

November 8, 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 November 4, 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 Monday, November 4, 2024, post declaration of the Unaudited Financial Results (Standalone and Consolidated) for the quarter and half year ended September 30, 2024.

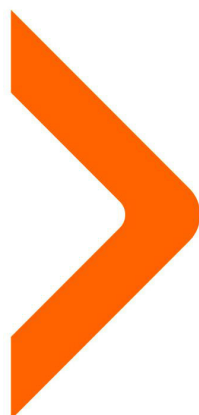
The above information will also be made available on the website of the Company at www.agsindia.com

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



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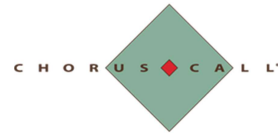
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“AGS Transact Technologies Limited
Q2 FY '25 Earnings Conference Call”

November 04, 2024

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 4 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
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**MR. SHAILESH S SHETTY -- MANAGING DIRECTOR,
SECUREVALUE INDIA LIMITED – AGS TRANSACT
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**MR. SAURABH LAL – CHIEF FINANCIAL OFFICER – AGS
TRANSACT TECHNOLOGIES LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to AGS Transact Technologies Limited Q2 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the 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 participant 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 conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference call 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 afternoon. On behalf of AGS Transact Technologies Limited, I would like to thank you all and extend warm seasonal greetings to each of you joining our Q2 FY '25 Earnings Call. Today on this call we have Mr. Stanley Johnson and Mr. Vinayak Goyal, our Executive Directors on the Board. Vinayak also serves as Managing Director of our digital payment subsidiary, India Transact Services Limited. Mr. Shailesh Shetty, the Managing Director of Securevalue India, our cash management subsidiary and Mr. Saurabh Lal, our Chief Financial Officer. For your reference, the investor presentation and financial results have been uploaded to our corporate website and Stock Exchanges.

I am pleased to report a consistent performance for Q2 FY '25 and H1 FY '25, driven by healthy EBITDA and PAT margins. In Q2 FY '25, our total income stood at INR3,681 million with EBITDA of INR1,047 million and PAT of INR152 million. In the first half of the year, our total income was INR7,197 million, EBITDA of INR2,100 million and PAT of INR290 million.

This performance reflects our commitment to operational efficiency and strategic initiatives across business segments, particularly within our payment solution portfolio, which includes both cash and digital payment solutions. As India's payment landscape rapidly evolves, AGS Transact Technologies is strategically positioned to lead this transformation, especially in the expanding mobility payment ecosystem. This quarter, our digital payment segment accounted for 14% of total revenue, reinforcing our steady growth within digital channels.

At the organisation level, we have undertaken several initiatives that represent a strategic shift towards establishing a mobility payment ecosystem while strengthening our digital operations. With daily metro ridership expected to reach about 12 million in near future, we see significant growth potential for National Common Mobility Cards i.e. NCMCs. In the fleet fueling sector, which has an estimated annual market potential of INR1.6 lakh crores, we view our Ongo app as well positioned to capture market share.

Additionally, our co-branded prepaid program aims to provide Ongo users with a safer, more convenient payment experience across travel and retail touchpoints. Having said this, the ATM segment also shows promise with expansion of bank branches and increase in RFPs.

In H1 FY '25, banks have floated RFPs of more than 21,000 plus ATMs and CRMs. We expect this trend to persist furthermore, as digitalisation shapes banking trends like digital banking units, UPI integration, CRMs i.e Cash Recycling Machines and cassette swapping present new revenue streams, enabling us to further strengthen our cash payment portfolio.

Looking ahead to the second half of FY '25, our focus is on sustaining the current momentum which is scaling our digital payment business through an open loop with PPI infrastructure, enhancing ATM services and driving long-term value for shareholders as we solidify our leadership in omni-channel payments.

Now, I would like to request Mr Stanley Johnson to take us through the business highlights of the ATM segment.

Stanley Johnson:

Thanks Ravi. Good afternoon and season's greetings to everyone. As part of our company's overall growth strategy, we are committed to optimising our existing ATM and CRM network through various initiatives such as the introduction of a hybrid-free model and advancements in efficiency and security.

Recently, we enhanced security across more than 26,000 ATMs in our network with GMV's advanced security solution. GMV, which is a Europe-based leader in high-tech solutions, has been a valuable partner in this effort. Additionally, we have implemented UPI QR-based cash withdrawal on ATMs for a significant PSU bank.

As of 30 September 2024, we have installed, maintained or managed a network of approximately 70,000-plus ATMs and CRMs. We are servicing about 32,151 ATMs, including 7,230 CRMs under our managed services and outsourcing portfolio. In recent years, the Indian banking sector, especially the public sector, has seen considerable consolidation. With this phase now largely concluded, we are entering a new cycle of branch expansion across the sector.

Within this context, ATMs remain a key element of the banking ecosystem, offering both operational efficiency and cost-effectiveness. According to industry data, average monthly cash withdrawal from ATMs increased from INR1.35 crores in financial year 2022- 2023 to INR1.43 crores in financial year '23-'24, underscoring the continued demand for ATMs and CRMs as cash remains a preferred mode of transaction for many.

In today's environment, it is essential for banks to reduce operational costs while expanding their service offerings. Our strong partnership with banks, combined with our seamless integration of physical and digital solutions, positions us well to support their evolution in banking services.

Now, I request Mr. Vinayak Goyal to take us through the business highlights for the digital payment segment.

Vinayak Goyal:

Thank you, Stanley. Good afternoon, everyone. As part of our company's growth strategy, we expect the digital payment segment to play a pivotal role in expanding the revenue share of our payment solutions portfolio.

Our Ongo ecosystem is designed to deliver niche, high-impact solutions, providing users with seamless on-the-go convenience. Ongo is strategically positioned to address the evolving mobility payments landscape. Ongo's prepaid infrastructure supports cutting-edge customer solutions, such as national common mobility cards, the contactless fueling solution, and co-branded prepaid options for retail and e-commerce transactions.

In August, we launched Ongo Ride, an instant NCMC solution at Chennai metro stations. These are ready-to-use cards that require zero KYC and can be purchased from dispensers across 13 metro stations in Chennai. We have received a positive response from Chennai metro commuters and expect to expand this going forward.

Ongo Ride was also showcased at the Global Fintech Festival in Mumbai this year. Similarly, we have rolled out zero KYC national common mobility cards across Bangalore metro in partnership with RBL Bank. This is an addition to the min. KYC NCMCs already being issued in Bangalore.

It empowers commuters with the flexibility of choosing a travel card that suits their needs. To date, we have issued around 60,000 NCMC cards. The NCMC offers a unified payment solution for various modes of transport, including metro, buses, ferries, as well as parking and toll payments.

We are also exploring opportunities in fleet and fueling. Our ongoing pilot of contactless fueling solution on the Ongo app has expanded to over 60 fuel outlets in Mumbai, and we have onboarded about 2,000 fleet vehicles. This one-of-its-kind open-loop fueling solution by Ongo, which is expected to go live very soon and will be followed by a pan-India expansion.

Additionally, we are providing end-to-end platform and management services, including prepaid card issuance for Indian Oil Corporation Limited's flagship program, XtraPower. This prepaid program is accepted at 25,000 IOCL fuel retail outlets, processing annual fueling transactions worth more than INR60,000 crores. This is a fixed income contract with an estimated revenue of about INR58 crores over next five years.

We have also successfully extended contract with Indian Bank for the reconciliation of card and non-card transactions. The projected revenue generation is expected to be about INR50 crores over the next three years. As we drive these strategic initiatives forward, we are confident in our ability to deliver sustained growth through innovation and customer-centric solutions.

Now, handing over to Mr. Shailesh Shetty to take us through the business highlights for Securevalue India, our cash management subsidiary.

Shailesh Shetty:

Thank you, Vinayak. Securevalue India is India's second-largest cash management company offering complete line management with focus on safe transit and management of currency and

valuables. We are compliant with Ministry of Home Affairs MHA guidelines dated 8 August 2018 and RBI guidelines dated April 6, 2018.

As on 30 September 2024, we have serviced about 31,093 ATMs and CRMs, replenishing daily average amount of INR19.33 billion. Securevalue India accounts for 446 vaults and spoke locations. We have about 587 pickup and doorstep banking points and a network of 2,370 plus secure cash vans across 1,800 plus cities and towns.

As a part of ongoing efforts within the company's cash payment solution segment, we are growing our retail cash pickups to expand our revenue streams and optimise our cash logistic network. Now, I would request Saurabh, the CFO of AGS Transact Technologies, to share the financial highlights of Q2 FY '25. Saurabh, over to you.

Saurabh Lal:

Thank you, Shailesh. Good afternoon, everyone. I would like to take you through the financial performance of the company for Q2 FY '25. In Q2 FY25, the total income of AGS Transact Technologies Limited Group stood at INR3,681 million versus INR3,886 million in Q2 FY24. We delivered an EBITDA of INR1,047 million in Q2 FY25. Q2 FY25 represented an EBITDA with no non-recurring expenses in that quarter. For comparison purpose, we considered the adjusted EBITDA of Q2 FY24

At the PAT level, with the absence of non-recurring expenses, we have seen the corresponding period last year. PAT moved to the positive territories and we reported a PAT of INR152 million during Q2 FY25. The net debt position of the company stood at INR6,839 million along with the reverse factoring and INR6,092 million without reverse factoring.

To give a quick update on our subsidiary's Q2 FY25 performance, the Securevalue India Limited, which is in the business of cash management, reported a total top line of INR1,007 million including AGS revenue with an EBITDA margin of 21.5%. Its non-AGS business, which is business coming from non-AGS business, was close to around 52% from the operations. ITSL, our digital payment subsidiary, delivered a total income of INR256 million with EBITDA margin of 9%. GTSL of our foreign subsidiary generated a revenue of INR203 million with EBITDA margin of 32%.

During H1-25, we reported a total income of INR7,197 million with EBITDA of INR2,100 million representing a 29.2% margin and a PAT of INR290 million. With this, we conclude our presentation and open the floor for further discussion. Thank you.

Moderator:

Thank you very much, Sir. We will now begin the question-and-answer session. Our first question is from Harshal Dasani from Invasset. Please go ahead.

Harshal Dasani:

Firstly, greetings, good afternoon. Excellent growth in the PAT, though the revenue has stayed flat to marginally negative. Just wanted to have your view on how we intend to realise the trade receivables as we saw a significant rise in them this quarter. Also, what is the credit risk that we hold on them?

Saurabh Lal:

On the trade receivables, if you see, there is an increase in trade receivables probably on the one or two fronts. One, definitely we have executed a new order of one of the large public

sector banks, where we have executed and delivered the project and now the realisation will happen in the quarter three. So, that is one aspect where we see the receivable will definitely start getting collected in the quarter three onwards.

Second, there are certain customers where realisation is linked to certain milestones and certain payments are linked to certain deliverables. So, that is why the receivables got expanded. From a credit risk perspective, I think we are dealing with very renowned customers including banks and public sector undertaking. So, we do not see any challenge with respect to credit risk on those customers.

Harshal Dasani: Well, thank you. That answers my question.

Moderator: Thank you. Our next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: Thank you for taking my question. Sir, First question is on this receivables only, It think last year also we had this issue with we had to take these provisions etc. so I hope we are improving on that front with this year.

Now, this quarter receivables have risen again. So, hope we are taking some precautions and cautions on that front end because last year also we had issues.

Saurabh Lal: So, Pankaj, definitely, as we said, the customers and everything, we do not see any challenge with respect to the write-offs and other things which were there in the past. But yes, since these are receivables, there are certain SLAs and everything, we are conscious of that in case there are SLAs, definitely company will take care of that.

Ankur Kumar: Got it, sir. And sir, on the revenue side, it is down year on year. It has improved little bit quarter on quarter. So, how should we look at it going forward?

Ravi Goyal: Basically, we had mentioned in our last calls that there are certain businesses which we are closing down like non-recurring businesses and that is why the revenues are going down. These are all, as a strategy, we are focussing on the three primary businesses, that is ATM, cash management and digital payments.

Ankur Kumar: So, given this closing of business, do we expect revenue to improve in second half or go down from here?

Ravi Goyal: No, now it should go up only. But whatever was there earlier because of the non-core businesses like a lot of product businesses which were there in colour, retail and other product businesses which we have closed down, which we have statistically decided not to pursue, so those have been closed.

Ankur Kumar: Got it, sir. And sir, on other income side, there is a good number. So, can you comment on that, please?

Saurabh Lal: So, in case of other incomes, there are two-three major heads that come. One is definitely since we are having a lot of leases in our books of accounts. So, we have lease accounting that

happens and there are write-backs of lease income that comes on those parts. That is one of the major income that comes in leasing. Then there are insurance incomes because of various cash losses that are pertaining to our businesses.

So, any cash loss that is taken to P&L, there is a possibility of insurance income coming into those funds. And then there is interest income on the cash and FDs that we have. So, those are the two-three major heads under the other incomes.

Ankur Kumar: Got it, sir. And sir, on margin side, can you comment? It has been quite good margin. We are around 28% to 30% or 25% to 28%. So, how should we look at it going forward?

Saurabh Lal: So, Ankur, our endeavour is to maintain that margin.

Ankur Kumar: Got it, sir. Thank you and all the best.

Moderator: Thank you. Our next question is from line of Naitik Mutha from NV Alpha Fund. Please go ahead.

Naitik Mutha: Hi, sir. My first question is, you know, in terms of a number of ATMs that we own and manage or manage overall and even in our subsidiary Securevalue, I have seen a consistent decline, the number of ATMs. So, I just wanted to ask when will this stop or will continue to decline again?

Stanley Johnson: So, most of the decline what you are looking at is part of the rationalisation which banks have done across. A lot of consolidation has been done across in the industry by public sector banks. That's why this decline has happened. But if you look at the commentary, we had said that there is a new 26,000 ATMs which are getting rolled out. So, coming in the foregoing months, you will see those getting into cash management and the number of ATMs getting increased.

So, what we have seen is like there are public sector and private sector banks have done a closure of unviable sites across for them or sites in the same location in the public sector banks. So, that is what which has brought the number of ATMs down. But with the new deployment which happens, this again will get outsourced to cash management company and you will see the numbers increasing.

Naitik Mutha: So, this decline should get arrested is what you are trying to say from next quarter for us specifically?

Stanley Johnson: Looks like that once this deployment which is in progress by the third and the fourth quarter, it should get deployed and we should see the numbers rising.

Naitik Mutha: Got it. My second question is on the margins. We have done 25%-26% margins in the segment-- cash payment segment. So, can you please elaborate on what has led to this increase in margins or any steps that we have taken and how has this come about?

Saurabh Lal: So, the margins are in line with the nature of the business that we do. If we see the margins for last quarter, if you compare it with the last year, year-on-year definitely the margins were less because there were certain one-time write-offs that we have taken. But consistently for last two

quarters, definitely since there were no write-offs and no non-recurring entries happening in the P&L. So, margins are steady as early as it was.

Naitik Mutha: Okay, sir. That's it from my side. Thank you.

Moderator: Thank you. Our next question is from Rohit Mehra from SK Securities. Please go ahead.

Rohit Mehra: Thank you for the opportunity. My question is regarding the fuel and fleet management program with the Indian oil. Can you help us to understand the details? What is the context about and how are we going to earn revenues from it?

Vinayak Goyal: This is the program where we are managing the prepaid platform. So, it's a fixed fee revenue which will be realized over the next five years.

Rohit Mehra: Okay. Got it. Thank you. That's it from my side.

Moderator: Thank you. Our next question is from line of Anisha Shah from KQ Advisors. Please go ahead.

Anisha Shah: Thank you for the opportunity. I just have one question. So, during the last call, it was mentioned that we plan to reach a target of 25 to 30 lakhs of NCMC cards in the next two to three years from the current base of around 60,000 cards. So, could you please throw some light on how this number will be reached?

Vinayak Goyal: Hi, Thank you for the question. So, if you see the overall market for NCMC cards is massive. So, we have all the metros put together have issued more than 7 crores closed-loop cards Pan India. So, over a period of time we expect all of these to be converted to national common mobility cards. We have already started issuing these in Bangalore Metro and Chennai Metro.

Given that we have also innovated with the zero KYC solution and a very innovative issuance solution through the dispenser. We expect that these two initiatives will lead to a high growth in users over the next 2 years.

Analyst: Okay. Got it. Thank you. That's all from my side.

Moderator: Thank you. Our next question is from line of Aryan Vijan from RV Investments. Please go ahead.

Analyst: Hello. Sir in the last concall you said about debt reduction, but there has not been a significant update on that. Can you tell about that?

Saurabh Lal: So, Aryan, on the debt side if you see, definitely there is a on a net basis definitely there is a reduction. Basically, if you see the working capital cycle where we have deployed certain ATMs in the last quarter which has I would say which resulted into us to take certain debts so that we can execute that order. But otherwise, most of the debt that we have taken in the past is of the term loans, so which has a confirmed repayment. So, we believe over a period of time, that will definitely go down.

Analyst: Okay. Thank you.

- Moderator:** Our next question is from line of Parth Vasani from KK Advisors. Please go ahead.
- Parth Vasani:** Yes. Good afternoon. Thank you for the opportunity. Sir, I had a couple of questions. So, first one is that there is a huge opportunity in semi-urban and rural area and the opportunity size is huge for ATMs and managed services. So, how are we going to capitalize on this opportunity?
- Stanley Johnson:** So as you rightly said the opportunity in semi-rural area is huge across. We are seeing lot of banks who are redeploying their assets from metros and going into this kind of location. So, we are in talks with the banks and we are working with the banks because the main challenge there in those areas is availability of cash and infrastructure. So, we are working with the banks and seeing that all the redeployments or new deployments which they are doing are in line with those areas and we will work with the bank to make ATMs live in that sector.
- Parth Vasani:** Okay. Got it, sir. And sir, you mentioned about ATM addition and refresh cycle. So how big is this opportunity for us and how can we capitalize this? And secondly sir there was some talk about revision of transaction fees. So, do we have any update on that as well?
- Stanley Johnson:** So, on the redeployment of ATMs and the new ATMs, if you look at it in the H1, we saw tender coming for around 25,000 new ATMs and CRMs and most of the deployment are in those regions across. So, we normally see an H2 which is higher than H1. So, we expect still larger volumes coming on to H2. So, once you see tenders in and getting it placed across you will always see a cash management company and managed services required at that services, at that locations. So, we will follow up with the banks and we are in line and talks with the banks to get it deployed.
- Parth Vasani:** Okay. Got it. That was it from my side. Thank you very much.
- Moderator:** Thank you. The next question is from line of Ravi Shah from Opal Financial Services. Please go ahead.
- Ravi Shah:** Hi Sir, am I audible? Yes, sir. So, I just have one question, sir. Could you share the breakup between fee earned from hybrid model and can you further provide some details for the same?
- Saurabh Lal:** It is very difficult to give that number immediately, but we definitely will ask our IR team to reach out to you and we can give the breakup of how much is a hybrid and how much is a non-hybrid .
- Ravi Shah:** Okay, sir, Thank you sir and all the best.
- Moderator:** Thank you. Our next question is from line of Diya Brijwani from White Whale Partners. Please go ahead.
- Diya Brijwani:** So, my question was on the Securevalue subsidiary bit. How has the growth been H1 this year versus last year and your data point on the margins bit, if you can share that?
- Saurabh Lal:** So, if you see on the number perspective definitely from a turnover perspective, if you see last 6 months to 6 months the total turnover of securevalue is almost it was INR 2,223 million last 6 months versus INR2,113 million. The EBITDA has improved from INR 383 million to INR

429 million, which shows a margin gross from 17.1% to 20.1% margin. So, I think from that perspective, the numbers are good. The rationalization of the portfolio with secure value is doing, I think we are getting some results from that perspective and we see that as we move forward, I am sure the margins should continue to show us or give us the robust growth.

Diya Brijwani: Got it. That's helpful. Second question was on the managed services bit. So, have you experienced any slowdown during H1 FY25 and your outlook for the remaining year?

Stanley Johnson: So, normally in the first every financial year you see there is always a slowdown in H1, but there is always a pickup on the H2 across. So, we have seen that in this financial year also that there is a slowdown on H1, but look, but we are confident that H2 happens you will see a lot of SBI managed service and all getting deployed.

Diya Brijwani: Got it. But just structurally just one question. So, if you compare the number of transactions which is a number of withdrawals which has happened through ATM in H1 this year versus H1 last year, so that has come off significantly. So, do you see this as a structural issue and could impact your BLA business or you see it bouncing back?

Stanley Johnson: So, if you look at it in our commentary ahead, we have said that we have converted large contracts from a transaction model to an hybrid model across, so that we at least see what the transactions which are getting declined are covered and our costs are covered in the hybrid model across. So, the fall in transaction is already compensated with agreements which moves into a hybrid model.

Diya Brijwani: That is it from my side. Thank you.

Moderator: Thank you. Our next question is from line of Pravin Jadhav, who is an Individual Investor. Please go ahead.

Pravin Jadhav: Thank you. So, my first question is regarding the hybrid model. Like currently, I believe it is 35%. So, when you will be able to take it to almost 100% is my first question?

Stanley Johnson: So, if you look at it, our large contracts which have used transactions, we have still maintained it on transaction model, because we are seeing enough attraction and transaction because most of them are getting redeployed from a metro where transaction decline has happened, to semi-rural and urban areas. So, their transaction in those areas are still quite high to support a transaction-based model.

So, yes, we will from a 35%, we will grow on hybrid model to another figure which we will be able to tell you in few days. But large contracts which are heavily on transaction model or which give results on transaction model is still continuing across.

Pravin Jadhav: Okay. So, these you believe are like beneficial and hence you will not convert them into hybrid, right?

Stanley Johnson: Yes.

- Pravin Jadhav:** So, my second question is regarding the Ongo fuel. You had mentioned that like you will be taking it Pan-India like you know I believe in the second half of this year. So, like is there any update on that like or it is just in the testing phase?
- Vinayak Goyal:** So, we are in the final stage of our pilot. Once we are ready with that, we will launch in Mumbai and then the plan is to go for a city-wise rollout Pan-India.
- Pravin Jadhav:** Okay. So, and this will take how much like months? So, like it will be next year?
- Vinayak Goyal:** So, we expect to roll out city-wise, maybe by 500 outlets by the end of the year.
- Pravin Jadhav:** Okay, sir. Thank you.
- Moderator:** Thank you. Our next question is from line of Mohit Agarwal, who is an Individual Investor. Please go ahead.
- Mohit Agrawal:** Hello. Yes sir. I have three questions. So, the first one is like in this world of digitalization, people's go-to habit has been shifting to the use of Net banking, UPI, Mobile banking. Isn't it a big setback for us in the long run?
- Stanley Johnson:** Yes, we agree to that. But the penetration of digitalization is only constrained to cities and metros. That's what I said across in my response to a query that a lot of redeployment of ATM is happening from metro to semi-urban and rural, where still transaction or cash is the mode of any payment. So, yes, there will be a shift of it from metro to other regions across. But still, if you look at it, the total number of amount withdrawn from an ATM still remains the same. The transactions might have come down, but the amount still remains the same.
- Mohit Agrawal:** Yes, but in the long run, the habit of the non-urban cities will also shift towards digitalization and UPI, right?
- Stanley Johnson:** So, if you look at it, if you follow how banks are deploying, banks are also very conscious on this and they have also seen that the transactions have not got declined in the semi-urban and rural and they feel digitalization might take in time there. So, if you look at the recent public sector RFP, which came in for 21,000 from a single bank. So, they are expecting transactions to be heavy in semi-urban and rural for at least for the horizon of next 3 to 4 years.
- Mohit Agrawal:** Okay. And the next question goes like, since microfinance loans have led to pressure amongst banks and even the RBI Governor accepted that it was his fault to remove the cap of 12%, as you know, which will probably lead to control over their expenditure and expansions, I mean, of the banks. Wouldn't it eventually affect us in the coming quarters?
- Saurabh Lal:** Mohit, very difficult to comprehend this, since it's basically lending and everything. Very difficult to comprehend.
- Mohit Agrawal:** Should I repeat the question?
- Saurabh Lal:** Yes, go ahead.

Mohit Agrawal: Since microfinance loans have been a pressure for the banks since they have started provisioning it for bad debts as the lending ratio, lending percentage of microfinancing loans has gone up to 40%, 45%. And since they have been assuming that the borrowers won't be able to pay back the loans and they started provisioning it. And so, there might be a control in the expenditure and expansion of banks in the coming quarters. So, wouldn't it eventually affect us in the same quarters?

Saurabh Lal: But Mohit, as Stanley also said, most of the banks have already come out with various tenders and growth opportunity. They have other venues to grow their CASA base and everything. So, I'm sure bank, has multiple revenue streams and multiple options to tap the new customer, get the new customer on board and offer them various other solutions and services.

So, maybe as you rightly said, one of the areas where RBI has come out heavily and they have said that they have to follow certain regulations. I'm sure there will be other avenues for the banks to grow and provide certain services to grow their CASA base and other things, which in turn will definitely help us or help everyone to put more and more ATM to support that CASA network.

Mohit Agrawal: Okay. And sir, as you mentioned that H2 is better than H1, any particular reason behind it?

Stanley Johnson: The comment was that normally deployment of ATMs from a budget perspective, banks always deploy more number of quantities across in H2 than in H1. Because in H1, your budgets are released, then tenders are floated and deployment happens in H2. So, the comment was regarding that and we expect H2 deployment greater than H1.

Mohit Agrawal: Okay, sir. That's it from my side. Thank you so much.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Ravi Goyal: With this, I conclude the call. Once again, thank you all for joining us on the Earnings Call. If you have any further queries, please contact SGA, our Investor Relations Advisors. Thank you.

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