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**RAJIV KAUL/ CMS INFO SYSTEMS**

# We want to drive higher cash efficiency in the country

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NEW DELHI

**B**lackstone Group LP was an early investor in the cash-management or outsourced-ATMs business in the country. In 2009, it partnered with Rajiv Kaul, the former CEO of Microsoft India and a former partner with private equity firm Actis, to acquire 57% in CMS Info Systems Pvt. Ltd for ₹450 crore. Since then, Kaul, now executive vice-chairman and CEO of CMS, has transformed the company into India's largest cash-management company, with estimated revenue of ₹1,200 crore in 2013-14.

In an interview, Kaul spoke about his plans for CMS and innovations in cash management that, according to him, will power the next wave of growth. Edited excerpts:

## Why CMS?

We had earlier tried to invest into CMS but we weren't successful. We later worked to convince Ramesh Grover (the founder) to share control. We took over the services which we thought made sense and we created the company called



Setting target: Kaul says that the immediate revenue goal for the company is to hit ₹2,000 crore by 2017.

## mint INTERVIEW

CMS Info Systems. The remainder still remains as CMS Computers, which is still with the family.

When we came in, the company had ₹500-600 crore revenue with low margins. By 2014, we will reach ₹1,200 crore. We are looking at growing three times in the next five years. Three quarters of our revenue comes from business services and the rest from IT services. We are number one in cash

management, which was the business that attracted us to CMS.

**What do you mean when you say you want to bring efficiency in cash management?**

RBI prints money and gives it to banks. Banks have currency chests in many cities. This money then goes to bank branches and ATMs. This is where the cash management company comes. After the consumers take the money out, they spend it and it eventually flows back to banks and then to RBI. The whole cycle is not

only about the movement, which is a big part of it, but also processing. You check the currency notes for counterfeits, dirty torn notes, you reconcile balances for the customers and for these banks—a lot of software comes into play there.

We need high-end technology for the latest anti-counterfeit practices. We are the brains behind it.

We have a big play in every part of the chain except printing money and storing it. In other countries, cash manage-

ment firms like ours do the latter for the central bank—this is more efficient. If this role is outsourced to somebody who is already working in the area of cash management, you will cut the time when the cash is travelling (back and forth) and put it to use.

Right now RBI has to make sure there is enough money floating around and it spends almost ₹4,500 crore a year printing the currency, because there are notes that get destroyed and new notes have to be printed to have enough. So if we could save 10-20% cash in circulation every year by making it more efficient as the largest player in the industry, we could hypothetically save RBI several thousand crores. We have presented these ideas to RBI, they like it but they will have to warm up to this whole idea a little. It happens in some large countries but not in India. RBI has its own concerns. We want to bring that sort of innovation to the market.

**Where will your next phase of growth come from?**

Our most immediate revenue goal is to hit ₹2,000 crore by 2017, but we may get lucky and get there by 2016. This year we said we would hit ₹1,200 crore but now that we have got ₹450 crore SBI (State Bank of India) deal (for 8,000 ATMs), we may even touch ₹1,500 crore depending upon how fast we execute that order. We will be focusing on all our businesses but there is a (good opportunity in) card printing. The ATM penetration in India is low, so there can be

a big growth over there as well.

We still have a fantastic scope to move up the value chain in what all we do. Even as we are the best today, we can still get better. Banks are outsourcing one element of the process today but we can do more. Also, we have had the software capability for card printing for five year, but hardly had any business. This year, the gates are open. Indian banks, foreign banks, everybody is (looking for someone who can do this).

This was earlier a niche sector, but now it has got some scale. It has caught the attention of banks, lot of them now outsource more. We have corporatized the sector. We wasted one and half year looking for software for cash management. We did pilots, we found some but they couldn't work in India because internationally cash is moved in fully sealed sets, and not notes or bundles like what is done in India. Over the last three years we have built the software for every element of the process. That has become our unique selling point because our competitors don't have it, they have only some parts of it. We have changed the process. We are providing information live to all our customers, which is the big investment. Our competitors cannot do it. We want to make it a sophisticated business. When we came in we were doing 8000 ATMs (automated teller machines).

Today we do almost 50,000 of the 80,000 outsourced ATMs in the country with around 130,000 ATMs.