

July 31, 2024

To, BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001 BSE Scrip Code: 543451	To, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400051 NSE Scrip Symbol: AGSTRA
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Ref: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Transcript of Earnings Conference Call held on July 26, 2024

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed, transcript of the earnings conference call held on Friday, July 26, 2024, post declaration of the unaudited Financial Results (Standalone and Consolidated) for the quarter ended June 30, 2024.

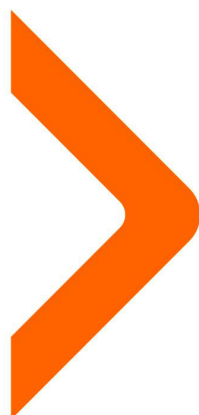
The above information will also be made available on the website of the Company at www.agsindia.com

This is for your information and record.

**Thanking You,
For AGS Transact Technologies Limited**

**Sneha Kadam
Company Secretary and Compliance Officer
(Mem No: ACS31215)**

Enclosure: Transcript of the earnings conference call



AGS Transact Technologies Ltd.

www.agsindia.com

REGISTERED OFFICE

601 - 602, B-Wing, Trade World,
Kamala City, Senapati Bapat Marg,
Lower Parel (W), Mumbai - 400 013

Phone: +91-22-6781 2000

Fax: +91-22-2493 5384

CIN-L72200MH2002PLC138213

CORPORATE OFFICE

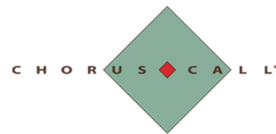
1401-A & 1402,
One International Centre,
Tower-3, 14th Floor, S.B. Marg,
Prabhadevi (W), Mumbai - 400 013
Phone: +91-22-7181 8181



“AGS Transact Technologies Limited
Q1 FY25 Earnings Conference Call”

July 26, 2024

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on July 26 2024, will prevail.



MANAGEMENT: **MR. RAVI GOYAL – CHAIRMAN AND MANAGING DIRECTOR
– AGS TRANSACT TECHNOLOGIES LIMITED**
**MR. STANLEY JOHNSON – EXECUTIVE DIRECTOR – AGS
TRANSACT TECHNOLOGIES LIMITED**
**MR. VINAYAK GOYAL – EXECUTIVE DIRECTOR – AGS
TRANSACT TECHNOLOGIES LIMITED AND MANAGING
DIRECTOR, INDIA TRANSACT SERVICES LTD**
**MR. SAURABH LAL – CHIEF FINANCIAL OFFICER – AGS
TRANSACT TECHNOLOGIES LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to AGS Transact Technologies Ltd Q1 FY25 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participate lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ravi Goyal, Chairman and Managing Director. Thank you and over to you, sir.

Ravi Goyal:

Good morning, everyone. Thank you and a very warm welcome to each one of you for joining our Q1 FY25 earnings call, on behalf of AGS Transact Technologies Ltd. With me on this call are Mr. Saurabh Lal, our CFO, our Executive Directors on the board, Mr. Stanley Johnson and Mr. Vinayak Goyal. Vinayak is also the Managing Director of our Wholly Owned Digital Subsidiary, India Transact Services Ltd. For your reference, we have uploaded the investor presentation and financial results on the corporate website and stock exchanges. We are happy to report a promising performance in Q1 FY25 and we are confident that we will continue this momentum.

In this fiscal year, our focus will remain on improving the growth and the margins of the business, paving the path for upcoming opportunities. Allow me to spend a few minutes here to talk about our strategy. As a part of our strategic growth outlook, we are making conscious efforts to expand our digital payments business.

We are also scaling down low margin businesses such as the other automation businesses and moving towards increasing our revenue from services. We have created an asset light model under our Wholly Owned Digital Payment Subsidiary, India Transact Services Limited and will be focusing on expanding our PPI infrastructure through the Ongo card and ecosystem.

We will be leveraging our digital payment ecosystem through strategic collaborations contributing to the top line as well as to the bottom line. In the recently concluded quarter, we launched ATM cash withdrawal facility on the Ongo prepaid instrument platform which will provide the Ongo users a seamless accessibility to funds across all 2.56 lakhs plus ATM on NPCI network. The Ongo card offers accessibility for corporates, merchants and consumers as it is backed by RuPay platform, having acceptance points across India.

I am happy to inform you that the pilot of Ongo fueling which will be our flagship product under digital business is near to completion and we expect to launch it in H1 of FY25. We have onboarded close to 1300 fleet vehicles in this phase. For added convenience of the consumers, we are testing AI enabled voice-controlled fueling on the same platform.

Ongo fueling is a niche solution which will be launched on a pan India basis. The potential for market for fleet fueling is about INR1.6 lakh crores on an annual basis. With reference to the issuance of National Common Mobility Card or NCMC, we have issued close to 55,000 NCMCs for Bangalore Metro as of date.

These cards can be used for travelling as well as shopping online and in stores. We are targeting to issue about 5 lakh NCMC cards during FY25 and about 25 lakh NCMC cards over the next 2-3 years. Further, the recent RBI mandate has allowed the issuance of NCMC cards without any KYC verifications.

These cards have a limit of INR3000 and can be used at various modes of public transport across the country including metro, bus, toll, parking and water metros. Overall, we see a good opportunity here. There are INR7.5 crores closed loop cards issued by all the metros which can be converted to NCMC cards over a period of time. Here, I would like to inform you that we are currently in talks with the Metro Corporation to launch no KYC NCMC cards in H1 of this year. According to the annual report of the Reserve Bank of India, there was a 44% increase in the digital payment transactions from 103.9 billion transactions in FY23 to 164.4 billion transactions in FY24. The growth was led by UPI which had a share of 79.7% in the cumulative volume of digital payments in FY24. The growth in deployments of point of sale mobile post terminals, interoperable QR codes among others have been aided by the Payment Infrastructure Development Fund that is PIDF. Overall, the growth of digital payment is significant which is a healthy sign for the industry and we are well poised to leverage this growth.

We also offer cash management services through our wholly owned subsidiary Securevalue India Ltd. which complements our ATM outsourcing business and services. Our cash management requirements for both captive and managed ATMs and contributes nearly 14.2% of the revenue from operations in Q1 of FY25. During the recently concluded quarter, we have set up a new cash vault facility spread over an area of 14,000 square feet in Bengaluru, Karnataka.

This state-of-the-art facility will offer world-class cash processing and vault services. The recent demand in ATMs and CRMs which is underway by H1 of this year will benefit the cash management business as there is significant demand for support infrastructure such as cash vaults and logistics. This will further enhance business operations and improve efficiency.

As of June 30, we have installed, maintained or managed a network of approximately 73,034 ATMs and CRMs and more than 36,200 ATMs and CRMs were serviced through Securevalue India Ltd. Securevalue India accounts for 463 vaults and spoke locations. We have about 745 pick-up and doorstep banking points and a network of 2,370 plus secure cash vans across 1,800 plus cities and towns.

Lastly, I would like to share that the company has initiated an equity fundraise of INR2,000 million i.e. INR200 crores through preferential allotment. This will help us drive sustainable growth for our business in the long term. Now I would request Stanley Johnson, Executive

Director of AGS Transact Technologies to share the business development highlights. Stanley, over to you.

Stanley Johnson:

Good morning everyone. Let me take you through the business outlook for ATM outsourcing business in Quarter 1 of this year. This has been a key growth area for us. It has traditionally been working on a transaction fee model. In the last quarter, we announced the shift in our focus towards the hybrid fee model. I am happy to share that we have successfully renewed a contract with a leading private sector bank to manage their ATM under outsourcing portfolio.

This contract allows a hybrid model which covers a fixed fee and a transaction fee. It will generate additional annual revenue of INR300 million while maintaining the existing cost structure thus improving profitability and margins. Further, to give you an update on the order wins from SBI, the deployment of 1,350 ATMs which will generate a one-time revenue of INR750 million is on track and will be completed by H1 of this financial year.

Another order win of 2,500 plus ATMs under outsourcing portfolio will begin in the second half of this financial year and is expected to complete by this financial year. The order value is around INR11,000 million over seven years which will add INR1,500 million on an annual basis. Our ATM outsourcing portfolio contributed 54% of our quarterly revenue from operations and around 6.4% of the top line came from the AMC business. The revenue share from the service stands at 93% in Q1. The contribution from the service remains healthy as this income is supported by long-term contracts and is recurrent in nature.

The Indian ATM industry is projected to grow at a CAGR of 9.2% between 2024 to 2032. This is due to the growing demand for ATMs and CRMss. As leading banks expand their branches, various RFPs in the range of 18,000 to 20,000 ATMs and CRMs are currently underway in the first half. The demand in the industry provides a significant opportunity to expand potentially, increase the market share and profitability.

At AGS Transact, we are well-positioned to grab a significant pie of this growth. We have a state-of-the-art infrastructure in Navi Mumbai which houses a 24x7 monitoring centre that helps us in ATM monitoring, cash forecasting and cash reconciliation for all our ATM service operations. We offer transaction switch platform and fraud detection tools for various clients. A software lab for carrying out various pioneering new initiatives and we also have a testing and a repair centre to ensure smooth functioning of our products and solutions.

Now I would request Saurabh, the CFO of AGS Transact Technologies to share the financial highlights of Q1. Saurabh, over to you.

Saurabh Lal:

Thank you Stanley. Good morning everyone. Now I would like to take you through the financial performance of the company for Q1 of FY25. In Q1 of FY25, the total income of the group stood at INR3,516 million versus INR3,794 million in Q1 of FY24. Going forward, we anticipate an increase in revenue by renegotiation of contracts, new order wins and execution of those orders and our digital initiatives.

Talking about the EBITDA number, in Q1 of FY25, the EBITDA margin stood at 29.9% versus 27.1% in Q1 of FY24. Our EBITDA on absolute terms stood at INR1,053 million in Q1

of FY25 versus INR934 million in Q4 of FY24 and INR1,030 million in Q1 of FY24. Now I would like to highlight that in Q1 FY25 EBITDA represents the reported EBITDA. There are no non-recurring expenses in the set quarter.

For the comparison purpose, the EBITDA that I have stated above, is adjusted EBITDA for Q1 of FY24 and Q4 of FY24 as there were some non-recurring charges we have taken in those quarters. Regarding the PAT number, we recorded a healthy PAT of INR 138 million as against the profit of INR 6 million in Q1 of FY24 and a loss of INR 44 million in Q4 of FY24. The net debt position of the company stands at INR5,857 million as of 30th June 2024.

Just to give you a quick update on our subsidiary's performance in Q1 of FY25. Secure Value India Limited which is in into a business of cash management, reported a top line of INR 1,033 million, it's a gross revenue including AGS with an EBITDA margin of 20%. Its non-AGS business, which is a business coming from non-AGS customer was close to around 47%. ITSL which is again our digital subsidiary which takes care of our acquiring and is going to be the flagship for all the launches in the Ongo space on the issuance side.

The reported revenue from the operations is INR 334 million with EBITDA margin of 9%. GTSL, our foreign subsidiary generated a revenue from operations of INR 194 million with EBITDA margins of 26%. With this we conclude our presentations and open the floor for further discussions. Thank you.

Moderator: Thank you. The first question is from the line of Ankit Kanodia from Smart Sync Services. Please go ahead.

Ankit Kanodia: Thank you for taking my question and congratulations on good profitability and margin. Sir, my first question is related to the numbers. When we look at the revenues, we have seen a degrowth of around 7%.

And as far as my understanding, the main increase in profit has come because of reduction in employee expenses and other expenses. So, if you can throw some more color as to why revenue growth has not been there in this quarter and more details about the employee expenses and other expenses, that would be very helpful. That's my first question.

Saurabh Lal: Sure. Thank you, Ankit. With respect to the revenue, if you see over a period of time, the company has moved its focus mostly on the service revenue. And over a period of time, we keep on reducing our revenue from the product side and company is increasing more and more revenue on the service revenue, including payment solutions, covering cash, digital and everything.

So, from that perspective, though even though there may be a reduction in certain revenue streams coming from the various businesses, we continue to ensure that whatever businesses that will be in the contracts that we have, they should be right contracts and should have the right margins for us to grow business from a profitability perspective. So, that is one reason there is a reduction in revenue and this we have consistently telling the markets also and to everyone that over a period of time, our revenue has de-growth.

There is a de-growth over a period of time either on the quarterly basis or annual basis also. But at the same time, when we said that we will be reducing the revenue from various businesses like other automation solutions or maybe some contracts on the payment solution also, we have ensured that we should keep a quick tab or fast tab on the cost side also. So, we have ensured that certain costs which are directly related to those contracts, directly related to those businesses should be pruned down immediately.

Some costs get transferred over a quarter because of the contractual obligations that we have, warranty obligations that we have or certain costs have a transition impact also. So, I think those costs have started coming down and that is why we have seen certain benefits coming from the cost side. But I would like to highlight that Stanley also covered in his speech, that we have been able to negotiate certain contracts also which has helped us to have a hybrid model where we got the transaction fee revenue and the fixed revenue which will have an incremental benefit on the revenue.

And since there is no direct cost associated with those revenues, there will be an incremental impact on the bottom line covering the EBITDA and the PBT level also. So, I think covering all those factors, even though you have seen there is a de-growth in the revenue by Q-o-Q or on the Y-o-Y quarter, we have seen the margins profile of the companies have significantly improved both from the AGS standpoint, both from ITSL standpoint or even Securevalue on overall basis, the EBITDA margins and the other margins are completely improving.

Ankit Kanodia:

Got it. Thank you so much. That was very helpful, sir. So, my next question is related to our working capital. So, when I see our working capital, our day's payables looks very very high. Can you just throw some more light as to how our day's payables are so high?

Saurabh Lal:

So, Ankit, definitely, we have seen in the past also that the working capital cycle of the company is consistently high as compared to what the market expects and the company is consistently making an effort to reduce those markets and working on those numbers that okay, that we should reduce this working capital.

But considering the nature of business, considering the nature of transaction in which we are and the customers which we deal with, I think though this working capital cycle should come down and the company making consistent effort to reduce this working capital cycle by prioritizing the billing, prioritizing collections, doing the reconciliations on a constant basis or frequent basis so that this amount should not get delayed, should not get covered and should not get affected in the working capital.

Having said that, I think we also have covered that we have just executed an SBI order also, which is a VAR order or I would say a banking automation order where again we have sold the product to the bank and will now collect this money over a period of time. Now, this collection will come once the ATM goes cashless and everything.

So, these are the factors which sometime elongated our working capital, but I think our company's business, everyone's endeavour is to bring this working capital down and constantly

focusing on to ensure that the money, whichever is due to us should get collected at the earliest.

Ankit Kanodia: One last question if I may. Sir, when we did our IPO, it was completely 100% OFS and recently we have done a preferential allotment. And I see the borrowings continues to remain almost on the same level over the last two, three years. So, is it fair to assume that we will continue with the same borrowing levels and probably use all these funds for capex only or are we having any plans to reduce our borrowings also on the current level?

Saurabh Lal: So, under some of our company's payment plan and everything, I think the borrowing mostly consists on the form of term loans, so which we have been consistently reducing. As you see in terms of last one year perspective, I think the gross borrowing and the net borrowing has come down from a significant number because most of the borrowings are term loans and they have a fixed horizon and tenure in which we have to repay. And I think the plan of the company is to definitely become debt free over a period of time in the next three to four years as we have already communicated last time also.

And the money that we are collecting is definitely going to get used for the business purpose, expansion purpose and maybe for working capital purpose also as per the defined end use that we have given in our offer letter also. But yes, the company's constant effort is to keep the borrowing at level which is sustainable in the form of EBITDA to net worth, EBITDA to borrowings and all those ratios in mind.

Ankit Kanodia: Thank you so much, sir. I will come back into the queue if I have more questions. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Ritika Dua from Bandhan AMC. Please go ahead.

Ritika Dua: So firstly on the revenue outlook which I think has been discussed by the opening speakers, you mentioned three lines. One you said is obviously the hybrid fee model which will help you maybe add, if I heard them correctly, some INR30 crores. So firstly, what is this INR30 crores? Are you saying that this will be on an annual basis or after that reset for this year you will benefit out of INR30 crores? That is the first question?

Second question is that if I heard you correctly, you said that another INR150 crores of annual revenue would come on a recurring basis. So that is the second clarification. And thirdly you said that certain digital initiatives would also help you maybe improve your revenue. So firstly if you could clarify on these three counts on relating to your revenue and basis the clarification you provide, how do you think like maybe revenue should pan out in the next, maybe at least in the next one year if not one to two years? That's my first question.

Saurabh Lal: Sure, Ritika. Thank you, Ritika. Ritika, I will go one by one. Definitely as per what Stanley covered here is that the revenue which is a hybrid model contract that we have renegotiated with the bank will help us to have an incremental revenue of INR30 cr. So definitely that is an incremental revenue on the annualized basis that will get accrued to us. Second, there is another contract of State Bank of India which has still not started right, but yes, we are

confident that this will get executed in this quarter and will definitely get closed may in two to three quarters from now.

The annualized impact of that revenue will be approximately in the range of INR 150 crores incremental revenue on the basis of the contract PO and everything that we have received from the bank. So basis that we assume that we are confident that we will have an incremental revenue, INR 150 crores coming into this business on annualized basis.

Third, on the digital initiative side, definitely as we said we have a very strong plan to execute this new NCMC rollout card. We have a plan to initiate this Ongo fuel, GoLive and everything. So, all these new initiatives will give us an incremental revenue because these revenues are, I would say, negligible in the case of past performance or past quarters and past years. So whatever new issues that we do, whether we do it for NCMC, whether we do it for Ongo fuel, it will be incremental revenue to the existing top line that we are already accruing or already earning.

Ritika Dua:

Thanks, Saurabh. So, if I could just maybe one more clarification. So obviously I got the point that this INR30 crores plus INR150 crores, so roughly 180 crores is an annualized number. So assuming that it comes only in the nine months, so maybe proportionately that is the benefit that we are looking at for this year. And then that sets in the base. So then we should look at a stable run rate or how does it really work.

Should at least, at best, this number continue in the next year and there could be a growth over it also. So if you could just maybe help something on the future as well on these two accounts because these are large numbers. You are saying INR30 crores plus INR150 crores, INR180 crores proportionately, even if it's for nine months, it's a good number.

Saurabh Lal:

Correct. So Ritika, on the INR 150 crores, definitely it's an annualized number. So automatically and as I said, as Ravi also mentioned, it's a seven-year contract. So we will continue to earn that revenue for a period of seven years, depending on the actual transaction that will happen. 150 crores is the average number that we assumed over the period of annualized basis, translating to about INR1,100 crores of revenue accruing in next seven years.

But yes, for this year, there is a possibility that this full revenue will not come. But yes, on an annualized basis when this contract gets executed fully, 2,500 ATMs, this is what we believe that this is additional revenue that will get accrued on an annual basis to us.

Ritika Dua:

And so sorry for this, because I'm obviously a little new to understanding the entity. Your annualized revenues, if I see the historical numbers, you were about at a peakish number of INR1700 crores and now you're looking to add INR1100 crores via just one particular contract.

Saurabh Lal:

That is for seven years, Ritika. That is for seven years.

Ritika Dua:

No, I understand that, sir. I understand that. But still, I mean, if I see that if this is not a very new business that we are entering into or something, a new category, we would have done this ATM outsourcing business, I think, in the past also.

Maybe I don't know if the quantum is so large or maybe in the past also, whenever you have received orders to this extent, because, these are all new and rolling contracts. Has the revenue potential been so huge over seven years? I mean, have you seen this in the past also?

Saurabh Lal: So it depends on the size and the number also. But since this is a significant order and a significant number of ATMs, that is why this is a huge number. Otherwise, in case of normal growth, the normal incremental revenue that we keep on running from existing contracts, the quantum may not be that huge. But yes, since it's a single PO of 2,500 plus ATMs, this has become a significant order of INR1,100 crores.

Ritika Dua: Fair, sir. Okay, maybe, sir, on the second question that I have is on the opex bit, I think, which somebody else was also trying to understand on the call. But if you could just guide some bit more here. And when I just see the numbers, the employee opex number bit was roughly a INR 46 crores moved to INR 54 crores. So is it maybe because of some maybe annual payouts, and then the other expenses moved down from INR 190 crores to INR 154 crores. So that's also some INR 30 crores of reduction in other opex.

And you are saying that incremental revenue addition in this piece is also INR 30 crores. So, I mean, I'm not trying to put both together but if you could just maybe help us explain this a little bit more.

Saurabh Lal: Sure. So on the expense front, definitely from the employee side, yes, there were some annual payouts, which has an impact in the quarter one, and which is not on the annualized basis. This will have an impact in quarter one and to some extent will have some impact in quarter two also. And then it automatically goes down. From the other expenses perspective, if you see in the last previous quarters, there were certain write-offs that we have taken, one of write-offs, and there are certain commitment fee P&L charge that we have taken.

So since majority of both the charge are not significant there in this quarter, there is a significant reduction in those two costs. Plus there are other savings also, as some revenues has trimmed over a period of time, so automatically certain other costs associated with those revenues have also got trimmed. So those were the reasons for the cost reduction specifically.

Ritika Dua: Okay. So just to maybe clarify this, so this INR 190 crores had the INR 36 crores non-recurring in it?

Saurabh Lal: Yes, if you are comparing with the last quarter, yes.

Ritika Dua: So actually from a INR 190 crores minus INR 36 crores or roughly say 30 crores, so it is actually flat, INR 160 crores, INR160 crores on a sequential basis then, the other opex is what you are trying to say?

Saurabh Lal: I don't have the exact number, but yes, that is what the major reason is there.

Ritika Dua: Okay. So and just maybe some guidance here too, sir, would help that how do you look at this number, like you said in the opening remarks that a lot of one-offs are done with now. How should this number move incrementally?

Saurabh Lal: So from a business perspective, there are certain direct costs that will continue, so that will go as a percentage of revenue. Other than non-recurring expenses or one-off items, definitely we as a management and a company are trying to ensure that we should recover all the money that we have given to the customer and its impact is to the minimum. Or whatever impact is there, that is taken as a cost of doing business, it is a normal recurring expense to the company perspective.

So that is what we have. So the cost will continue in the ratio of revenue except those one-off items. If you can exclude those one-off items, then you will be able to definitely do a, I would say, percentage linking to the payment solution business or from an outsourcing business. Or in case Ritika you need more detail, we can definitely do this offline discussion and we can give you more details how the segmental revenue or you can look at the segmental revenue or segmental cost and make out the percentage of EBITDA or gross margin that we generate on every business on business.

Ritika Dua: Sure, sir. I will definitely do that. Just maybe two more questions if I may.

Saurabh Lal: Yes, please go ahead, Ritika.

Ritika Dua: So secondly, on the depreciation, what is that you have to maybe guide here and that is one question. And secondly, second question is that you said that the preferential is not necessarily to bear down the debt because the debt is on a term loan structure and it has a fixed obligation, etc. So how do you look to utilize the INR200 crores preferential? So two questions here.

Saurabh Lal: So, on the depreciation side, Ritika, mostly the depreciation is in the form of the assets that we have deployed, that is ATMs and other site assets and the ROU assets, most of the depreciation is on those fronts. Second, on the preferential issue side, I think the INR200 crores of capital that will get infused in the company.

From the current use, we have kept it that some percentage will go for a debt reduction, some debt repayment, some percentage will go for the company's working capital business purpose and a certain percentage has been kept as a GCP purpose. So I think covering all these things together, we have some flexibility to use this capital and with the current business plan in hand, with the current strategy in hand, I think this capital will be applied as per the internal approved plans or as per the board approved guidelines.

Ritika Dua: Lastly, how should we model the tax rate now going forward for FY25?

Saurabh Lal: So that will be a normal Indian entity since we have most of the revenue coming from Indian entities, the tax rate will be approximately the same tax rate except for a few benefits that we get because of carry forward losses that we have. Otherwise, from an ETR perspective, the effective tax rate will remain the same.

Ritika Dua: And what is that if you don't mind?

Saurabh Lal: Approximately 25-26%.

Ritika Dua: So that is the number we should model in?

Saurabh Lal: Yaa.

Ritika Dua: Okay, thank you. I am done.

Moderator: Thank you. The next question is from the line of Rishikesh from RoboCapital. Please go ahead.

Rishikesh: Yes, hi. Thank you for the opportunity. So my first question is that there was a request from industry for a rate increase to RBI from INR 17 to INR 21 for ATM transactions. So if you could please comment the status for the same.

Stanley Johnson: **This is Stanley here,** s there has been representation by the industry on the increase of interchange. We have just learned that there is a subcommittee formed to review that across at both at RBI and IBA level. So I think we should hear shortly on the review of the new interchange rate.

Rishikesh: Okay. So regarding our revenues, how much proportion of our revenues come from transaction-based ATMs?

Saurabh Lal: So since our contracts are with the bank directly, in some of the contracts, our revenues are linked to interchange. But in most of the contracts, it is already a pre-negotiated rate per transaction that we have with the customers or with the banks.

Rishikesh: So in case it has to increase by INR4, it will not impact positively on our EBITDA numbers?

Saurabh Lal: Not really. In one of the cases, or I would say couple of contracts, definitely it will benefit, but not for all contracts. Mostly in industry, whoever are the players like us, who are basically brown-labour players, since they have bilaterally negotiated this contract with the banks, the rates are already agreed in the form of off-us transaction and on-us transaction.

Some of the contracts have the flexibility which has an interchange linked rate on upside and everything. That benefit will come to us and to other also. But otherwise, this interchange impact will definitely go to the issuer on the first side and definitely issuer shares those forms of additional revenues with us in the form of compensating other revenues, but not directly.

Stanley Johnson: So the major gainer of the interchange revenue would be the acquirer banks and because of the increase of the interchange, you will see deployments happening more across. So more number of ATMs would come under the outsource model as you see the interchange rates going on.

Rishikesh: Okay. I also have a question regarding our POS segment. If you could let me know what is our revenue for Q1 in POS?

Saurabh Lal: So the POS segment revenue is approximately around INR 334 million.

Rishikesh: And regarding POS, our GTV growth looks flat for last few quarters as well. So if you could put some light here as well and how do we see the GTV growth going ahead?

Saurabh Lal: So Rishikesh, definitely on the GTV side, as we said, the acquiring business, we continue to do mostly with the oil marketing companies. So wherever the POS has been installed, we are trying to cover up to get to the maximum revenue on the POS side. But at the same time, we are putting more team and effort right now to set up our issuance base also.

So I think on a strategy of the POS side, I think we have deployed most of the POS terminals at the oil marketing companies, wherever we see the profitability and wherever we see the revenue numbers are okay. And the last few quarters, you must have seen that we have not deployed any major POS in this segment also and we continue to generate the revenue from the existing POS deployment that we have.

So from a perspective of growth, I think more from the ITSL perspective, I think mostly the revenue and other things where we are putting focus is on the issuance side and the POS will continue to give us the existing revenue, run rate and everything. And definitely it will help us to continue or harness our relationships with all these retail outlets and other things where we can do certain other business combinations and other business deals and business transactions.

Rishikesh: Do you have any internal target of how do we look at the POS revenues to grow going ahead in FY25 and FY26?

Saurabh Lal: Yes, definitely we have a plan. So I think as I said, most of the POS revenue comes from the oil marketing companies and our corporate customers. So internally, definitely as a team, we keep on growing that number on certain percentage basis.

This is how the POS network will grow from the acquiring side, from the oil marketing companies and from the corporate deployment, whether to the organized retailer or through tie up with the banks. So these are the two channels where we are expanding on the retail side. I think as a management, we have taken a stand that it is very difficult to grow that retail side business and we will continue to put focus mostly on the oil marketing companies or on the organized retailers.

Rishikesh: Okay. And also regarding ATM revenues, the INR180 crores additional annualized revenues that we are talking about by deployment of new ATMs, this is over and above the run rate we are doing currently, right?

Saurabh Lal: So out of this, the price increase has already been incorporated into the quarter one, yes. But for that additional INR150 crores, yes, it will be over and above.

Rishikesh: And just last question, do we expect our Q1 EBITDA margins to sustain going forward?

Saurabh Lal: So definitely, the target is to ensure that we continue to sustain over a period of time.

Rishikesh: Okay. Thank you very much, sir. Thank you

Saurabh Lal: Thank you.

Moderator: . We will move on to the next question from the line of Tushar Sarda from Athena Investments. Please go ahead.

- Tushar Sarda:** Yes, thank you for the opportunity. So I wanted to understand this renegotiation insight of the ATM charges. So is it happening for all your ATMs or only for some? And what is the total impact going to be? Is it going to be INR150 crores per annum or as more negotiation happens, we will have more revenues coming in?
- Saurabh Lal:** So specifically, right now we have updated to everyone is that, we have negotiated this rate increase with one of the banks right now that we have in our portfolio and that benefit is in the form of around INR30 crores of incremental revenue that we go towards. The INR150 crores is a new contract deployment with State Bank of India. Once it gets deployed, that benefit will come to the company over a period of time. And on an annualized basis, we see there is a potential of increasing our revenue by INR150 crores, once all these ATMs get deployed.
- Tushar Sarda:** So this INR150 crores is new revenue, new ATMs?
- Saurabh Lal:** Yes, new revenue.
- Tushar Sarda:** New associated costs. It's not incremental revenue.
- Saurabh Lal:** It is not a negotiable, it's a new contract, yes.
- Tushar Sarda:** And this INR30 crores covers how many ATMs?
- Saurabh Lal:** It's a pool of more than 6,000 ATMs.
- Tushar Sarda:** **6,000 ATMs, okay**, so any more renegotiation, you think, which will benefit your revenue?
- Saurabh Lal:** So there are a lot of discussions going on sir, but still not finalized.
- Tushar Sarda:** Okay. And what is the difference between this fixed fee and hybrid, if you can throw some light on the commercials?
- Saurabh Lal:** Difficult to give you the detail on the exact commercials. But yes, on the hybrid side, the ATM gives us the opportunity that we can earn the fixed fee to cover up our fixed costs and everything. And at the same point of time, we get benefited for every transaction that happens on the ATM. So that gives us the hybrid model. Under the full fixed fee model, we only get an opportunity to earn a fixed fee on the ATMs or on the CRMs. But no incremental revenue or no extra revenue coming in case there is a high transaction on those machines.
- Tushar Sarda:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** Hi sir, actually I wanted to understand the Ongo card business that you highlighted at the beginning, that it is going to be used at the metro and the pilot stages is going on. So, what sort of revenue do we expect there? And can you us explain the model? Is it on transaction fee and how does it work?

Saurabh Lal: Vignesh, on the Ongo platforms, so as I said, issuance platforms, so we will be issuing the prepaid cards to the various consumers, maybe like you and me or to the various corporate fleet operators in case of Ongo fuels. In case of NCMC card, it will be given to all the commuters who travel on the metros or maybe for transit purpose because there is a defined end use for a NCMC card.

It can be used on transit, it can be used on platform, it can be used on parking, and on the train, on the bus, and all those things. So the revenue will come in the form of the interchange fees. In case of NCMC, there is a rate fixed by the regulator which is around 0.58% of the transaction value. In case of fuelling, when we issue an Ongo fuel card, we are negotiating the price with the oil marketing companies like they give it to all other partners they have, so they will give us those percentage of revenues again. It is a percentage of revenue of the volumes. So in whatever volumes, whether we do the issuance, all our revenues are linked to the total volume that we bring on the table for the companies, maybe for the transit companies, or maybe for the oil marketing companies.

So our revenue stream will be percentage linked to the total volume that our platform will bring on the table for the oil marketing companies, for the platforms, for the transit, or any other business. And these interchange rates vary from every transaction to transaction. In case you do for fuelling, it can be anywhere between 0.4% to 0.5%. In case of a transit, as I said, it's 0.58%. In case of offline sale and purchase by you or me, it can go up to as high as 1.1%, 1.3%, 1.4% of net interchange to us.

Vignesh Iyer: Okay. So these are prepaid cards? Yes, these are prepaid cards.

Saurabh Lal: Yes, these are prepaid cards.

Vignesh Iyer: So where do you see the maximum potential? Because I think everything else, fuelling and all, is not seeing that much traction. So where do you see the maximum potential for these cards being used in the metros, for transport, or anything else?

Saurabh Lal: So we see a good opportunity both in transit and good opportunity in case of fuelling also. Our product, which is Ongo Fuel, which is right now running at the pilot stage with one of the oil marketing companies, is going through a flagship for us. We have tested this product in the past also, and we are right now also piloting in Mumbai area.

And basis the product feedback that we got, the corporates that is using the product, which has very, very unique features of preset. You can sit in your office, get your vehicle fuelled and filled. Your family can fuel it by you sitting here. It's a cardless, cashless, device-based system where you can just upload your transactions on the app and immediately make the fuelling as a hassle-free fuelling without making any payment and everything. And it has a lot of other benefits in the form of preset of the fuel station, preset of the nozzle. The nozzle cannot move out of the fuel tank unless the complete fuelling process has been completed or not.

So there are a lot of other benefits attached to it. I think this product is going to be our flagship product, which is from where we believe that the maximum revenue will come. And at the

same time, we have already launched our prepaid card in partnership with Bangalore Metro and RBL Bank, where we are issuing these prepaid cards.

We have already issued up to 55,000 cards up till now, and we are targeting to take this number to 5 lakh cards in this year itself. So I think these are the two main products that will add up to our majority of the revenue in case issuance is concerned, on Ongo platform.

Vignesh Iyer: So the Ongo platform Q1 revenue is INR65 crores, correct?

Saurabh Lal: So Ongo platform, the Q1 revenue is INR65 crores, but in that portion, the Ongo revenue will be less. Most of the revenue has come from acquiring transit and other solutions.

Vignesh Iyer: And what is the margin in this business, approximate?

Saurabh Lal: As of now, definitely the ITSL is working on an EBITDA margin of around, I would say 9% to 10%. But as we scale up, as we grow the business, the volume grows. Since the fixed costs are almost the same as we grow, I think the margin will grow. So very difficult to give you the exact margin, but I think the rate and the price at which we are going to negotiate the contract, I think it will have a significant margin to us.

Vignesh Iyer: Okay, then I will get back to you. Thank you.

Moderator: Thank you. The next question is from the line of Tushar Sarda from Athena Investments. Please go ahead.

Tushar Sarda: Yes, thank you for the opportunity again. Since your business model is undergoing a change, you are moving to more service-oriented things, do you have any guidance for the next one or two years with which we can work in terms of revenues and EBITDA and net profits?

Saurabh Lal: So, Tushar, as of now, definitely it's very difficult to give the exact guidance and everything, but as we said, the business I'm not saying it is pivoting, but yes, it is transitioning from only ATM operator to an integrated operator from ATM and digital transactions and digital business, with a very focused approach on growing the digital business on the issuance side. By the same time, ATMs and cash continue to be a big business growth for us. Since ATM and cash continues to grow, ATM and cash continue to be our priority sector that will keep on growing and adding as per the market dynamics.

But yes, digital business, where our presence on the issuance side is very, very negligible at this point, very, very small at this point of time, as it grows, as it moves forward, this will add a significant base to our top line, and it will also add a significant base to our bottom line also. So, very difficult to give you the exact guidance, but I think that growth will be seen in the numbers over a period of time.

Tushar Sarda: Okay. Thank you.

Saurabh Lal: Thank you, Siddharth.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to the management for their closing comments.

Ravi Goyal: Thank you all, once again, for joining us on this call. Before we sign out, I would like to quickly summarize our outlook for FY25. Our near-term objective is to grow and scale the digital business by building an open-loop PPI infrastructure through the issuance of cards and wallets. We will continue to strengthen our ATM outsourcing business, our cash business, and focus on increasing revenue share from our services. Thank you so much.

Moderator: Thank you, everyone. On behalf of AGS Transact Technologies Limited that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.