Management Discussion

Purvangi Jain - Investor Relations, Velorum Advisors
Thank you. Good afternoon, everyone. My name is Purvangi Jain from Ballaram Advisors. We represent the investor relations for NPST Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the 2nd quarter and first half of the financial year 2027. Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated.

Such statements are based on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. Now let me introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks.

We have with us Mr. Deepak Chand Thakur, Chairman and Managing Director, And Mr. Ashish Agarwal, Joint Managing Director. Without any further delay, I request Mr. Deepak Chand Thakur to start with his opening remarks. Thank you, and over to you, sir.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Thanks, thanks, Purvangi. Uh, very good afternoon, everyone, and, uh, very, very happy Diwali. I trust you all had a great weekend with your family, and we believe that the payment in [Foreign Speech] will bring tremendous prosperity to all of you for decades to come now. As NPST, we are happy to be part of this journey. As we progress quarter on quarter, we see greater value proposition that we can bring in global market and also pick up opportunity to tap on larger business potential in domestic market.

Before I begin our download on Q2 results, I would like to thank all of you, all the shareholders, for the trust and backing they have given us all these years. Especially last 2 years where we were on a mission of transition. It was a tough time. The phase was of course difficult, but I must say that all the NPSTNs had given their best to build payment solutions which you can be proud of for the years to come. Now I will share an overview of how we have fared last quarter and some of the key facts that will help our growth prospects in coming quarters.

Before I begin, a quick, uh, view on the numbers. Our consolidated income has increased by 50% year on year. It has grown from Rs 48.68 to about Rs 72.95 crore, almost 20% increase from Q1 figure of Rs 61.42 crore. Uh, although late, but, uh, we have been able to post highest ever quarter. Uh, this will continue to flourish since we have Committed 60 to 70% growth, and, uh, it also reflects substantial boost to our growth trajectory here onwards. Our EBITDA too has shown 17% year-on-year growth and 15% QoQ, almost 16 crore as on Q2.

And finally, that has grown from, you know, 11 crore in Q1 to about 13.21. It is about 34% growth as compared to last year and 20% as compared to last quarter. And, uh, and when you see half-yearly results, our FY27 income has grown by about 60%, uh, you know, year on year at Rs 134 crore as against Rs 83 crore. Uh, and again, EBITDA has grown by 27% and net profit has grown, uh, by about 42%. EPS is now at Rs 11.63, which is again a 34% increase. It is to be noted that we have

given, you know, given all numbers, we have seen transition to arrive at these results in last 2 years.

Our TSP revenue, which contributed just about 15 to 20% of overall business 2 years back when we achieved our highest quarter, has substantially scaled to contribute about 80 to 85%. In this quarter. Now, this was essential to bring up because, you see, uh, while there has been a substantial growth, we see the contribution from the segment which we bet on and the contribution from the segment which has gone down. As an organization, we have been able to absorb that particular challenge, and here we are.

We have grown slow and gradual Uh, over this journey, but we have been able to contribute this figure. It was indeed a breakneck pace at which we have grown, uh, but as a first-generation entrepreneur, and I must say that being married to NPST, uh, we had to deliver to our commitments during this journey. And in short time, we learned something new. We rectified our mistake to calculative risk, and we have built a team which is there for a longer growth. Your backing during this, uh, journey and the long-term prospect was always in the back of our mind, which was one of our core strengths.

Last 2 years of transition has also helped us evolve into an opportunity in global market, which is one of the strongest growth lever we see today. We are in active discussion in more than 10 countries and have seen results already in last quarter. We not just signed one of the largest telecom service providers globally, but it opened opportunity for 10 different countries as well as added new segment altogether. We are in base per discussion in multiple projects as well as the global RFPs that we are working on right now.

This will give results in coming 3 quarters. Our international funnel has strengthened. We have good ticket size and margin prospects are high. In our journey in domestic market, we took 10 years to evolve from license-based model to SaaS-based opportunity. In international market, we have an advantage of this learning which will help us with the transition from license to SaaS within 2 to 3 years. In domestic market, uh, I see a proud moment for NPST to have received an LOI For one of the largest payment solution orders in the country.

This will be built at a central level and it will provide access to 300+ banks within 18 to 24 months. This was only possible because we envisaged bank-in-a-box model. If you remember, we have been talking about this back-to-back multiple quarters. And because we envisaged a year and a half about how this particular industry will shape up, uh, you know, just, uh, as part of our transition to TSP domain, we have been able to get this particular business, this order. Today we are reaping benefit with a single largest order valued in 10 digits.

This will help us build a solution at central level that no other company can do, and we see a good resale value of this product. At least competition, uh, you know, and, and the other entities won't be able to show a live case that we can. This quarter also helped us break into new domain that we have been targeting for quite a long time. In regtech, we got our first DPDP order from a private sector bank, and we also got our first order in digital currency. This has a global value. Our first POs were worth the wait, and it opens our, you know, gate into completely new directions.

Our target to increase revenue potential from RecTech will boost with DPDP win, and at the same time, it will help us pivot into futuristic domain. It will reduce our dependency on payment segment, and at the same time, it will further diversify at this stage, which is the beginning of planning for FY28 right away. We are already prepared for the next half of the year as well, and we have made several investments in AI productivity for each department, which will improve our response time and performance as per industry expectation in years to come.

So for that, we are preparing right away. I'm happy with my team, which is on it and taking every challenge as opportunity. As the overall summary for our Q2 efforts. And now I look forward to listening from you, taking your feedback to further strengthen our resolve to achieve our goals. Over to you, Purvangi. We can start Q&A here onwards.

Questions & Answers

Operator
Thank you very much, sir. We will now begin with the question and answer session. Anyone who wishes to ask questions may please press star and 1 on the touchtone phone. If you wish to withdraw yourself from the question queue, you may press star and 2. Participants are requested to use only handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. You may please press star and 1 to ask questions. We'll take the first question from the line of Divyansh from 3Mitra Asset Managers.

Please go ahead.

Divyansh - Analyst, 3Mitra Asset Managers
Good afternoon. Congratulations on good set of results. Like, first question was on Sri Lanka. I'm

Operator
Sorry to interrupt you, your audio is not clear. I request you to kindly use your handle, please.

Aman Soni - Analyst, Seven Alpha Investors
Yeah,

Divyansh - Analyst, 3Mitra Asset Managers
Uh, I'm audible.

Operator
Please proceed.

Divyansh - Analyst, 3Mitra Asset Managers
Yes, good afternoon, sir. Congratulations on good set of numbers. Like, first question was on Sri Lanka telecom deal. So like, how much revenue will it contribute to our top line, and approximately on the both side, like, uh, how one-time revenue will be there and at the time of onboarding and how the recurring would be and how much big are you expecting from this deal?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Uh, you know, I will not divulge the, the number, uh, for obviously competitive edge, uh, because, uh, this is a very close market. But I can give you a, a quick understanding that will help with your question. I mean, answer- this answer will help you. Uh, first of all, we do have, uh, 3 deals, uh, as part of a single opportunity, and we will be into the per-transaction model, and at the same time we will also be in the license model. Uh, the contribution will be- I would say that it will be good enough for us to, uh, you know, reap benefits both in license and per-transaction.

Uh, it will give us great numbers in FY28, and then substantially the increase will happen in '29-'30. I see this particular deal to contribute for the next 5 years to come from here. I can also give you an idea that while in India, on a per-transaction basis, uh, whatever revenue we are generating, uh, this

is substantially, uh, you know, per transaction almost about, uh, 15 times more than what we would have it here in India. Uh, so again, the deal value will be in, uh, multi-billion- it's a multi-billion dollars deal for sure.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, and when will this start? We will provide the services on a regular basis?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Q4, it will start, uh, coming up. We are already in execution stage. We see the, uh, you know, the, the, uh, the results from Q4. In fact, we have already, uh, we have, uh, tell me.

Divyansh - Analyst, 3Mitra Asset Managers
Okay.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Yeah.

Divyansh - Analyst, 3Mitra Asset Managers
Okay. So next.

Kirti - Individual Investor
Yeah.

Divyansh - Analyst, 3Mitra Asset Managers
Next question was on like, uh, you mentioned that you received the letter of intent from the 300+ banks. So is it the government deal?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Uh, I don't want to name it, but it's a central deal, uh, wherein we have got an LOI for the, uh, a single LOI that will give us access to more than 300 banks.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, and again, same question, like, uh, from when we will like start, it will be contributing in revenue

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Or books? Uh, the executions will start this quarter itself, and, uh, the overall execution is 9 months. And I feel that we should start, uh, getting contribution within these, uh, from, from maybe, you know, Q4 or Q1 onwards.

Divyansh - Analyst, 3Mitra Asset Managers
Okay. And, uh, like, if this is a government deal or like that, so our trade receivable would be more higher in this particular deal, or any- No, it's a standard,

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited

It's, it's a standard, uh, structure as per the industry. It is not a- it's- I- you should- you shouldn't consider this as a government deal. Uh, it's a standard, uh, process. The way we bill licenses, the way we bill manpower, the way we bill the recurring revenue, it is- it is the same set. There is no change.

Divyansh - Analyst, 3Mitra Asset Managers
Okay. And what is the quarter revenue split between the one-time and recurring?

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
One time and recurring breakup. Ashish, you want to take it up? Oh no, for this particular deal, what exactly you want to ask?

Divyansh - Analyst, 3Mitra Asset Managers
No, no, for overall quarter,

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Q2. One time and that SaaS is around, you can say, 20-25%. Rest is on license basis.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, on license basis is 20-25% and remaining is recurring.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
No, no, no. So you are talking about SaaS or license basis? What exactly you want to know? License is about 20 to 25%, last owner is, uh, in the form of license, you can say. The cream is much more than that.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
SaaS is 20-25% and license model is, uh, about, uh, 75-80%. Within that there is a further breakup. There is AMC in license also. There are AMCs, there are change requests, there are manpower. So we split it as per license and SaaS model.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
So if you want to understand one-time under this, so one-time is not more than 50%, it's less than 50%, you can say. Recurring is more than 50%.

Divyansh - Analyst, 3Mitra Asset Managers
In that, one-time is less than 50% and rest is the AMC and recurring fees, which are- Yeah,

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Yeah.

Divyansh - Analyst, 3Mitra Asset Managers
Okay. And so last question, like last question only, like if possible, could you provide service-wise

revenue breakup, like UPI switch, IMPS Switch, Bank in a Box, in that way, like how much revenue each service is contributing in our overall-wise?

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
It's quite difficult as per my understanding because everything is interlinked with each other. So like UPI is not separate, uh, UPI license, but maybe using other things also. So my UPI team is not only delivering just a license, they are also giving service when we are getting anything in PPaaS. So they are also included for the coins business. That's quite different. That's the reason we don't have any verticalization till now. So everything is interlinked with each other.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, so breakup- I would say it is way too

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Early to- it is way too early to get into that state right now when we are trying to bundle solution, we are trying to create multi-tenancy. Uh, in fact, uh, we are trying to bundle it in such a way that all the products will be a part of a single offering. Uh, so that's, that's the model we are going right now. So it's, it's- I don't think it is the right approach for now because when we look at a bank as an account, we don't look at one product or one solution. We see that if, if we, if we can bundle couple of products together and then take it forward and then add to it, that is how we do it.

So I don't think that's how we plan the targets or that's how we plan the, uh, you know, opportunities around each salesperson. So better to keep it the way it is where we have currently structured is PSPs, we have structured as TPAT, and we are structured as Rectech. So that's how we are trying to, uh, work. So this will continue for at least this financial year, and I see that we will continue to build for the next financial year also. In a similar fashion because it is only going to evolve.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, and just for confirmation, in the upcoming- like, not upcoming, but UPI will be the major part of this? No, all the way? Not necessary. No, no,

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Not necessary. No, no, not at all.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, and we are intent with our guidance of 65-70% revenue growth?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Yes, I said that already.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, thank you, sir.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited

Thank

Operator
You. The next question is from the line of Aman Soni from Seven Alpha Investors. Please go ahead.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Yeah,

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Man.

Aman Soni - Analyst, Seven Alpha Investors
Yeah, I'm audible.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Yeah, yeah, you're audible.

Aman Soni - Analyst, Seven Alpha Investors
Yes, sir. Coming to our FY27 revenue outlook, like the company has achieved 124 CR in first half. And against fiscal year guidance is 344 crore in fiscal year, implying a dividend requirement of 216 crore to 226 crore in H2F '27, giving the significant growth required in the second half. How confident are you to achieve this guidance and what projects we will

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Aman, I think I have, uh, I, I would request that, you know, if you, uh, I have given a very clear picture at the end of the last financial year. So what we have clearly mentioned is, and again today on call I was emphasizing on how we have focused on transition to TSP domain. Uh, and you know, the contribution moving from 20% has gone to almost about 80% within 2 years. Uh, we have clearly called out that first half of the year is going to be slower because the orders we have picked up will be in the execution mode.

And whatever we are doing this financial year also, that will also start giving us impact in the next half of the year. So we are pretty confident because of this. It was a known fact based on the funnel, based on how the business was structured, and based on how we closed last year. And that is why when we gave the guidance, it was really clearly called out. In fact, someone even asked us about the margins as well. So first half of the year was more focused on execution, getting our footprint in the international market, staying afloat with the new subsidiary which we have formed in in Dubai, and how do we, how do we get the business in the first half?

Second half of the financial year is where we are seeing the growth coming in. We are seeing execution completions. We are seeing, uh, multiple new POs clicking in. We are seeing global businesses getting closed. Of all the discussions which was happening which has been done in H1. So the answer is yes, we are pretty confident in the second half of the year how this is going to shape up. So there is no change in the guidelines we have given. It's as per the plan.

Aman Soni - Analyst, Seven Alpha Investors
Wonderful. Thank you. Thank you.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Thank

Operator
You. The next question is from the line of Hardik Gandhi from HPMG. Please go ahead.

Divyansh - Analyst, 3Mitra Asset Managers
Hello. Hi, am I audible?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Yeah, Abhay.

Divyansh - Analyst, 3Mitra Asset Managers
Yeah, congratulations on a good set of numbers. It is really reassuring to see the confidence and the Q2 numbers. Uh, just 2 things from my end. First is, uh, given there is a lot of reverse engineering news in the- for the products which are out there, I know it's Uh, it's not, uh, directly possible to reverse engineer our flagship products and the RecTech, but just wanted to know from your side what's your view.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
When you say reverse engineering, you're referring to,

Divyansh - Analyst, 3Mitra Asset Managers
Uh, the AI? Yeah, yeah, so where the Adobe and other things have been re-engineered.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
See, uh, Okay, so differentiate us from the enterprise solution which is available in the market, uh, as, as a tool versus, uh, the solution which is custom-built as a product form for a very, very specific requirement. So the impact of AI in the open tool versus The custom-built product for very, very specific reason and which follows very clear procedural guideline is way too different. So I would, I would say that AI is a boost for what we are doing right now. It has brought down our response time, but when it comes to reverse engineering for the open tool versus what we are doing, there's a, there's a completely different market altogether.

So, so I, I think technically it's the different, uh, 2 different domains right now.

Divyansh - Analyst, 3Mitra Asset Managers
Right. And, uh, the second question was, uh, from a, uh, timeline point where the new 300 bank order which we got in the Sri Lankan telecom deal, right? So, uh, I think like, uh, is it multi, multi-year deal or is it Uh, if you can- The telecom one is a multi-year, and the 300 banks, I think you mentioned, 9 months is

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
An execution time, but the deal is for, for, for 5 years. And the best part is it has helped us create a very strong partnership in the industry. Again, uh, we'll share that when the time comes. And it has helped us build a very, very strong partner ecosystem, uh, which is replicable not just in India but beyond this. So it's a 5-year deal. Second, uh, when it comes to the, the Sri Lankan deal, it's, it's not just, uh, the, uh, the 5-year journey, but the potential of a country is also around this particular deal, which is, which is where the, uh, entire, uh, country will be now moving in the direction where India was about 7-8 years back.

So I see that potential to be in multiple for the years to come now. So I cannot calculate right now and give that number straight away, but I can definitely say that starting from '28, it will be cumulative and upward trend in '29 and '30. That's how it works. Understood. The way country will evolve, this particular deal will give us Right,

Divyansh - Analyst, 3Mitra Asset Managers
That's really, uh, good to hear. And if I can just squeeze one more in, uh, just wanted to know what, uh, we were targeting an acquisition, uh, because with our preferential funds, right? So what's the status on that and when can we assume the funds to be utilized?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
I think we are very close to a few things now. Maybe between this and the coming quarter we'll announce it.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, and is it a new product we are targeting, or we are just targeting a similar, uh, business just in a different geography?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
So our parameters are very, very stringent, and that's why we have taken so much time. So, uh, a couple of deals we want to do to get the access to some global markets and accounts. And that's where the efforts are for now. That's the first priority, uh, because the way we are seeing the traction for India story, we want to immediately work on that. So there are a couple of discussions in those directions and some opportunity if we get the consolidation possible in our segment in domestic market.

That is also something that we are discussing right now. I would say that the domestic one may take time, but international probably should be earlier.

Divyansh - Analyst, 3Mitra Asset Managers
Understood. And will we- will it be with our existing funds, or will we be requiring any additional short-term debt

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Or something? No,

Divyansh - Analyst, 3Mitra Asset Managers
No, nothing. Understood. Yeah, all the best. And, uh, yeah,

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Thanks.

Operator
Thank you. The next question is from the line of Swaraj Mehta from Perpetual Capital Advisors. Please go ahead.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Hi, thank you for the opportunity and congrats on a good set of numbers. My first question was, cost of goods sold, if you include project expenses, was Rs 28 crore in this quarter, out of which Rs 18 crore sits in the subsidiary. Further, revenue in the subsidiary came at a lower margin. So is this the first part of a larger order where incremental margins will be higher? Uh, any light on the scope of this order would be great.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Yeah, see, uh, uh, the thing is, uh, when we want to pick up the global orders from the global subsidiary, and the challenge was in a very short time we did not have the books and credentials for us to pick up such orders. So indeed we have picked up Orders which are turnkey nature, which are where the, where the, uh, you know, credentials are set. So those are the strategy in which we have gone way too quick in this particular subsidiary. Ashish, you want to add more to it?

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Absolutely, you are absolutely right. There's a- we have to create our footprint in that entity for the bigger orders. So we have taken- it's a multiple order, it's not a single order. So we have done multiple with multiple clients, we have done all these kind of orders.

Divyansh - Analyst, 3Mitra Asset Managers
Yeah, and it's terms of, uh, terms of more hard or

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Something else.

Divyansh - Analyst, 3Mitra Asset Managers
Sorry, your voice is cracking.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Hello? So it is in, uh, it is in terms of more work, uh, or something else? No, your voice again is cracking. Uh, Mr. Mata,

Operator
Please use your handset. Hello. Mr. Mehta, please proceed.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Yes, so, uh, it is in terms of hardware or the

Divyansh - Analyst, 3Mitra Asset Managers
Inventory that we've put up for the global subsidiary, or is it something else?

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
You can say it's a compromise of license and the OEM product that is required to procure for delivering the turnkey project.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, got it.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
And, um, so NPCI recently introduced the Vyapar Saksham scheme, I think day or day before yesterday. Uh, how do we stand to benefit from it?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
So we are yet to assess that. Uh, any such scheme which comes up, uh, when, uh, you know, banks are supposed to absorb it, and when banks have to absorb it, for sure it opens up gates for the existing TSP in bank. So that is where we get an opportunity with a completely new product.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
So it

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Adds on to the new product offering.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Okay, got it. And so credit and UPI, this could be a Trojan horse for smaller banks to compete against bigger banks who have larger credit cards issued. So how do we see this going forward and how many banks have we deployed this for so far and how would it be structured in terms of unit economics?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Credit on UPI, we are live with the solution for, uh, for, for a bank, for PPI holders, for NBFC- not NBFC, sorry. So for all those who are qualified as per the credit line policy, uh, we have not seen, uh, Traction yet. I mean, that's part- that was part of our projection, in fact, when we began, uh, you

know, last year. Uh, unfortunately, it has remained more of- more like a software than, uh, you know, than the revenue model getting created by the clients. So I would suggest that we will have to see how banks are adopting to the revenue model coming out of it.

To be very honest, we have gone to a level wherein the lending over QR, that particular model is something that we are keen on building and we are almost there now. However, we are going a bit slower because the adoption and the, and the appetite to go for a solution by banks versus how NBFCs and, you know, the private players, uh, the, the NSPs, uh, go aggressive, uh, that, that particular industry match is not there. So we should be waiting for it. Let's see how it works out technically, product-wise, and, and solution-wise.

Uh, we are live, we are ready. It's the adoption.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
And so, thank you. And one last question is, can you explain the HSM order, what it is, and how does How is it fitted to NPST's overall solution?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
HSM is a core part of our UPI solution. In fact, when we, when we go for UPI licensing policy licenses, for this is needed. Second, when we built bank in a box, we also needed HSM as part of the offering. So we decided that we'll start picking up HSM model because it will add the overall value to the offerings we have both in bank-in-a-box as well as the license-based solution. And in that case, why not pick up the order as a whole? So that is how we got into this. And now we are further drilling into security aspects wherein, you know, my tech team is very keen on building a larger security layer over the payment solutions.

So this is a way to actually enter this particular segment. So it was a need product-wise. We went on to the opportunities that came across beyond our captive product, and now we are seeing what future can be added. Don't want to commit how this will come up, but for sure, uh, this is a learning stage.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Perfect. Okay, thank you so much for joining us.

Operator
Yes. Thank you. The next question is from the line of Darshul Zaveri from Crown Capital. Please go ahead.

Divyansh - Analyst, 3Mitra Asset Managers
Hello, uh, thank you so much for taking my question, sir. Firstly, congratulations on a really fantastic set of numbers, sir. Uh, so just, uh, so just wanted to know in terms of our EBITDA margin trajectory, sir. Uh, sure, I think as you said, H2 might have more significant growth, right? So How does that, you know, translate into operating leverage for us, sir?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Ashish, you want to take this

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Up? Yeah, yeah, I'll take, I'll take. So this particular half year, you can say our EBITDA margin is a little bit lower than as compared to the last, uh, half year. But at the- I think first quarter we clearly told that the EBITDA will increase, but it will increase gradually. And there might be some pressure over the initial stage because we are, we are in the position to acquire multiple new customers in different geographies. So EBITDA can increase but gradually. So you can say next quarter it will be better as compared to this quarter.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, fair enough. There'll be some gradual increase and as more execution picks up, maybe the EBITDA margins improve. That's a fair way to look at it, right? Absolutely. Yeah, yeah, that, that's great to know, sir. And also just wanted to know in regards to, you know, our acquisition, so what is like, uh, roughly the deal size? Or, you know, if you could, you know, help elaborate a bit more on the acquisition part that, you know, we are looking at, any details would be very helpful, sir.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
We have not closed it yet, so it will not be correct. Uh, to give the numbers.

Divyansh - Analyst, 3Mitra Asset Managers
But in terms of like not, uh, uh, like the revenue potential, but at least the cost that it can be to us, like in terms of, uh, you know, uh, purchase cost figure or something, that would also, you know, help us.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
So this is not finalized actually, that, that's what the developer is telling.

Divyansh - Analyst, 3Mitra Asset Managers
Yeah,

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
We are, yeah, we are evaluating the company, but code yet to be finalized. So it's, it's a little bit unfair to tell any cost. Which is not yet to be finalized. So allow us some time, we'll definitely come back to you once we finalize all these rules.

Divyansh - Analyst, 3Mitra Asset Managers
Oh, that, that, uh, fair enough, sir, fair enough. Yeah, that's it from my side. Thank you so much.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Sure, thanks.

Operator
Thank you. We'll take the next questions from the line of Vinod Chandra Agrawal, an individual investor. Please go ahead.

Vinod Chandra Agrawal - Individual Investor
Thank you for the opportunity, sir, and congratulations for the good setup number. My question is on the UPI MDR. So now it is like, like last implementation was supposed to be on 15th October, but it is now rescheduled and maybe announcement is yet to happen. But now we will have our maps done, like internal maps. So how much do you see that it will impact our Uh, top line, uh, due to this UPI MDR. If you can give some guidance on that, it would be helpful.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
So, you know, in fact, if you remember last, uh, con call, uh, you know, 6 out of 10 questions were around MDR. And my- while it was announced, I- my point that time was very clear. While everyone were talking about it on social media, they were posting about Uh, you know, how it is going to impact the growth and numbers and industry. I cautioned all my shareholders very clearly that let it happen first and let it breathe. Only then I can give numbers. And this is exactly the reason why, because see, MDR has- MDR is no more, uh, UPI MDR, okay?

UPI MDR is no more a product-specific, uh, conversation. It has a national level impact. And everyone, it has an impact across the governance policies, across the payment industry, across, uh, regulatory policies. There are so many involved in this. And it is not- it is, although that time it was, it was there that, you know, it will come out, and the date was also declared around 15th October later on after our call, uh, we knew that in one month It is very, very difficult that, you know, uh, decisions can happen so quickly, although there is a pressure.

So progress, I can tell you that, that time we did not get any letter, any communication. Now we have letters and communication to deploy MDR-related changes. So that is going on. And at bank level, the adoption is also going on. Policies will change, policies will get impacted, and it will evolve over period of time. So I still don't want to give any number because after 15th October, a new date is not declared. It has been told that during festive season, uh, they don't want no changes to be done and it is to be taken after that.

The festive season can be December also. Festive season can be what- where we are today. And even after festive season, individual bank policies, and then also monitoring how this is impacting or how this is behaving is also very, very important. So let us sail through that period, and only then we can tell you where it will land. So I can, I can assure you that once everything is done and the phase is complete, then for sure it will have an impact, a positive and upward impact, than what we have given you in projection.

So there will be an incremental value, but I can't count that value as of today. So I want

Vinod Chandra Agrawal - Individual Investor
To

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Remain conscious about it. Yeah,

Vinod Chandra Agrawal - Individual Investor
Yeah, thank you. That's all from my side.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Yeah,

Operator
Thank you. The next question is from the line of Nandan, an individual investor. Please go ahead.

Divyansh - Analyst, 3Mitra Asset Managers
Hello, am I audible,

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Sir? Yeah, yeah,

Divyansh - Analyst, 3Mitra Asset Managers
Yeah. First of all, congratulations on achieving the highest ever, uh, top line. Um, and also thank you very much for explaining everything in detail, including the guidance and, uh, you know, the trajectory going forward. So my question is with regards to the international business. You mentioned, and as you know, that, you know, as you have mentioned earlier that international business is, uh, going to be a significant contributor going forward, I mean, from FY28-29 onwards. So having already secured one international contract, how many additional international contracts are currently in the pipeline, and how should we look at the opportunity and growth potential going forward?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Uh, I cannot give you exact number, but depending on various stages of Discussions, communications, uh, you know, uh, proposals, and, you know, RFPs, all of that taken together, I can give you a range. So it, it is, it ranges between 5 to 15 odd right now. Okay. So which we see that the fruits will start coming in. So you'll see some this year for sure, Q3, Q4, and then you will see larger results in FY28. So, uh, again, the impact is high because what we have built here, uh, the local companies, uh, do not have the solution.

So for sure, for the procurement of such solution, they have to look for countries where the solution is matured enough, and India for sure is a, is a place where they can buy from. So, so we have been able to do well in this particular direction.

Divyansh - Analyst, 3Mitra Asset Managers
Okay, thank you. Sir, my second question is about this bank-in-a-box opportunity. You have mentioned in the presentation that there is an LOI covering around 300 banks for bank-in-a-box. So how large can this opportunity become for NPST, you know, in terms of the overall part of the revenue? And can this emerge as a significant growth driver over, say, next 2 years?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Uh, yes. So, uh, like I mentioned, right now the direct number is in 10 digits, that, uh, this particular opportunity. And, uh, furthermore, what it does is it helps us give presence across 300+ banks in 18 to 24 months. And when that happens Our focus will remain on new product development. Whatever every year, all the new regulatory product requirements, all the new solutions as expected by banks

to sail through. You see, there is going to be a major impact in the software domain due to AI transformation, due to AI challenges.

There are so many, uh, alterations which will happen in coming years. So 18 to 24 months, we see, uh, you know, direct revenue coming in, which the number which I gave. At the same time, our access to this particular market will immediately increase. We don't have to now invest marketing us. It straight away gives us eyeball. So post 18 months on Our additional opportunity size coming in from this particular business will also multiply. So that is how we are projecting business. A separate focused business on bank in a box will start coming in, in the domestic market.

Vinod Chandra Agrawal - Individual Investor
Thank you very much for answering my questions and, uh, all the best, sir.

Divyansh - Analyst, 3Mitra Asset Managers
Thank you.

Operator
Thank you. The next question is from the line of Kirti, an individual investor. Please go ahead.

Kirti - Individual Investor
Yeah, uh, hi everyone, am I audible?

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Yeah, yeah,

Operator
Yeah.

Kirti - Individual Investor
Um, okay, a small follow-up question for the previous one. I just want to reiterate on the same thing. So you have mentioned it could be, you know, the 300 banks deal, it could be a 10-digit one, and it will start contributing after 18 to 24 months, or we'll see the numbers after 18 to 24 months?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
No, no, revenue contribution will start within 9 months.

Kirti - Individual Investor
That's the direct

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Revenue contribution. His question was on the additional opportunity that may come across. So that additional opportunity will come only after- I mean, I'm taking conservative number of 18 months, and by then it should be matured enough. Eyeballs around NPST, brand presence. That should help us immediately get traction anytime we launch a new product or new solution in this sector.

Kirti - Individual Investor
So, and it will continue to contribute every year, or do we have any cutoffs? These many years only

we will be serving them, or how is that going to be?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
So the direct business is capped at whatever number we have that I will- we will declare, uh, at right time, and Uh, and the additional business opportunity over this particular segment where the universe is, you know, so although it looks 300, but if you see the overall, uh, cooperative segment, the entire universe is around 1,200+ banks. In fact, 1,800. We have just calculated 1,200 on having a brand here with that credibility, uh, how much we are able to monetize out of it, how many number of products we are launching, that's where the growth prospect will come.

So it is difficult to count right now, but assuming that you launch one product and you are able to take it to 500 bags, or let's say even 100 bags, into the ticket size per month, into number of years, so that's how we will evolve.

Kirti - Individual Investor
Okay, and you said number of years also, right? More number of years, not like for up to 24 months. We are not too sure, it's not No,

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
No, no, this is 5 years deal. The direct deal is 5 years, but our presence in market will be forever, right?

Kirti - Individual Investor
Yeah, yeah, that's right. And Sri Lankan deal is also for 5 years?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Yeah.

Kirti - Individual Investor
Okay. And, um, you know, mainly I could see that there is a lot of work going on. I could see that clearly in the presentations. There are maybe 5 POCs going on and many new projects which are happening, but I just want to understand, like, you know, POCs, we might get converted into work order or, or not. We are not too sure. But which one do you think, out of all the current happenings, which can- which one can be the greatest contributor for your revenue? Uh, the global market

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Is without any doubt, uh, picking up. There is Uh, due to the ticket size, uh, you know, while in domestic market you pick up 10 deals there, even if you pick up like 3 or 4,

Divyansh - Analyst, 3Mitra Asset Managers
That's

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Sufficient. Uh, then apart from that, in domestic market, I would say that, uh, bank in a box and then

new focus on creating compliance box, uh, that for sure in next 1 year will start giving results to us because DPDP is next big thing and we want to capture on that. Along with DPDP, there are so many concerns raised around fraud, around money mules, so many issues happening in market. So we have to reinvest into lot of R&D, lot of product, you know, and it has an immediate takeaway around solving the problem for these banks.

I would say Banking in a Box, uh, with a new, uh, DPDP and compliance products, uh, will be the next big thing. However, we have a very, very structured, uh, team around large accounts, so, uh, so that will also give results. I mean- DPDP

Kirti - Individual Investor
Is a separate project which comes under Recteq, and Compliance in a Box is a separate project, or do we have to So Bank in a Box,

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Bank in a Box as a, as a, as a concept was launched one, one year back. Last Feb, this Feb in fact, we went live and we have been working on this for more than a year, uh, so almost year and a half. Sorry

Kirti - Individual Investor
To interrupt, it's not Bank in a Box, it's Compliance in a Box. That's what I could see. I'll

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Come to that. Yeah, I'll come to that. So we launched Bank in a Box We launched with payment products in it, then we added digital banking in it, and now we are adding compliance box. So, so the compliance solutions which were not on our data center and not available on subscription model will now get added to it. That's why we are calling it as a compliance in a box, whereas the policies, process guidelines, uh, for a bank in a box and this one remains the same. So those pieces are already done.

We have to add more to it. I mean, we have to add product to it, not the guidelines which we have already built.

Kirti - Individual Investor
Okay, got it. And one last question.

Operator
Thank you. Um, ma'am, I'm sorry, uh, we'll have to move. Thank you, ma'am. We'll take the next question from the line of Swaraj Mehta from Perpetual Capital Advisors. Please go ahead.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Thank you for the opportunity again. Uh, one question I had was on the investment that we're making in AI. Can you quantify how much, uh, AI efficiency could reduce, uh, our operating costs? Your

Operator
Voice is- Mr. Mehta, your voice is breaking. I'm sorry, sir, we are not able to hear you.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Hello? Hello?

Operator
Yeah, please proceed. Yeah, can

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
You quantify how much AI-driven efficiency could reduce our operating costs? Over time,

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
We are not targeting reduction in operating costs, we are targeting increase in productivity. I think we should count it that way, uh, uh, to be honest. Uh, why? Because, uh, we also have to see the other way. While, uh, while we will reduce the cost of operation, the payment will also go in the same direction. So saying that, you know, I bring down my development cost from 20 to 5 days and expecting that client will pay me for 20 days, that is not going to happen. There will always be competitor doing it in 5 days.

So it's the need of the hour. And so, so we have to look at productivity, not at cost. I would say that we have been able to- in fact, we have targeted almost about 40%, uh, improvement in productivity this year. So by March we should be there in deliveries.

Aman Soni - Analyst, Seven Alpha Investors
Okay, thank you so much.

Operator
Thank you. The next question is from the line of Sajal Gupta from FE Securities. Please go ahead.

Sajal Gupta - Analyst, FE Securities
Yes, good afternoon, Deepak and Harshish and everyone in the team. Congratulations for such a good set of numbers. Thank you. So my question to Ashish, to you, is that you just said that your EBITDA margin should be about 25% or better than this going forward. So I'm talking of years '26, '27, '28. Do we see the trajectory of the EBITDA margin to range around anything above 28-29% at that point of time? Because a lot of your international projects will come into play at that point of time.

Ashish Aggarwal - Co-founder and Joint Managing Director, Network People Services Technologies Limited
Maybe yes. Currently we are around 24% and this year we are targeting around 25%. So next year it can be, you can say it's between 27-28%. Yes, we can target this.

Sajal Gupta - Analyst, FE Securities
Okay. And Deepak, you have just been talking about Sri Lanka project, as Sri Lanka domestic, that the products which you are launching there for 5 years, but once you have implemented and that goes on such a large scale Wouldn't it be very difficult for the client to change you as a customer- as a client, sorry, as a vendor for them?

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
So it is just structured in a very different way altogether. We are not just- we are not just a vendor, we are also a domain expertise that we bring in the market. So, so try and understand that more than, uh, more than, uh, launching a product, which is the case in India. In these countries, we are actually taking the entire domain with us. So it's, it's more embedded into the growth story of a customer wherein we are not just adding a value as a solution provider, we are also being more of a consultative, uh, solution provider wherein We, we go with them to their customers.

We spend time not just with them but also to build the ecosystem. So we are in that phase right now. So, and the deal is also structured in such a way wherein there is a revenue sharing model available. So I- that is the reason why, uh, I don't think there is a replacement possible, because the moment you invest into it And then you create a long-term revenue model with a revenue sharing model, then it remains until that particular system is built and then the revenue is created.

Sajal Gupta - Analyst, FE Securities
Yeah, so that, that is the point which I'm trying to make out here, that your contracts which are as of now of 5 years can be of larger time period as 14 years. Yes,

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Yes,

Sajal Gupta - Analyst, FE Securities
Right now. Correct. Wonderful. Anyway, this, this was my query. Thank you, thank you so much, and all the best for the future. Thank you. Thanks.

Operator
Thank you. That was the last question. I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.

Deepak Chand Thakur - Co-founder, Chairman and Managing Director, Network People Services Technologies Limited
Thank you, thank you so much, guys, and, uh, very proud of my team who has been working relentlessly with us while I speak to you guys. There are 3- more than, you know, 350 people focused in building the organization. Great learning as and when we go ahead. There are some, there are some focused efforts and there are certain opportunities that we are still looking into. We are still tracking as and when we will evolve. We'll continue to improve and rectify wherever that has to be done. And as and when these opportunities go stronger, we'll keep on updating you guys and we'll definitely improve here onwards.

Again, happy Diwali everyone, and, you know, best of luck with all your portfolios that you have. Thank you.

Operator
Thank you, members of the management. On behalf of Network People Services Technologies Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.