectations. *(Source: Global ATM Market and Forecasts to 2019, India)*

The majority of ATM deployment by nationalised banks going forward is expected to be under the brown label scheme. The current wave of 63,000 ATMs was purchased through a joint tender in 2012. In the future, individual banks and their outsourcing partners will make their own purchases. As many as 100,000 new ATMs are expected to be added to the public sector by the end of 2019. *(Source: Global ATM Market and Forecasts to 2019, India)*

A significant proportion of new deployments by private sector banks are expected to be brown label machines, with the number of ATMs forecasted to double to 80,000. Co-operative banks are latecomers to ATM deployment with only a small number of ATMs deployed, with India Post having yet to install any ATMs. Co-operative banks and India Post have the potential to increase ATM numbers fairly rapidly in the coming years, with a forecast of 25,000 ATMs deployed by 2019. *(Source: Global ATM Market and Forecasts to 2019, India)*

Cash Withdrawals

Between 2013 and 2019, the annual volume of ATM cash withdrawals in India is expected to treble, growing at a CAGR of 20%. One of the major challenges facing India's banks is issuing sufficient ATM withdrawal cards to meet their customers' needs, but the introduction of the RuPay scheme, and developments such as cardless withdrawals, are going a long way to addressing the issue. *(Source: Global ATM Market and Forecasts to 2019, India)*

The Indian ATM Industry

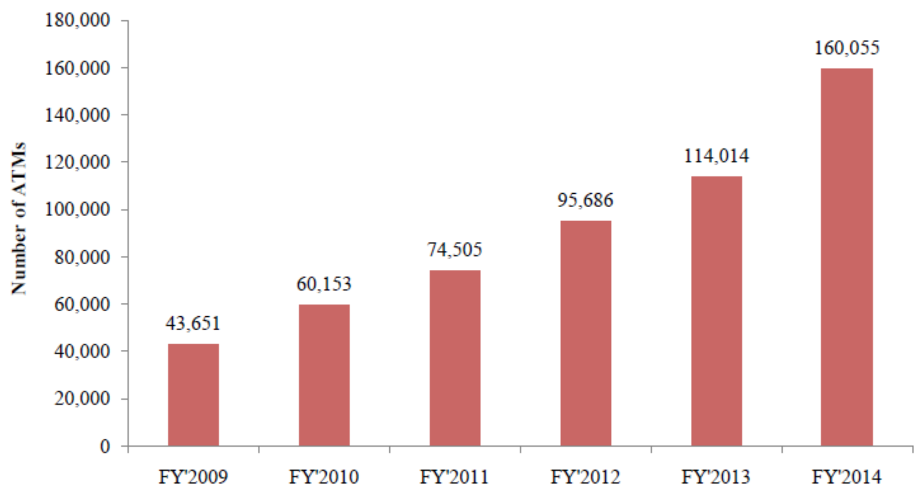
The Indian ATM industry has witnessed tremendous growth in the past decade. Economic development, growing income, especially in the urban areas, and a transition from class banking to mass banking have been the main drivers for growth of the Indian ATM industry. The number of ATMs in India increased from 43,651 in financial year 2009 to 160,055 by financial year 2014. *(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)*

The Government is taking steps to increase the penetration of ATMs in rural parts of India. The table below illustrates the number of ATMs by metropolitan, urban, semi-urban and rural areas in India for the financial years indicated:

Particulars	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Metropolitan	15,191	20,716	25,206	33,364	38,629	54,099
Urban	14,448	19,763	24,062	31,006	36,111	50,097
Semi-urban	10,433	14,478	18,082	22,677	27,710	39,374
Rural	3,579	5,196	7,155	8,639	11,564	16,486
Total	**43,651**	**60,153**	**74,505**	**95,686**	**114,014**	**160,055**

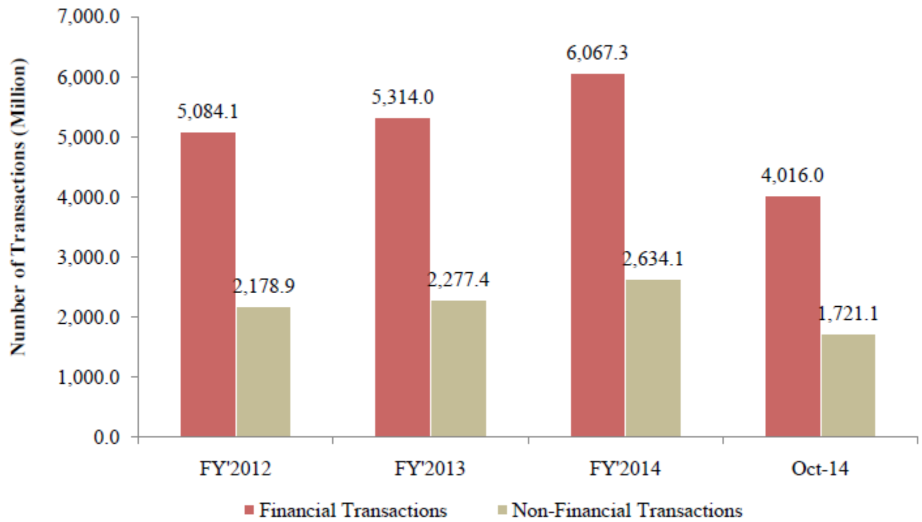
(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)

The chart below illustrates the number of ATMs in India for the periods indicated:



(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)

The chart below illustrates the Indian ATM industry market size by the number of financial and non-financial transactions in million for the periods indicated:



(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)

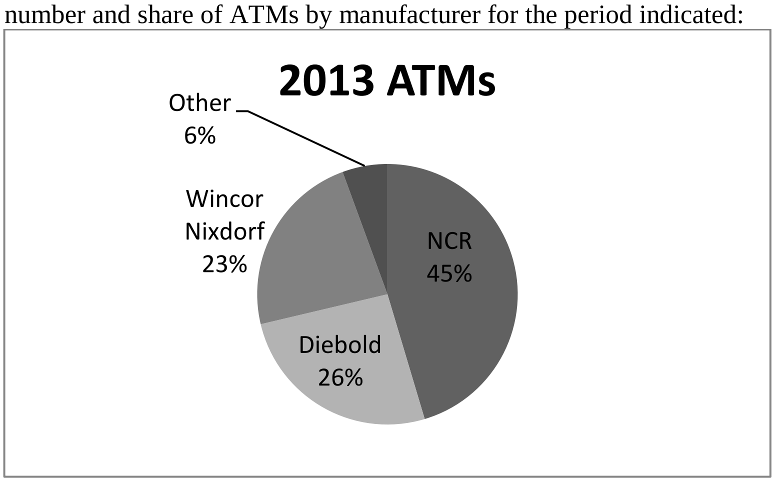
The table below illustrates the Indian ATM market segmentation by the number of on-site and off-site ATMs for the financial years indicated:

Particulars	2009	2010	2011	2012	2013	2014
On-site	24,645	32,679	40,729	47,545	55,760	83,379
Off-site	19,006	27,474	33,776	48,141	58,254	76,676
Total	**43,651**	**60,153**	**74,505**	**95,686**	**114,014**	**160,055**

(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)

Key Companies in the ATM Industry

There are now a greater number of suppliers to the Indian ATM market than ever before, although the three largest vendors remain NCR, Diebold and Wincor Nixdorf (through its Indian distributor AGS Transact Technologies). As of December 2013, NCR had supplied 45% of the installed base, Diebold 26% and Wincor Nixdorf 23%. Nautilus Hyosung has the fourth largest share of the installed base. The chart below illustrates the number and share of ATMs by manufacturer for the period indicated:



(Source: Global ATM Market and Forecasts to 2019, India)

Service and Maintenance of ATMs

Most Indian banks outsource the cash replenishment of their off-site ATMs and the first line maintenance of both their branch and non-branch machines. Cash replenishment of branch ATMs is usually carried out by bank staff. Axis Bank and HDFC Bank outsource both functions for their branch and non-branch estates. In-house cash replenishment is relatively common among the large nationalised banks, while smaller banks more often contract all ATM replenishment, servicing and repair to third parties. *(Source: Global ATM Market and Forecasts to 2019, India)*

Under the managed services and brown label end-to-end outsourcing models that many Indian banks have adopted, the bank's partner is responsible for tasks such as service and maintenance. Most often, cash replenishment and first line maintenance are subcontracted to a domestic company, while second line maintenance may be subcontracted to the ATMs manufacturer or its local partner. *(Source: Global ATM Market and Forecasts to 2019, India)*

Deployers commonly contract first line ATM maintenance to the same company or companies that perform cash replenishment. Less often, banks use the same company for both first and second line maintenance. Many banks, including the largest private sector deployers, use as many as five or six partners for cash replenishment and first line maintenance, with some awarding contracts on a regional basis and others doing so on a national level. *(Source: Global ATM Market and Forecasts to 2019, India)*

No ATM deployers perform second line maintenance in-house. The function is universally outsourced, usually to the machine's manufacturer or to its Indian partner. *(Source: Global ATM Market and Forecasts to 2019, India)*

Key Growth Drivers for the Indian ATM Industry

The key driver of growth in the Indian ATM market is India's agenda of financial inclusion, which involves extending banking facilities to the large parts of the country which are currently underserved, or not catered to at all. As of March 2013, 268,000 communities had received some form of banking services, up from 182,000 a year earlier. However, this leaves another 350,000 communities still to be reached. *(Source: Global ATM Market and Forecasts to 2019, India)*

The opening up of India's banking sector to new entrants is set to stimulate demand for ATMs. Although the entry of non-bank deployers has been ranked as being of only medium importance by respondents to a survey, there is no question that white-label IAD deployers will contribute significantly to ATM growth in the coming years. *(Source: Global ATM Market and Forecasts to 2019, India)*

Labour costs in India are low but migrating them from services at the counter to self-service is still a way for banks to cut their costs. An over the counter cash withdrawal costs four times as much as an ATM withdrawal. Cash recycling is now becoming a viable option for India's ATM deployers, which will facilitate further cost savings in the years ahead. *(Source: Global ATM Market and Forecasts to 2019, India)*

While new branches continue to be opened, it is the installation of ATMs in existing branches that is the more significant factor in driving growth. Over one third of India's commercial bank branches are still without ATMs, and if co-operative banks are included, the proportion is even higher. It is probable that every branch will eventually have at least one ATM. All public sector banks are also required to have at least one 24-hour ATM in each branch, a target that is still some way from being met. These factors will drive demand for ATMs. *(Source: Global ATM Market and Forecasts to 2019, India)*

Offsite deployment is expected to continue to be a major driver of growth of the industry. After most branches have been fitted with ATMs, banks will again focus heavily on non-branch deployment, and white-label ATMs are expected to be installed exclusively in off-site locations. *(Source: Global ATM Market and Forecasts to 2019, India)*

While there is nothing that is likely to prevent the Indian ATM market from continuing to grow rapidly over the next five years, there are several factors which may inhibit or slow growth somewhat. These include: red tape holding back deployers, particularly in the new white-label IAD sector; security concerns, notably robberies and direct threats to ATM users' personal safety; ATM deployer price sensitivity; high site rentals; low interchange fees; and the effect of India's climate, and of dust and dirt, upon ATM hardware. *(Source: Global ATM Market and Forecasts to 2019, India)*

The Asia Pacific ATM Industry

Between 1986 and 1999, Asia Pacific was the world's largest regional ATM market. In 1999, it was overtaken by North America. In 2004, Asia Pacific regained the lead, which it has since maintained. Since 2007, the number of ATMs in the Asia Pacific region has more than doubled. By the end of 2013, the Asia Pacific installed base reached 1,246,661 machines. This equated to 44% of the world's ATMs. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

Japan was the largest ATM market in the Asia Pacific region for 40 years until it was overtaken by China in 2009. By the end of 2003, Japan accounted for 41% of the region's ATMs and China accounted for 17%. Since 2003, the shares have almost reversed, with Japan now accounting for 17% of the region's ATMs and China accounting for 42% of ATM installations. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

During 2013, in the Asia Pacific region, India had the second largest growth in the ATM market, with an addition of 38,879 machines, representing 36% growth. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

By the end of 2019, approximately 2.1 million ATMs are expected in the Asia Pacific region. During this period, absolute growth will be strongest in China, where the installed base is expected to double in size, growing by 465,000 ATMs. Net growth in India is expected to be similar with an addition of approximately 295,000 ATMs. Over the next four years, approximately 70% of ATMs shipped to the Asia Pacific region will go to China and India. By 2019, China and India will represent approximately two thirds of Asia Pacific's installed ATM base. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

The rankings of the primary Asia-Pacific ATM markets in terms of density to population have remained virtually unchanged in recent years. In 2013, Bangladesh returned to its position below Pakistan, which it briefly overtook by this measure in 2012. There are more than 1,000 ATMs per million people in South Korea, Japan, Australia and Taiwan. South Korea has by far the highest ATM density relative to population in the world, with 2,533 machines per million residents (up from 2,482 in 2012); 1,000 more than in Japan, the country ranked second by this measure. On average, there are 319 ATMs per million people in the region in 2013, up from 277 in 2012. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

The table below illustrates the number (in thousands) of ATMs per country for the periods indicated:

Country	2009	2010	2011	2012	2013	CAGR
Australia	27.1	30.1	30.8	30.3	30.2	2.8%
China	214.9	271.1	333.8	415.6	520.0	24.7%
India	60.2	74.5	95.7	114.0	161.8	28.1%
Japan	138.8	138.2	137.8	137.3	137.9	-0.2%
Korea	101.5	110.3	118.5	122.9	124.2	5.2%
Singapore	2.1	2.4	2.5	2.6	2.6	5.3%

(Source: Bank for International Settlements (BIS): Statistics on Payment, Clearing and Settlement Systems in the CPMI countries – Figures for 2013. Published December 2014, http://www.bis.org/cpmi/publ/d124p2.pdf)

The table below illustrates the number of ATMs per million inhabitants in each country for the periods indicated:

Country	2009	2010	2011	2012	2013	CAGR
Australia	1,245	1,364	1,377	1,332	1,304	1.2%
China	161	203	248	308	382	24.0%
India	51	63	80	94	131	26.4%
Japan	1,084	1,079	1,078	1,077	1,083	0.0%
Korea	2,065	2,233	2,381	2,458	2,474	4.6%
Singapore	427	481	487	486	485	3.2%

(Source: Bank for International Settlements (BIS): Statistics on Payment, Clearing and Settlement Systems in the CPMI countries – Figures for 2013. Published December 2014, http://www.bis.org/cpmi/publ/d124p2.pdf)

Singapore has by far the smallest branch network among the primary countries surveyed in the Asia Pacific region, and the fourth highest density of ATMs relative to branches. Approximately 79% of Singapore's ATMs are deployed off-site. China and India which are ranked first and third in the world in terms of total number of bank branches (210,000 and 118,528 respectively) affect the regional average. When the regional density is calculated excluding these countries, the density of ATMs per 100 branches is 395. This figure is in excess of the global average when also adjusted to exclude the same countries. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

Key Trends in the ATM Industry

By the end of 2019, the installed base of ATMs in the Asia Pacific region is expected to exceed 2.1 million units. This is an increase of 72% from the total at the end of 2013. This would represent a CAGR of 9%, giving net growth of approximately 890,000 machines and an average annual growth of 149,000 machines. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

Over the next four years, the Indian and Chinese markets are expected to dominate ATM growth. Approximately 33% of the increase in the regional installed base will be generated by deployers in India. The next most prominent market, in terms of absolute growth, is Indonesia, which is expected to account for 5% of total growth. The installed base in India is expected to increase by approximately 295,000 and in Indonesia by 47,500. Thailand and the Philippines are the only other markets expected to contribute more than 1% of the region's ATM growth. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

Between 2014 and 2019, approximately 20% of ATMs shipped to the Asia Pacific region will go to deployers in India. Machines sent to India will be largely for new installations. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

ATM shipments will average 63,000 per year between 2014 and 2019, and will increase each year. Over the forecast period, replacements will account for 22% of shipments, and the proportion will increase with time, as the ATMs installed at the beginning of the current period of intensive growth in 2009-2011 reach the end of their lives. The proportion will be less than in most Asia-Pacific markets. *(Source: Global ATM Market and Forecasts to 2019, India)*

Over the next five years, replacements are expected to account for 50% of the ATMs shipped to deployers in the Asia Pacific region. Recently, this percentage has been decreasing as the Chinese and Indian markets have expanded. However, from 2014, it is expected to grow as the machines deployed in China in the mid-2000s start to reach the end of their working lives. *(Source: Global ATM Market and Forecasts to 2019, Asia Pacific)*

The Cash Management Industry

Cash management is the process of collecting, managing and investing cash in an ATM. Making cash available on a continuous basis is the ATM business. The current cash management cycle involves cash pick up from bank, cash movement from the bank to the ATMs' locations, grading, counting, monitoring ATMs for assessing the level of cash in an ATM, and replenishing cash in the machine accordingly. The market size of ATM cash management system in India was estimated to be ₹12,180.9 million in financial year 2011 and increased to ₹28,846.2 million in financial year 2014. *(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)*

ATM cash management in India has been predominantly concentrated among a few companies, with the top four players – CMS Info Systems, Brinks Arya, SIS Prosegur and Writer Safeguard – capturing nearly 80% of the market. Among these companies, CMS Info Systems has been the leading company with a market share of approximately 51.5% in the ATM cash management market in India for the financial year 2014. Brinks Arya, SIS Prosegur and Writer Safeguard held approximately 12.9%, 10.9% and 5.0%, respectively, of the market share for the financial year 2014, *(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)*

Overview of the Indian Retail Business

The Indian retail industry is currently ranked 20th among the top 30 developing countries. India remains an appealing, long-term retail destination for several reasons, including its demography. Half of India's population is less than 30 years of age and roughly one-third of India's population lives in cities. The disposable income of Indians is increasing – allowing them to spend more and try new products, brands and categories. *(Source: http://indiainbusiness.nic.in/newdesign/index.php?param=industryservices_landing/383/3)*

Market Size

India's retail market is expected to reach ₹47 trillion by 2016-2017, expanding at a CAGR of 15%. The retail market, which comprises both organised and unorganised segments, stood at ₹23 trillion in 2011-2012. Favourable demographics, increasing urbanisation, nuclearisation of families, rising affluence amid consumers, growing preference for branded products and higher aspirations are other factors which will drive retail consumption in India. *(Source: http://indiainbusiness.nic.in/newdesign/index.php?param=industryservices _landing/383/3)*

Further, Indian online retail market is estimated to grow over four-fold to reach US$ 14.5 billion by 2018 on account of rapid expansion of e-commerce in the country. The online retail market is projected to grow at a CAGR of 40% to 45% between 2014 and 2018. *(Source: http://indiainbusiness.nic.in/newdesign/index.php? param=industryservices_landing/383/3)*

Due to changing demographics, the retail industry in India is on a growing trend. Presently, a large and growing middle class in India is not only buying luxury goods and services but also redefining the luxury market. About 40% of the luxury goods purchases in India occur from the non-metros which in itself is a healthy sign for the countries investing in this sector. *(Source: http://indiainbusiness.nic.in/newdesign/index.php?param= industryservices_landing/383/3)*

Government Initiatives

The Government of India has taken various initiatives to improve the retail industry in India. The Foreign Investment Promotion Board has cleared five retail proposals worth around ₹4.2 billion from companies such as Bestseller, Puma SA and Flemingo. Additionally, the board cleared three 100% single-brand retail proposals worth ₹2.23 billion, suggesting renewed interest in India's growing retail market. *(Source: http://indiainbusiness.nic.in/newdesign/index.php?param=industryservices_landing/383/3)*

The central Government is also in the final phase of talks with the states for the implementation of the Goods and Services Tax Bill. This bill is seen as a key to facilitating industrial growth and improving the business climate in the country. *(Source: http://indiainbusiness.nic.in/newdesign/index.php?param=industryservices_ landing/383/3)*

Overview of the Indian Petroleum Fuel Dispensing Business

There has been considerable increase in refining capacity in India over the years, although during financial year 2014 there was no substantial capacity expansion. The refining capacity stood at 215.066 million metric tonnes ("**MMT**") per annum as on April 1, 2014. By the end of the Twelfth Five Year Plan, refinery capacity is expected to reach 307.366 MMT per annum. Refinery crude throughput (crude oil processed) for the year 2013-14 was about 222.497 MMT, compared with 219.212 MMT in the year 2012-13, representing a marginal increase of about 1.50%. *(Source: Indian Petroleum and Natural Gas Statistics 2013-14, Economics and Statistics Division, Ministry of Petroleum and Natural Gas, Government of India)*

Production of petroleum products from Indian refineries has gone up from 217.736 MMT in financial year 2013 to 220.756 MMT during year 2013-14, representing a growth of 1.39%. During the year, keeping pace with the economic growth trend, the consumption of petroleum products in India has grown by only 0.73% and rose to 158.197 MMT during financial year 2014. Consumption of LPG increased by 4.71% from the year 2012-13 to the year 2013-14. *(Source: Indian Petroleum and Natural Gas Statistics 2013-14, Economics and Statistics Division, Ministry of Petroleum and Natural Gas, Government of India)*

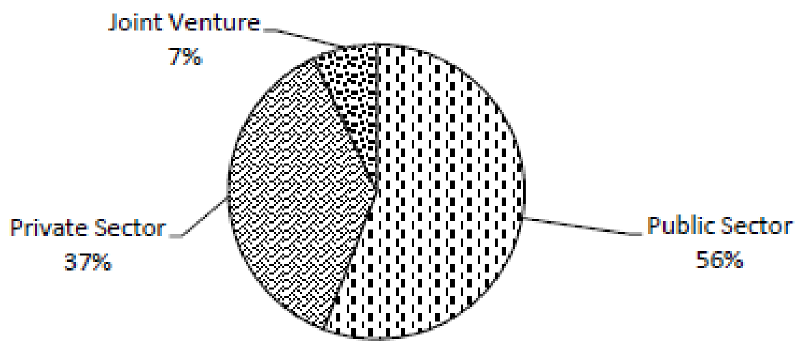
The table below illustrates the production and consumption of petroleum products in India for the periods indicated:

Year	Production of Petro-Products (MMT)	% Growth in Production of Petro-Products	Consumption of Petro-Products (MMT)	% Growth in Consumption of Petro-Products
2007-08	149.472	7.02	128.946	6.79
2008-09	155.148	3.80	133.599	3.61
2009-10	184.604	18.99	137.808	3.15
2010-11	194.821	5.53	141.040	2.35
2011-12	203.202	4.30	148.132	5.03
2012-13	217.736	7.5	157.057	6.02
2013-14*	220.756	1.39	158.197	0.73

**Provisional*
Notes:
1. Production of petroleum products includes production of petroleum products from fractionators.
2. Consumption of petroleum products excludes refinery fuels and includes imports also.

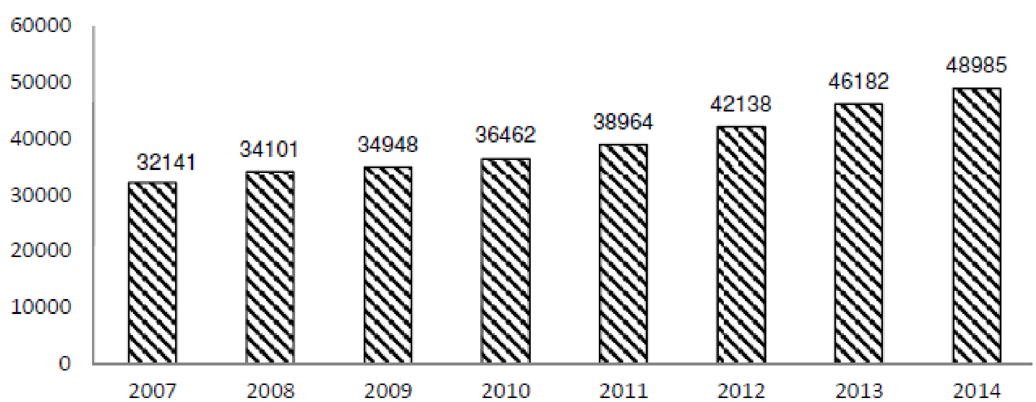
(Source: Indian Petroleum and Natural Gas Statistics 2013-14, Economics and Statistics Division, Ministry of Petroleum and Natural Gas, Government of India)

The chart below illustrates the percentage share of India's total refining capacity as of April 1, 2014:



(Source: Indian Petroleum and Natural Gas Statistics 2013-14, Economics and Statistics Division, Ministry of Petroleum and Natural Gas, Government of India)

Bharat Petroleum Corporation Limited ("**BPCL**"), Hindustan Petroleum Corporation Limited ("**HPCL**") and Indian Oil Corporation ("**IOCL**") are part of the Indian public sector petroleum retail market. The table and chart below illustrate the total number of petroleum retail outlets in India as of April 1 for each of the years and entities indicated:



Year	Retail Outlets	BPCL	HPCL	IOC	Total
2007	Number	7,800	7,909	16,462	32,141
	Percentage	24.3	24.6	51.1	100.0
2008	Number	8,238	8,329	17,534	34,101
	Percentage	24.2	24.4	51.4	100.0
2009	Number	8,389	8,419	18,140	34,948
	Percentage	24.0	24.1	51.9	100.0
2010	Number	8,692	9,127	18,643	36,462
	Percentage	23.8	25.0	51.1	100.0
2011	Number	9,289	10,212	19,463	38,964
	Percentage	23.8	26.2	50.0	100.0
2012	Number	10,310	11,253	20,575	42,138
	Percentage	24.5	26.7	48.8	100.0
2013	Number	11,637	12,173	22,372	46,182
	Percentage	25.2	26.4	48.4	100.0
2014	Number	12,123	12,869	23,993	48,985
	Percentage	24.7	26.3	49.0	100.0

(Source: Indian Petroleum and Natural Gas Statistics 2013-14, Economics and Statistics Division, Ministry of Petroleum and Natural Gas, Government of India)

The table below further breaks down the number of public sector petroleum retail outlets in India by state and company as of March 31, 2014 and 2013:

State / Union Territory	As on March 31, 2014				Total Industry	Total as on March 31, 2013
	IOCL/AOD	HPCL	BPCL	Total		
States						
Andhra Pradesh	1,958	1,429	1,121	4,508	4,710	4,302
Arunachal Pradesh	48	—	7	55	71	54
Assam	500	83	114	697	753	666
Bihar	1,269	430	551	2,250	2,316	2,101
Chhattisgarh	435	296	246	977	998	865
Delhi	199	97	107	403	403	408
Goa	27	36	46	109	109	104
Gujarat	1,175	662	619	2,456	2,910	2,301
Haryana	1,238	628	360	2,226	2,333	2,045
Himachal Pradesh	196	99	59	354	361	352
Jammu & Kashmir	218	129	122	469	469	453
Jharkhand	473	235	293	1,001	1,062	966
Karnataka	1,750	847	860	3,457	3,620	3,129
Kerala	833	556	435	1,824	1,900	1,800
Madhya Pradesh	1,161	711	797	2,669	5,873	2,425
Maharashtra	1,728	1,443	1,520	4,691	5,025	4,316
Manipur	68	—	8	76	80	69
Meghalaya	110	21	32	163	175	158
Mizoram	27	3	1	31	32	29
Nagaland	47	3	6	56	68	56
Orissa	695	285	380	1,360	1,438	1,291
Punjab	1,664	853	588	3,105	3,229	3,069
Rajasthan	1,466	924	718	3,108	3,327	2,919
Sikkim	15	7	21	43	44	42
Tamil Nadu	1,991	1,127	1,230	4,348	4,540	4,148
Tripura	59	—	1	60	63	52
Uttar Pradesh	3,156	1,278	1,211	5,645	6,013	5,317
Uttarakhand	231	152	100	483	505	461
West Bengal	1,128	466	519	2,113	2,183	2,049
Union Territories						
Andaman & Nicobar	9	—	—	9	9	9
Chandigarh	20	11	10	43	41	41
Dadra & Naga Haveli	9	10	3	22	27	20
Daman & Diu	11	10	7	28	31	23

State / Union Territory	As on March 31, 2014				Total Industry	Total as on March 31, 2013
	IOCL/AOD	HPCL	BPCL	Total		
Lakshadweep	—	—	—	—	—	—
Puducherry	79	38	31	148	150	142
Grand Total	**23,993**	**12,869**	**12,123**	**48,985**	**51,868**	**46,182**

(Source: Indian Petroleum and Natural Gas Statistics 2013-14, Economics and Statistics Division, Ministry of Petroleum and Natural Gas, Government of India)

The table below illustrates the consumption of petroleum products by thousand tonnes and the market share of oil companies in India for the periods indicated:

Year	Consumption	IOC	BPCL/KRL	HPCL	Other Companies	Private No.	Total
2007-08	Consumption	57,956	24,866	22,056	2,264	21,804	128,946
	Percentage	44.9	19.3	17.1	1.8	16.9	100.0
2008-09	Consumption	61,363	26,324	23,712	2,094	20,106	133,599
	Percentage	45.9	19.7	17.7	1.6	15.0	100.0
2009-10	Consumption	63,570	27,015	24,246	1,946	21,419	138,196
	Percentage	46.0	19.5	17.5	1.4	15.5	100.0
2010-11	Consumption	66,727	28,461	25,578	1,728	18,546	141,040
	Percentage	47.3	20.2	18.1	1.2	13.1	100.0
2011-12	Consumption	70,084	30,228	27,581	1,639	18,601	148,132
	Percentage	47.3	20.4	18.6	1.1	12.6	100.0
2012-13	Consumption	71,249	32,232	28,862	1,755	22,959	157,057
	Percentage	45.4	20.5	18.4	1.1	14.6	100.0
2013-14*	Consumption	70,028	32,779	30,044	1,579	23,766	158,197
	Percentage	44.3	20.7	19.0	1.0	15.0	100.0

**Provisional*
Notes:
1. "Other Companies" include CPCL, GAIL, MRPL, NRL and ONGC.
2. Private data includes sales by private oil companies, own consumption and direct private imports.

(Source: Indian Petroleum and Natural Gas Statistics 2013-14, Economics and Statistics Division, Ministry of Petroleum and Natural Gas, Government of India)

OUR BUSINESS

Overview

We are one of India's leading providers of a wide spectrum of payment solutions and technology products for the banking, retail and petroleum sectors. We provide customised products and solutions comprising ATMs and other automated payment products, related maintenance and managed services, cash management services and transaction switching services. Our total revenue was ₹9,512.56 million and ₹5,790.67 million and our net profit was ₹41.13 million and ₹142.54 million, for the financial year 2014 and the six months ended September 30, 2014, respectively.

As of December 31, 2014, we had installed, maintained or managed a network of 41,569 ATMs, provided cash management services to more than 10,000 ATMs through our subsidiary, Securevalue India Limited ("**SVIL**"), installed more than 25,000 POS terminals, automated more than 5,000 petroleum outlets and installed more than 34,000 colour dispensing machines across India. Our operations covered more than 700 cities and towns, reaching out to more than 100,000 customer touch points across India, as of December 31, 2014.

We operate our business in the following segments:

- Banking Automation Solutions;
- Banking Payment Solutions; and
- Other Automation Solutions (for retail, petroleum and colour sectors).

Our Banking Automation Solutions segment, which commenced in 2004, comprises the supply and installation of ATMs and other automated banking products, the ATM site development and the provision of services, including maintenance, software and hardware upgrades and spare parts. As of December 31, 2014, we have supplied and installed 25,018 ATMs for more than 70 banking customers, including ICICI Bank Limited, Axis Bank Limited, HDFC Bank Limited and State Bank of India.

Our Banking Payment Solutions segment comprises ATM outsourcing and managed services, cash management services, electronic payment solutions and transaction switching services. Leveraging our banking automation solutions expertise, we began to offer ATM outsourcing and managed services in 2009. As part of our strategy to offer an integrated payments platform and to improve our operational efficiencies, we commenced offering transaction switching services in 2011, cash management services in 2012 and electronic payment solutions in 2014. As of December 31, 2014, we had more than 30 customers in our Banking Payment Solutions segment, including Axis Bank Limited, ICICI Bank Limited, HDFC Bank Limited, Ratnakar Bank Limited, BTI Payments Private Limited and Muthoot Finance Limited.

- In our ATM outsourcing and managed services businesses, we are responsible for the end-to-end management of ATMs, starting from site identification and development, followed by machine deployment, maintenance and management on behalf of our customers. While in our outsourcing services business, we own the ATMs, under our managed services business, the ownership of these machines remains with the customers themselves. As of December 31, 2014, our portfolio consisted of 9,733 ATMs and 6,818 ATMs under our outsourcing and managed services businesses, respectively.
- Our subsidiary, SVIL's cash management services include cash pick-up, cash-in-transit, cash vaulting and cash processing services for ATMs managed by us and by other operators. As of December 31, 2014, we provide cash management services through a fleet of 421 cash vans, 15 vaults and 75 spoke locations, covering 440 cities and towns in India. For the six months ended December 31, 2014, SVIL replenished a daily average amount of ₹2,959.48 million.
- We also provide transaction switching services, where we integrate a variety of payment channels, including internet payment gateways and several mobile payment systems, to route, switch and process electronic transactions. This gives us the ability to cater to the needs of banks and other financial institutions across the payment transactions value chain, including assisting banks in the issuance of new

cards, migrating their existing card base and the authorization of cards. Our in-house switch development software team also develops customized switching solutions for our customers. We launched our transaction switching services in 2011 and for the nine months ended December 31, 2014, we processed a daily average of 56,000 switching transactions.

- In June 2014, we were authorized to function as a white-label ATM operator in India, which we believe will enable us to further grow our presence while maintaining branding and operational flexibility.

We have also recently started offering Banking Automation Solutions and Banking Payment Solutions to banks and financial institutions in Singapore, Cambodia, the Philippines and Indonesia.

Our Other Automation Solutions business segment encompasses our retail, petroleum and colour operations. As part of our Other Automation Solutions segment, we supply automation products and provide implementation services, system integration, remote management and support and help desk services. Customers for our retail sector offerings include Bharti Retail Limited, DLF Brands Limited and Future Retail Limited, while customers for our petroleum sector offerings include Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited. Our colour operations primarily comprise the manufacture and supply of automatic and manual paint dispensers and the supply of engravers. Our colour sector customers include Asian Paints Limited and Berger Paints India Limited.

The following table sets out our revenue for the various segments in which we operate for the periods indicated:

Segment	**Six Months ended September 30, 2014**	**Financial Year**		
		2014	**2013**	**2012**
	(₹ in millions)	*(₹ in millions)*	*(₹ in millions)*	*(₹ in millions)*
Banking Payment Solutions	2,949.13	4,846.20	2,740.79	1,752.48
Banking Automation Solutions	2,081.80	2,953.37	2,109.91	2,116.12
Other Automation Solutions	743.72	1,680.52	1,516.50	1,248.20

Our Competitive Strengths

Our principal competitive strengths are as follows:

End-to-End Solutions Provider of Banking Automation Solutions and Banking Payment Solutions

We provide end-to-end payment solutions and technology for the banking sector across the entire ATM value chain. We offer a diverse portfolio of high-end products and have the ability to customize, integrate, deploy, maintain and manage such products for our customers. We manage a network of ATMs across the country, facilitated by our in-house cash management capabilities and transaction switching services. We believe that we have developed in-house expertise to deal with entire product life cycle of machine deployment, including site identification, preparation, operation, maintenance and relocation (where required), and have the ability to cater to the varying service requirements of banks and white-label ATM operators. Through our extensive service and cash management infrastructure, we believe we have developed economies of scale, which allow us to provide efficient and cost-effective solutions to our customers. We believe that our ability to act as an end-to-end solution provider for our customers will enable us to grow our market share and our various service offerings (including, e.g., in bank branch automation in India).

Significant Presence in Several Consumer-oriented Sectors Leading to Cross-selling Opportunities

We install, integrate, maintain and manage specialized machines and automated solutions for customers in the consumer-oriented sectors of banking, retail, petroleum and colour. Our operations cover more than 700 cities and towns and we installed, managed or maintained more than 100,000 customer touch points across India, as of December 31, 2014. Our cross-sector experience and knowledge allows us to develop integrated automated payment solutions and technology. By having a diversified products and services portfolio, we believe we are able to address cross-selling opportunities for our customers across different business sectors. For example, we leverage our cash management capabilities to offer cash pick-up services for our retail customers. We also offer digital signage solutions to our banking customers and currency machines to our retail customers. We believe our ability to innovate and offer tailor-made payment solutions to fit the needs of our customers across our various business segments allows us to deepen our relationships with them and enables us to target a greater share of their payment-services related requirements.

Diversified Product Portfolio, Customer Base and Revenue Streams

We derive our revenues from a variety of products and services across our business segments. In our Banking Automation Solutions segment, we have a combination of revenue from the supply of ATMs and other automated banking hardware products and service income. Further, our Banking Payment Solutions segment revenue from operations consists of revenue from ATM outsourcing services, ATM managed services (including both transaction-based and fixed monthly fee), cash management services, electronic payment solutions and transaction switching services. Revenue from Banking Automation Solutions and Banking Payment Solutions accounted for 36.1% and 51.1%, respectively, of our total revenue from operations (net) for the six months ended September 30, 2014. We have a diversified customer base of over 70 private and public sector banks. Our total portfolio of 41,569 ATMs, as of December 31, 2014, covers 20,000 private and 21,500 public sector banks ATMs. In addition, our ATMs are present across 29 states and four Union Territories in India as of December 31, 2014. While a majority of our revenues is derived from our Banking Automation Solutions and Banking Payment Solutions segments, our Other Automation Solutions segment constituted 12.8% of our total revenue from operations (net) for the six months ended September 30, 2014. Our diversified product portfolio and revenue streams enable us to mitigate the concentration risks that are associated with operations in a specific segment or geographic region.

Long-Standing Relationships with Vendors who are Leading Global Technology Providers, as well as Customers who are Leading Indian Financial Institutions, Retailers and Petroleum Companies

We have long-standing relationships with leading global technology providers, such as Wincor Nixdorf AG (together with its affiliates, "**Wincor**"). Since 2004, we have been offering Wincor ATMs, cash deposit machines, retail cash billing machines and a diverse range of Wincor's other banking and retail-related sector hardware, associated operating systems and software products in India. We believe that our long-standing relationship with Wincor has led to effective knowledge sharing and the adoption of global best practices, thereby enabling us to improve and develop our in-house service capabilities. This tie-up has also allowed us to develop credibility as we are able to cater to our customers in a quick and effective manner. Many of our competitors also have engaged us for the supply, management or maintenance of their payment services infrastructure.

Further, we believe we have established relationships with leading Indian financial institutions, such as ICICI Bank Limited, Axis Bank Limited, HDFC Bank Limited and State Bank of India, having procured repeat orders from them in the past. In addition, we also work with leading retail chains, such as Bharti Retail Limited, DLF Brands Limited and Future Retail Limited, and petroleum companies, including Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited. We believe that the strength of our relationships with customers put us in an advantageous position for new business and cross-selling opportunities and enhances our market reputation.

Dedicated In-house Infrastructure to Offer Customers Round-the-clock Support

We believe that our ability to offer customised solutions together with our dedicated in-house infrastructure and trained personnel has enabled us to develop a large customer base, which we can leverage for future growth. As of December 31, 2014, we had 30 branch offices across the country and an operations work force of 4,800 personnel, covering more than 700 cities and towns and servicing more than 100,000 customer touch points across India. We have set up a common services platform, which includes an in-house testing and repair centre and a technology support centre, which houses our round-the-clock monitoring and help desk teams that support our engineers and field-services work force in delivering service to our customers. Our services platform supports our network of more than 1,200 engineers in 270 cities as of December 31, 2014, who are periodically trained in-house to repair and maintain equipment across all our products and respond to customer requirements in a timely and efficient manner. We have also set up a disaster recovery centre at Bengaluru.

Experienced Senior Management

We believe that we have a strong management team with significant industry experience and established relationships with our customers. Mr. Ravi B. Goyal, the promoter of our Company, has more than 20 years of experience in the technology sector. Our key managerial personnel have an average experience of more than 10 years. Our key managerial personnel are a team of skilled and qualified professionals enables us to identify new opportunities and implement our business strategies in the manner contemplated and to continue to build on our track record of customer service and respond to market opportunities.

Our Strategy

We intend to be a leader in payment solutions by delivering secure, innovative products that engage a customer across the product value chain in a cost effective manner.

The primary elements of our business strategy are as follows:

Focus on Developing an Integrated Payments Platform for our Customers

We intend to leverage our product portfolio and our existing presence to provide customized payment solutions and to develop an integrated payments platform for our customers as set out below:

- We intend to capitalize on the growth of the e-commerce sector and the demand for mobile and web driven payments gateways by focusing on the convergence of the payment platforms across various business sectors.

- We intend to utilize our electronic transaction processing switch, which enables the inter-connectivity of banks' ATMs and other delivery channels to different payment gateways, to offer new web- and mobile-based payment services. For example, we have developed a mobile-POS solution, offering fast, secure and end-to-end transaction processing to merchants.

- We have recently started providing transaction switching services to merchant customers of one of our banking clients.

- In the petroleum sector, we have developed a product that combines our operational presence at a petroleum outlet with our retail payments offering, which in turn is integrated with our payment switch. This product enables the customer to access the right grade and quantity of fuel and monitor fuel consumption by the vehicle on a real-time basis.

We believe that by developing mobility-based payment solutions, which enables additional modes of making payments besides cash or card, we will be able to develop customized payment solutions (including mobile wallet offerings) for our customers. This we believe will enable us to grow our customer touch points, other service offerings and total revenue.

Capitalize on the Growing Banking and Payments Industry

We continue to leverage our expertise in dealing with entire product life cycle of ATM supply, deployment, maintenance and managed services to capitalize on the growing banking and payment industry in India.

The number of ATMs around the world increased from more than 2.0 million in 2009 to 2.9 million in 2014, registering a CAGR of 7.3% during the period. As of 2014, Asia Pacific accounted for the largest share of 42.2% in the total number of ATMs in the world, largely attributable to China and India. The number of ATMs in India increased from 43,651 in financial year 2009 to 160,055 by financial year 2014. The penetration of ATMs in India is quite low as compared to the other developing nations in the world. As of financial year 2014, it was estimated that there were only 13 ATMs per 100,000 people residing in India. Although the number has increased considerably since financial year 2009, the growth has been meager as compared to the other emerging nations that have at least 90 ATMs per 100,000 people. *(Source: India ATM Managed Services and Outsourcing Market Outlook to 2019, Ken Research, dated January 2015)*

We expect transaction volume and consequently, the payment infrastructure network, including the number of ATMs and other automated banking hardware products in India, to continue to grow for a number of reasons, including:

- ATMs are being leveraged by banks to deliver other financial and non-financial products to their customers.

- White-label ATMs have also been introduced in India with the objective of increasing ATM density and also building rural and semi-urban ATM infrastructure. *(Source: http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9170&Mode=0)*

- The issuance of new banking licenses in India.

- In August 2014, the Government of India launched the Pradhan Mantri Jan-Dhan Yojana, a plan of financial inclusion to provide banking access to all households across the country. The Government intends to initially provide households with access to bank accounts with basic banking service facilities, such as RuPay debit cards, mobile banking facilities, cash withdrawals, deposit and transfer facilities and increase services over time in a phased manner. *(Source: http://www.pmjdy.gov.in)*

- The recent RBI Guidelines on licensing of payment banks.

We also intend to leverage our existing presence in the consumer-oriented sectors to service the growing demand for products and services offered under our Other Automation Solutions business segment. For example, the number of POS infrastructure units in India increased from 320,000 units on March 31, 2007 to 1,065,000 units on March 31, 2014. *(Source: http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=9170&Mode=0)*

We believe these initiatives and measures will enable us to grow our sales of payment solutions and technology and target the expansion of our product and service offerings.

Focus on ATM Outsourcing and Managed Services

Banks have increasingly outsourced certain functions of the management of ATMs, either partially or wholly, to third parties such as us. These functions include site identification, leasing, maintenance, housekeeping, security and monitoring of ATMs and sites. We believe that banks will increasingly outsource their ATM management functions to third parties and we intend to focus on these opportunities to increase our revenues. As of December 31, 2014, out of the total 41,569 ATMs supplied, installed, maintained and managed by us, 16,551 were under the ATM outsourcing and managed services models. We intend to increase the share of such outsourced or managed ATMs in our portfolio. We believe that this model offers a greater growth opportunity for specialized service providers such as us. It allows us to focus on increasing revenue by facilitating greater number of transactions on the ATMs through our systems and processes, targeting new revenue streams from the variety of services required in the ATM products life cycle, while at the same time reducing the costs of operating such ATMs.

We also intend to continue to focus on the cash management business of SVIL and our transaction switching capabilities to capture a greater proportion of the ATM value chain. Lastly, we also aim to leverage our market share, which enables us to access sizeable usage data, and our experience, which provides us with expertise, in determining ATM sites and making other related business decisions.

Expand and Grow our Banking Automation Solutions and Banking Payment Solutions Outside India

We have recently expanded our business outside India to Singapore, Cambodia, the Philippines and Indonesia. We will continue to look for such markets where the ATM and payment services industries are in the growth phase. Our international operations currently comprise the supply and maintenance of ATMs and other automated banking products, software solutions, branch transformations and omni-channel advisory services.

Improve our Operational Efficiency

As we expand our geographic reach and scale of operations, we continue to focus on operational efficiency through the effective use of technology aimed at capitalizing on the reach of our offices and increasing our market share. Such steps to improve operational efficiency include a central information management and tracking system and a cash forecasting system for our ATMs. We believe that our continuous innovation, as well as development of technological capabilities through tie-ups with global technological leaders, will help us keep abreast of the latest demands of the ecosystem in which we operate and help us in developing our internal processes. We are creating a nucleus of software developers in order to maintain our competitiveness as we expand into the rapidly growing mobile and web-based payment solutions market. We also intend to leverage the cash management capabilities of SVIL to make our ATM management operations more efficient.

Focus on Cash Management Services

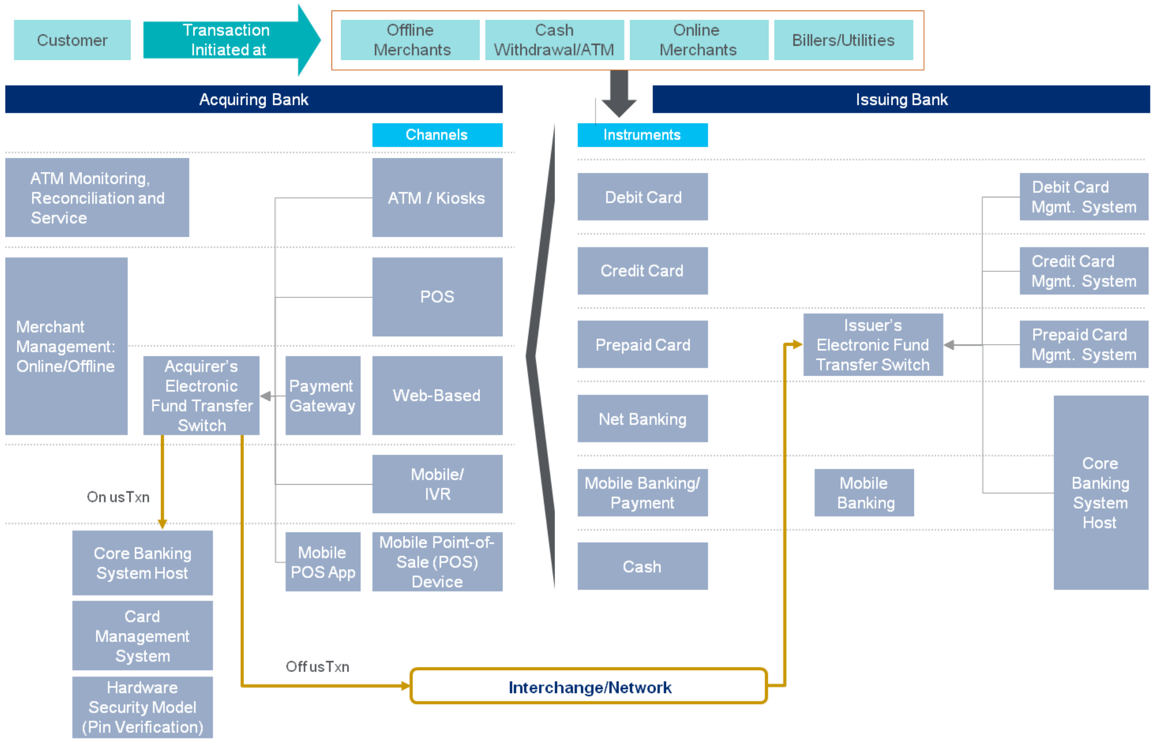
We launched our cash management business through our subsidiary SVIL in 2012 with the objective of gaining better control over an important component of our ATM outsourcing and managed services business. Having gained scale and operational efficiencies in this business, we intend to grow this business further by leveraging our experience and other factors such as the:

- increasing trend of banks outsourcing their ATM operations to third parties such as us;
- expected increase in the number of ATMs in India due to various financial inclusion initiatives of the Indian Government, such as the Pradhan Mantri Jan Dhan Yojana; and
- recent RBI initiative to enable setting up of WLAs, which we believe will require greater number of cash management service providers.

We also intend to expand the geographical scope of our cash management business and explore opportunities in new cash user segments. We will continue to focus on providing services such as cash pick-up, cash-sorting and cash-deposit services to various establishments, including retail outlets. We intend 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 their working capital cycles.

DESCRIPTION OF OUR BUSINESS AND OPERATIONS

We provide payment solutions and technology for the banking, retail, petroleum and colour sectors in India and banking payment solutions in certain other geographies in Asia. The combination of our Banking Automation Solutions and Banking Payment Solutions business segments enables us to provide end-to-end payment solutions and technology to banks and financial institutions, thereby equipping them to offer a complete payments ecosystem to their end customers. The payment ecosystem that we seek to service is represented below:



Our Banking Sector Operations

We began our banking operations in 2004 by supplying and maintaining ATMs. We have since expanded our payment solutions and technology business across the payments value chain to become an end-to-end solutions provider of ATM-based payment solutions, which includes the supply, deployment, maintenance and management of such machines, and also a provider of cash management, electronic payment solutions and transaction switching services.

Our banking sector operations can be classified into two segments – Banking Payment Solutions and Banking Automation Solutions.

The following table sets out our ATM portfolio across our various business models, as of December 31, 2014:

Customer	Banking Automation Solutions	Banking Payment Solutions	
		Outsourcing Services	Managed Services
ICICI Bank	1,995	2,093	3,466
Axis Bank	697	3,752	—
HDFC Bank	1,850	587	—
State Bank Group	3,645	598	—
Others	16,831	2,703	3,352
Total	**25,018**	**9,733**	**6,818**

The table below sets out our ATM portfolio in the states and Union Territories in India in which we are present, as of December 31, 2014:

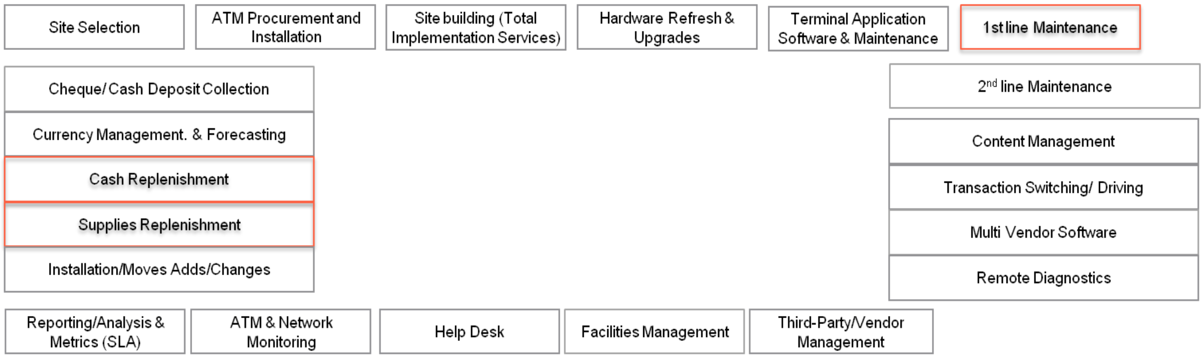
State and Union Territories	Banking Payment Solutions	Banking Automation Solutions	Total
Maharashtra	2,665	2,797	5,462
Tamil Nadu	1,675	3,193	4,868
Karnataka	1,541	2,127	3,668
Haryana	2,003	841	2,844
Uttar Pradesh	1,040	1,765	2,805
Andhra Pradesh	1,160	1,662	2,822
West Bengal	587	1,868	2,455
Telangana	87	2,059	2,146
Gujarat	791	1,295	2,086
Kerala	962	958	1,920
Delhi	430	930	1,360
Punjab	421	910	1,331
Madhya Pradesh	577	619	1,196
Rajasthan	468	616	1,084
Orissa	510	399	909
Jammu & Kashmir	63	759	822
Himachal Pradesh	580	132	712
Bihar	198	445	643
Uttarakhand	113	504	617
Chandigarh	123	283	406
Chhattisgarh	112	295	407
Jharkhand	137	249	386
Assam	135	141	276
Goa	101	105	206
Sikkim	17	20	37
Meghalaya	10	14	24
Puducherry	20	—	20
Tripura	13	6	19
Andaman & Nicobar	1	11	12
Nagaland	3	6	9
Manipur	5	3	8
Arunachal Pradesh	2	4	6
Mizoram	—	2	2
Daman & Diu	1	—	1
Grand Total	**16,551**	**25,018**	**41,569**

Banking Payment Solutions

Our Banking Payment Solutions segment operations comprises ATM outsourcing and managed services, cash management services (through SVIL), transaction switching services, electronic payment solutions (through our subsidiary, India Transact Services Limited ("**ITSL**")) and WLA operations.

ATM Outsourcing and Managed Services

The following diagram sets out the various components of ATM Outsourcing and Managed Services:



In our ATM outsourcing services business, we offer an end-to-end ATM outsourcing model where we are generally responsible for sourcing sites and owning, deploying, maintaining and managing the ATMs and related assets set up by us. We source and select sites in consultation with our bank customers, which is often based on the deployment formats of the banks. We enter into lease agreements with the landlords of the sites, then acquire the ATMs and related assets. This is a capital intensive model, where we retain the proprietary and beneficial interest in the ATM and its related assets during the term of our agreement with our customers. Further, the upkeep and maintenance of the ATMs and the sites, along with cash management activities, such as cash forecasting, cash reconciliation and cash replenishment of the ATMs, is our responsibility. Once the ATMs are live with cash in them, we also constantly monitor the machines based on their connectivity to the applicable customer's host switch.

In contrast, under our ATM managed services business, site sourcing is not done by us. Further, while we are generally responsible for services in respect of the ATMs and the sites, the ownership of the ATMs remains with the banks' themselves.

The deployment process for an ATM begins with its site identification and selection. We have a dedicated site selection team of more than 50 employees spread across India who identify, visit and shortlist suitable sites, with the assistance of local real estate agents. Sites are shortlisted on the basis of their transaction potential and take into account both objective and subjective factors, such as in-person site visits, footfalls around the vicinity of the site, the number of transactions conducted at nearby ATMs and the approximate card base of the bank or financial institution. Once a site is internally approved and a lease with the landlord is signed, our projects rollout team conducts a detailed site study and prepares a site feasibility report. The projects rollout team also evaluates construction costs estimates submitted by third-party contractors and finalizes a vendor in conjunction with our commercial team. The third-party contractors then prepare a plan for the execution of the project and a schedule for the completion of the construction of the site. Once the construction is completed, a final quality check is conducted by both our projects rollout and site sourcing teams. ATMs and other related assets are then installed and tested for functioning and connectivity, following which the cash management team places cash, tests for a successful cash transaction and thereafter, the ATM becomes live and ready for customer use.

In both businesses, we are responsible for the upkeep and maintenance of the site (through first line and second line maintenance), along with cash management services such as cash forecasting, cash reconciliation and cash replenishment. We also ensure the ATMs are connected to their applicable host customer's switch to enable the driving, switching, authorization and processing of transactions by the host customer. We also monitor sites from both an operational and profitability perspective, and we relocate ATMs if and when required.

In both businesses, our payment terms for our services are either on a fixed monthly fee basis or on a per transaction basis. Under our contracts, a transaction could be financial, non-financial, on-us (by a card holder of the same bank or financial institution as the ATM), off-us (by a card holder of a different bank or financial institution as the ATM), or a combination of these categories. Certain of our contracts also provide for a minimum guaranteed payment to us. Under our outsourcing services contracts, upon the expiry of our agreement with the banks, the banks generally have a right to takeover and purchase the ATM and its related assets at a price calculated in accordance with the terms of our agreement. However, under one of our agreements, the bank has the right to take over the ATMs and the related assets at zero cost upon the expiry of the agreement. In few of our outsourcing services and managed services contracts, we are also required to pay an upfront fee to our customer, which is amortized over the course of the contract.

Under our outsourcing and managed services contracts, we are generally responsible for the following at the site:

- ownership of the ATM(s) and related assets (in complete outsourcing contracts only);
    - an uninterrupted power supply unit with batteries;
    - the very small aperture terminals and modems;
    - the air-conditioner(s);
    - furniture and fixture;
    - video surveillance, if applicable;
- site sourcing and the expenses involved with it;
- leasing of the entire site;
- rent deposits or rents in advance;
- electricity expenses;
- ATM monitoring and maintenance;
- help desk management;
- incident management;
- cash reporting and reconciliation;
- consumables;
- MIS reporting;
- vendor management;
- insurance of sites, ATM(s) and related assets;
- cash forecasting, management and replenishment; and
- switching services, if required by the bank.

We usually outsource the repairs and maintenance of the physical site, housekeeping and security services to housekeeping agencies. Cash management services, including cash replenishment and reconciliation services, are either sub-contracted to our subsidiary SVIL or to another service provider.

The following table sets out certain usage data for ATMs under our outsourcing and managed services contracts:

	Nine Months Ended December 31, 2014	**Financial Year 2014**
Number of Revenue Generating Transactions	341,995,235	381,998,195

As of December 31, 2014, 26.7% and 73.3% of our ATMs under our outsourcing and managed services business had the fixed monthly and per transaction fee structure (includes hybrid models as well), respectively.

Transaction Switching and Electronic Payment Solutions

Our transaction switching services enable us to offer an outsourced platform for providing integrated payments processing, card management and merchant acquiring solutions. Switching a transaction involves authorisation, clearing and settlement of such transaction. A switch is software which performs these functions across multiple devices and payment networks and systems. We assist our customers in routing and processing electronic transactions and also assist banks in migrating their existing card base, issuing new cards and authorizing cards. We started providing transaction switching services with the acquisition of a licence for the Postilion switch from an affiliate of ACI Worldwide in 2011. For the nine months ended December 31, 2014, we processed a daily average of 56,000 switching transactions. Our transaction switching services customers include banks and financial institutions such as Ratnakar Bank Limited, BTI Payments Private Limited and Muthoot Finance Limited.

We also provide electronic payment solutions, where we integrate a variety of payment channels, including internet payment gateways and several mobile payment systems, to route, switch and process electronic transactions. Our transaction switch acts as the backbone of our electronic payment solutions offering, which is offered through our wholly-owned subsidiary, ITSL. ITSL has been granted a license from the RBI on May 30, 2014 to issue and operate pre-paid payment instruments.

Our transaction switching services include the following functions:

- setting up an interface with the networks, including Mastercard, Visa, American Express, Cash Tree, NFS, banks ATM networks and customer services;
- integration with payment gateway portals;
- setting up an interface with the device handlers, including with ATM manufacturers and POS terminals;
- displaying marketing messages;
- setting up single PIN features across various banking channels;
- hot listing of cards;
- ATM monitoring;
- encrypting PINs and transactions;
- card embossing;
- customizing transaction slips;
- multi-currency support;
- POS management; and
- reconciliation of various associations transactions along with the issuing and acquiring transactions.

Cash Management

We undertake cash management services through our wholly-owned subsidiary, SVIL, which commenced its commercial operations in April 2012. SVIL focuses on the transit, safe keeping (in vaults) and management of currency and valuables for banks, financial institutions and retailers (including other entities dealing in cash and other valuables). SVIL also provides cash replenishing, monitoring, counting and sorting services, vaulting services and reconciliation services. We provide cash management services to banks, such as ICICI Bank Limited, Axis Bank Limited, HDFC Bank Limited and Ratnakar Bank Limited, non-bank ATM deployers, such as BTI Payments Private Limited, Muthoot Finance Limited, and large retailers, such as Future Retail Limited.

The services offered by SVIL include:

<u>Cash in Transit Services</u>: As part of its cash in transit services, SVIL provides for the safe transport of cash. The cash is carried in vehicles, which are monitored through an in-house GPS tracking system. These vehicles are guarded by armed security personnel and are equipped with speed jammers and geo-fencing devices. As of December 31, 2014, SVIL provided cash in transit services for more than 10,000 ATMs for several banks in India and had a fleet of 421 cash vans.

<u>ATM Services</u>: The ATM services offered by SVIL include ATM cash replenishment, ATM maintenance and repair, deposit pick-up and cash processing. We also train SVIL employees in providing first and second line maintenance and basic repair to ATM hardware, thereby enabling SVIL to provide complete line maintenance of ATMs for our cash management customers and minimizing ATM downtimes.

<u>Cash Processing Services</u>: Cash processing services offered by SVIL include counting and sorting services and reconciliation services. SVIL has trained personnel and facilities to handle large volumes of cash and ensure cash processing speed and accuracy.

<u>Cash Vault Services</u>: Cash vault services enable better management of cash operations and delivers a complete cash processing outsourcing solution for financial institutions. Cash vault services include currency inventory management, including maintaining currency in secure vaults and managing the inventory for cash shipment and consolidation and branch deposit processing. As of December 31, 2014, SVIL had 15 vaults and 75 spoke locations covering 440 cities and towns in India.

<u>Cash Pick-up Services</u>: Cash pick-up services comprises picking up cash from our customers' outlets, which include bank vaults and entities who handle large volumes of cash as part of their day-to-day operations, such as large retailers and petrol stations. SVIL picks up cash from such outlets in a safe and secure manner, processes the cash, and deposits it at the customer's designated location, such as the customer's bank.

As of December 31, 2014, SVIL employed 2,400 personnel in India. SVIL's employees go through a rigorous background check, which is carried out by an independent third-party service provider, to verify the credentials and background of employees that deal directly with cash. Due to the risks involved in its operations, SVIL maintains cash in vault, cash in transit and crime and errors and omissions insurance coverage.

Banking Automation Solutions

Our Banking Automation Solutions segment covers sale of products, including our banking automation hardware products and third-party ATM site development, and sale of services, including annual maintenance contracts, software, upgrades and spare parts.

Products

We sell ATMs and cash dispensers and other banking automation products, such as bunch note acceptors, check deposit kiosks and multi-functional information kiosks, and software related to terminal security chip reading and ATM monitoring, manufactured or offered by Wincor. We also sell our own brand of banking hardware products, such as note sorters, intelligent cash deposit machines and multi-function kiosks. We sell our Banking Automation Solutions products to banks and financial institutions, including other ATM managed service providers who compete with us, in India and in Singapore, Cambodia, the Philippines and Indonesia.

Our banking automation product offerings include:

ATMs and Cash Dispensers: ATMs and cash dispensers enable customers to access their bank accounts in order to make cash withdrawals (or credit card cash advances), cash deposits, fund transfers, check account balances and print statements. ATMs can also be used for other value-added services, which vary from bank to bank. In line with the dynamic needs of the banking industry, we offer Wincor's hardware and software ATM solutions in India with varying designs, cash management and dispensing configurations, security solutions, such as finger print sensors, and software and hardware architecture. For the financial years 2012, 2013 and 2014 and the nine months ended December 31, 2014, we sold 3,858, 5,396, 6,656 and 3,588 ATMs and cash dispensers.

Bunch Note Acceptors: Bunch note acceptors are self-service terminals that allow a bank's client to make deposits and payment transactions by cash. All successful transactions are instantly credited and clients are issued an advice slip as a confirmation of the transaction. Bunch note acceptors typically handle transactions such as cash deposit, credit card and other utility payments by cash to accounts. This also includes the cash re-cycling machines, which is a type of ATM where the cash deposited is sorted into various denominations and is used for cash dispensing. Cash re-cycling machines lower the cash handling cost by recycling the deposited cash and optimizing the cash replenishment and pick-up process.

Banking Transaction Terminals: Banking transaction terminals are a variety of automated self-service banking platforms that include:

- automated cheque deposit terminals, where cheques can be instantly scanned and deposited or cashed;
- automatic teller systems, where cash can be disbursed or accepted, personalized bank cards can be issued and credit card and loan applications processed; and
- multifunction self-service kiosks, where non-cash financial transactions like balance inquiry, mini-statement and PIN change can be conducted.

Our key self-designed banking transaction terminals include Novo iCheque, Novo iTeller and Touchpoint 200.

Note Sorters: Note sorters are widely used during the collection and sorting of large amounts of banknotes. They can simultaneously authenticate and classify banknotes, including functions such as note counting, value counting and sorting notes by denomination, fitness, orientation and face. Note sorters can also check for counterfeits by using an optical array utilizing visible infrared, as well as a mechanical system of thickness checking, to inspect notes. Note Sorters are manufactured by us.

Intelligent Cash Deposit: Intelligent cash deposit machines ("**ICDs**") are self-service terminals that handle cash deposits. ICDs are manufactured by us. ICDs can also identify fraudulent banknotes at the time of deposit with real-time transaction update using remote monitoring. The deposited notes are then sealed and securely stored in a vault or bag housed inside the machine. Our primary ICD product is ICD1000.

Site Development and Sale: We develop sites, which include the deployment of ATMs and other related assets and carrying out site interior construction work. The purchasers of our ATM sites do not necessarily engage us for the maintenance and management of the ATM sites, although they have the option to do so.

Services

We provide the following banking service offerings to our customers:

Annual Maintenance: We supply and install ATMs for our customers, who then engage us to provide maintenance on such ATMs after their respective warranty periods have expired. Under our annual maintenance contracts ("**AMCs**") with these customers, we provide second line maintenance for their ATMs, including the provision of remedial hardware maintenance, replacement parts, and preventative maintenance. We are generally required to maintain a minimum uptime for our customers' ATMs. The duration of our AMCs range between one to three years, renewable at the option of the parties, and the AMC fee is paid to us in annual, semi-annual or quarterly instalments. As of December 31, 2014, we provided maintenance for more than 25,000 ATMs.

Omni Channel Transformation Services: We also act as consultants for our bank customers on how to transform and modernize their user interfaces across their customer touch points, including branches, ATMs and hand-held devices. We assist them with the planning, supply, deployment, placement and integration of electronic banking terminals within their branches and coordinate that with their digital banking strategy to expedite customer servicing times.

Queue Management: Our queue management service assists our bank customers with the regulation of customers flow in their bank branches in a structured manner through the placement of hardware kiosk and software and digital signage.

Software: We assist our banking customers with customizing the base Wincor ATM software, including the determining of interface and functions.

Upgrades: We provide our customers with hardware as well as software upgrade services. Hardware upgrades include the addition of certain components or modules to installed ATMs. Software upgrades include the addition of service offerings on ATMs, as banks seek to deliver other financial and non-financial products to their customers besides traditional ATM services.

Spare Parts**:** We stock spare parts for the repair of Wincor ATMs and other automated banking hardware products. Unless under warranty, spare parts used in the repair of our customers hardware systems are charged to them.

Customers

Our banking sector customers include Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, Ratnakar Bank Limited, Dhanlaxmi Bank Limited, State Bank of India, Muthoot Finance Limited and BTI Payments Private Limited.

The following table sets out revenue derived from certain of our customers, each of which constituted more than 10% of our total revenue, for the periods indicated:

Customers	Six months ended September 30, 2014		Financial Year					
			2014		2013		2012	
	Revenue (₹ *in millions)*	% Revenue	Revenue (₹ *in millions)*	% Revenue	Revenue (₹ *in millions)*	% Revenue	Revenue (₹ *in millions)*	% Revenue
ICICI Bank Ltd.	1,372.33	23.7%	2,056.04	21.6%	1,563.17	24.5%	833.77	16.2%
Axis Bank Ltd.	1,089.63	18.8%	2,025.97	21.3%	1,059.96	16.6%	738.30	14.4%
Tata Communications Banking Infrasolutions Limited	—	—	—	—	756.30	11.8%	—	—
Syndicate Bank	585.69	10.1%	—	—	—	—	—	—

Other Automation Solutions

We also provide technology solutions to customers in the retail, petroleum and colour sectors in our Other Automation Solutions business segment that enables them to provide technology-driven automated payments and dispensing solutions to their end customers.

Retail Sector Payment Services

Our retail sector offerings include cash and card billing hardware and software, store automation peripherals, store automation solutions and kiosks. We offer our retail sector clients products and services for automating the cash and card billing terminals at their establishments, enabling them to manage their customer check-out lanes and customer billing processes in an automated manner. Our retail sector billing solutions are designed to be integrated with multiple modes of payment systems providing payment flexibility to our retail sector clients' customers. We also offer products for the management of digital signage. We provide annual maintenance services for our customers.

Our customers include supermarkets, hospitality establishments and multiplexes, such as Aditya Birla Retail, DLF Brands Limited and Future Retail Limited.

Products

Our retail sector product offerings include:

POS Billing Terminals: We offer Wincor's POS billing terminals and solutions to our retail customers. The configuration of the POS billing terminals is dependent on the type of establishment, such as supermarket, single-brand retail stores or multiplex. We offer limited customization, such as modifying RAM and hard disks of the POS terminals in accordance with the needs of our customers. As of December 31, 2014, we have installed more than 25,000 POS terminals.

Digital Signage Software: We provide digital signage and related software, which can be used for managing digital signage, scheduling, customized marketing and information messages through these signages, managing designs, generating logs and alerts. Our key product offering in digital signage software delivers targeted messages to end customers at our customer's business location. It is a feature that captures animated content, real-time text ticker and video jukebox to make it engaging and interactive for the customers while displaying entertainment and information content.

Thin Client Systems: Thin client system is a system where there is single network server to which certain inexpensive electronic equipment is connected. Thin clients have a simpler configuration as compared to a PC.

The data and applications are installed on the server and thin clients connect to the server for accessing data and applications. This helps minimize IT cost without sacrificing efficiency and confidentiality of the data.

Services

As part of our retail sector service offerings, we provide maintenance services, software customization, hardware upgrades and spare parts for repairs of POS terminals and other automation equipment. We also provide managed services to our retail sector customers, where we manage the network of retail outlets, which include managing the retailer's information technology infrastructure in retail stores and warehouses to enable them to serve their clients.

Petroleum Sector Payment Services

Our petroleum sector operations involve the automation of downstream supply chain operations of petroleum companies, including retail outlet automation. Our offerings at the retail petroleum outlet are aimed at assisting oil companies in implementing their quality and quantity assurance initiatives for customers, enabling the outlet forecourt for an integrated loyalty and payments offering and providing an adaptive infrastructure to cater to various demands of the customers.

Our customers in this sector include petroleum companies such as Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited. As of December 31, 2014, we have automated more than 5,000 petroleum outlets across India.

Retail Outlet Automation

The key component of our retail petroleum outlet automation system deployed at an outlet is a forecourt controller, which interfaces with various dispensers and tanks in the outlet. In addition to wet-stock reconciliation, this system has additional functions such as remote site monitoring, central price changes, RFID based attendant-tagging, enabling credit and debit card transactions from the forecourt, automatic indenting of products and aggregation of data for a network of outlets into a centralized system.

Services

Our service offerings to oil companies comprise:

- Operational, implementation and support services;
- first and second line maintenance support services;
- helpdesk and remote support services;
- software upgrade and customization services; and
- site feasibility and audit services.

Colour Sector Operations

Our colour sector offerings include automatic and manual paint dispensers capable of delivering the right shade of colour, which we supply to paint companies, and flat and rotary inkjet engravers for textile printing, which we supply to textile companies. Our services include the deployment, implementation and maintenance of our products and operational and software training for our customers. Our colour sector customers include Asian Paints Limited, Kansai Nerolac Paints Limited and Berger Paints India Limited.

We have entered into a manufacturing and technology license agreement with Fast & Fluid Management B.V. and IDEX Technology (Suzhou) Co., Ltd. (together, the "**FFM Group**") and have acquired a license to manufacture certain automatic and manual dispensers and top covers and monitor and keyboard arms of certain other models of paint dispensers. We are permitted to sell these products in India, Nepal, Bangladesh and Sri Lanka. We have also entered into a reseller agreement with IDEX Fluid & Metering Pvt. Ltd. and have the right to purchase and resell XSmart, a model of paint dispenser, and parts for XSmart in India, Nepal, Bangladesh and Sri Lanka. As of December 31, 2014, we have installed more than 34,000 dispensing machines across India.