CMSINFO/2305/013 May 31, 2023

To,

BSE Limited
Listing Department,
1st Floor, PJ Towers,
Dalal Street,
Fort, Mumbai – 400 001

Scrip Code: 543441

National Stock Exchange of India Limited
Listing Department,
Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

Symbol: CMSINFO

Dear Sir/Madam,

Sub: Earnings Transcript

Pursuant to Regulation 46(2)(oa) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of recording of post Investors/Analyst meeting held on Thursday, May 25, 2023 at 3.00 p.m. (IST) on Audited Financial Results (Standalone and Consolidated) of the Company for the year ended March 31, 2023.

The transcript is also available on the website of the Company at www.cms.com

You are requested to kindly take the same on record.

Thanking You,

For **CMS Info Systems Limited**

PRAVEEN SONI Digitally signed by PRAVEEN SONI Date: 2023.05.31 17:46:38 +05'30'

CS Praveen Soni
Company Secretary & Compliance Officer
(Membership No. FCS 6495)

Encl: a/a

00:00:00:00 - 00:00:11:07
Good evening, everyone. Can I request everybody to start taking their seats, please?

00:00:11:09 - 00:00:39:03
Good evening, everyone. Once again, request everybody to take their seats. We are going to start the event. We will have the Tech Experience Zone open after the Q&A session, so request everybody to move on to their seats now. Once again requesting everybody to start taking their seats please. Very warm welcome to everybody to CMS Info Systems Investor Day event.

00:00:39:05 - 00:01:02:14
My name is Anuj Sonpal Founder & CEO of Valorem Advisors. We represent the Investor Relations of the company. On behalf of the company, I'd like to thank everybody joining us today. I know it's a busy day and a lot of corporate earnings and a lot of analyst calls, So thank you everybody for taking the time out and joining us today.

00:01:02:16 - 00:01:42:10
Before we begin, I would request everybody to kindly switch off or silent your mobile phones. I hope everybody had a chance to visit the tech zone. We will reopen it after the Q&A session. So please make way to your seats. Please note that the agenda of this analyst meet will be that the management (management) will start off by giving a short presentation, post which will open the floor to the Q&A session as well.

00:01:42:12 - 00:02:05:03
And we request everybody to hold their questions till the end of the presentation, after which everybody will have a chance. So we will have a chance to take everyone's questions one by one. If you have a question for the management, there will be representatives with mics. So please raise your hand and they will find you and hand over the mic to you.

00:02:05:03 - 00:02:31:12
As mandatory, Let me mention a short cautionary statement before we start the event. Some of the statements made in today's event may be forward looking in nature. Such forward looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs, as well as assumptions made by and information currently available to management, audiences are cautioned not to place any undue reliance on these forward looking statements in making any investment decisions.

00:02:31:14 - 00:02:55:19
The purpose of today's event is purely to educate and bring awareness about the company's fundamental business, financials and future growth strategies. We will now start the event with a short video on CMS and how it is today seamlessly connecting commerce in India. Thank you.

00:05:08:13 - 00:05:40:03
Okay. Now let me just introduce you to the management participating with us, the management panel. We firstly have Mr. Rajiv Kaul. Mr. Rajiv Kaul is the Executive Chairman, whole time Director and the CEO of the company. Mr. Kaul has been associated with the company since 2009. He holds a bachelor's degree in engineering, in engineering, specializing in computer science from Birla institution of technology, Mesra and a postgraduate diploma in Business Management, specializing in marketing and finance from Xavier School of Management, Jamshedpur.

00:05:40:05 - 00:06:05:18
He has over 24 years of experience across technology, private equity and cash management industry. Prior to his association with CMS, he was associated with Actis Capital Limited LLP, sorry from London as a partner and also with Microsoft Corporation India Private LTD in the capacity of general manager and managing Director of India. From there he moved to Redmond, USA as a senior Director of Emerging Markets, including BRIC.

00:06:05:19 - 00:06:26:23
He's currently nominated as a member of the Board of Governors at his Alumni Birla Institute of Technology, Mesra. We then have with us Mr. Pankaj Khandelwal, who is the President and Chief Financial Officer of our company. He has also been associated with the company since 2009 and prior to the demerger was associated with CMS Computers Ltd since 2006.

00:06:27:00 - 00:06:51:16
He's currently responsible for finance, legal and secretarial functions of our company. He holds a bachelor's degree in commerce from University of Rajasthan and is qualified chartered accountant from ICAI with over 27 years of experience. Next we have Mr. Anuj Raghavan, who is the president of the Cash Logistics Business. Anuj has been associated with the company also since 2009.

00:06:51:18 - 00:07:13:17
He holds a bachelor's degree in academic law from University of Mysore and a postgraduate Diploma in Management from IIM Ahmedabad. He has over 14 years of experience in business management and business development. He has previously been associated with Hay Consultants India Private Limited in the capacity of an associate consultant. He's also the president of Cash Logistics Association and Currency Cycle Association.

00:07:13:19 - 00:07:41:11
Lastly, we have with us Mr. Manjunath Rao, who is the president of the Managed Services and Technology Solutions business. He has been associated with the company since 2012. He holds a bachelor's degree in science with specialization in statistics from Madras University. He has over 34 years of experience in sales and marketing across sectors. In the past, he has been associated with NCR Corporation, India private Limited in the capacity of Country Manager & Interim Managing Director and as Chief Operating officer at Cashlink Global Systems

00:07:41:11 - 00:08:00:01
He has also served as the Director of Sales and Marketing at Diebold Systems India Private Limited. . Without any further delay, I request Mr. Rajiv to take the stage and start his presentation. Thank you.
Anuj

00:08:00:03 - 00:08:09:10
Good afternoon. Good evening. Thank you for coming here today to attend our first Investor Day since we listed about 15 months ago.

00:08:09:12 - 00:08:29:09
I have been a part of CMS, as Anuj said, since 2009, where I spent more than half of my professional life and career helping build with my team a very unique company. We have already introduced my team members who will be speaking to you today. Some of you would have had a chance to meet the other

team members at the back when we had the experience on going on for the last one hour, which will continue after the session.

00:08:29:09 - 00:08:59:23
If you want to have a look at what we what we end up doing. Listing this company December 31st, 2021, was a very important milestone for our part of our dream of what we want to try and build this company and this institution going forward. Today's session, over the next approximately 20 slides, 45 to 50 minutes. We hope to talk to you about three things - who we are, what do we do and how do we do it.

00:09:00:00 - 00:09:26:04
And therefore, going into our background, into our journey, I just want to give you a little bit of a flavor of where this all started. When I left Actis Capital. It was with the courage and motivation to become an entrepreneur. I came back to India looking to create a domestic leader in outsourcing of business services. I ended up partnering with Blackstone at that time to convince the promoter family, which owned CMS computers, to divest a majority stake holding to us at that time.

00:09:26:05 - 00:09:50:11
That was 2008 and 2009 and that’s when CMS info systems got created. Now, sorry, I can look at. if you think of our journey in those 14 years, we think of that as three distinct phases. I think its important to understand our history and our culture as you think about us as an investment and a growth opportunity.

00:09:50:13 - 00:10:19:22
However when we acquired CMS, it had a variety of business services, which it was into. The largest business was around IT infrastructure maintenance services, where it competed with the likes of Wipro, and HCL in the country. The 2008 GFC crisis had a delayed impact in the Indian banking system. 2009 to 2010 were fairly difficult years, which sort of led to a lot of churn.

00:10:19:24 - 00:10:41:04
And we sort of made a fundamental bet saying that we will only focus on businesses where we have a right to become a number one, where we can be a dominant market leader and will move out of any other business. So we hived off other business units and instead focused on at that time a smallish business of cash logistics.

00:10:41:06 - 00:11:04:22
Now, if you had to sort of rewind and imagine cash logistics at that time, that very nascent sector was less than 500-600 crores in revenue. And mostly it was a business around evacuation and processing of currency at retail stores. The ATM business was very small and we realized the potential this could have in India. And therefore we went about doing building a massive distribution network, ahead of time.

00:11:04:24 - 00:11:38:13
We penetrated the deepest corner of the country with a branch network, with a route network. And we were lucky. And in many ways, because that's a period which saw a dramatic boom in the growth of ATMs in the country, driven by two factors. The first was private banks rushing to capitalize on the growth of semi-urban rural India. Number two, the Ministry of Finance drove the public sector banks to open a lot of ATMs in the remotest part of the country where people did not have physical banking access.

00:11:38:13 - 00:12:01:11
And this was their way of driving financial inclusion. So our investment in infrastructure thankfully coincided or was a little ahead of this market growth which came in, which really catapulted us to become a very large number one, We acquired, in fact, at that time another competitor so that we could be the only company in our sector at that time, to have a pan-india reach and presence.

00:12:01:13 - 00:12:25:14
But as with high growth, what happens is it attracts a lot of competitive intensity. The number of players in the sector went from 4 to 8, but we kept our focus on becoming a world class cash logistics organization. We also expanded in the area of banking automation at that time because banks felt that we could leverage our network and cash management, to actually offer and handle their automation needs in the remote parts in the remote districts.

00:12:25:20 - 00:12:51:15
In fact, remember, we entered the space and we won a large 400-500 crore order of deploying 8000-10000 ATMs for one of the largest banks in the country. So that sort of journey, one phase one, which really was about getting our core really strong and robust and then moving to phase two, Wave two, I would say would be between 2016-2019.

00:12:51:17 - 00:13:16:10
Now you think of that period in India. This was characterized by fairly low economic growth. This also witnessed demonetization. We had a big change through GST and finally the banking sector to whom we cater, were suffering from a fairly large NPA issue. And that's a period when banks obviously had to double down and sort of consolidate and they couldn't invest for growth.

00:13:16:12 - 00:13:34:08

What we did at that time were two things. Number one, we sort of protected our core. We kept focus on our core cash management business, but we took our earnings. This is a low growth period. We took our earnings and invested that in to expand into the managed service adjacency. We realized that we had to cater to a broader market opportunity.

00:13:34:14 - 00:13:57:05
It also was a time where because of all this volatility in the market and low growth, smaller quality companies are suffering. And we thought that is an opportunity for us to be able to enter into a broader TAM. On top of this, RBI became very focused on the rights of Indian consumer, what protection they need, how can they safely transact at an ATM?

00:13:57:09 - 00:14:66:05
And therefore banks had to start investing a lot into the ATM network. From a safety and security perspective. This phase ended in 2020 FY 20. In fact, I remember it was a fantastic year after three years of lackluster growth. We grew revenue by 20% in Fy20 and in this wave in the last 4 years, when you think of it, we've had almost a year and a half which has gone towards handling Covid as a epidemic around the world and in the country.

00:14:36:07 - 00:14:55:03
But in these four years, given the expansion strategy, we've had very rapid growth. We expanded and managed services. Our managed services business, which let's say in 2016, was close to 30 crore services

revenue, last year hit a 500 crore revenue mark. That's a CAGR 50%. In fact, if you think of our oldest business cash logistics across this entire cycle has grown at a 16% CAGR.

00:14:55:05 - 00:15:21:02
So 2021. In fact if you to think about a particular year where the CMS management and leadership team cemented its reputation, it was fy21. Couple of things. One, we dealt with COVID, which meant a little different than most of us here. Our team members on the ground had no luxury of sitting and working from home. They had to be on the roads, managing currency every day for banks and for citizens.

00:15:21:04 - 00:15:47:14
We do provide a critical service which can really shut down. The safety of people are very important. Thanks to the diversification of our business lines. We're able to arrest our revenue decline to a very minor, our revenue dip by 6 or 7%, but our PAT grew at least that year by 18%. We came out of the year strong and in Fy22 December 31st, we actually listed the company.

00:15:47:19 - 00:16:07:06
So the lot the company did during that period. The other highlight in this period for us was that we launched a new business, which was our youngest business on AIoT remote monitoring. And Manju is going to talk to you a little bit more about it. But I remember after the IPO, when we were sharing in our quarterly results our plans for this business and the excitement we have in the sector.

00:16:07:08 - 00:16:31:16
We were quite bullish about this to be a high growth potential and optionality for investors who joined us during the IPO journey. Since then, this business, which is mostly a Tech-Saas play and some of you've had a chance to look at it on the experience zone, has grown rapidly. At the end of March, this business was tracking to an annual revenue run rate of almost hundred crores.

00:16:31:18 - 00:17:03:07
This is one of the steepest, fastest growth in a SAAS oriented business, which is focusing domestically in the country. The last two, three years have also seen banks coming out stronger, recapitalized - for growth and looking for first refreshing their installed base of automation and also for expansion as they chase deposit growth. Public sector banks are looking for outsourcing more. Private sector banks are looking to increase depth of branches in the country.

00:17:03:08 - 00:17:26:11
But from our sector, our cash, logistics and managed services, I think a lot of the changes which happened from FY16, 17, 18, 19 onwards and even then COVID has resulted in a lot of the smaller players, either shutting down or selling out. So if you look at this journey, our whole history and journey has been about compounding our growth throughout the history of our company.

00:17:26:13 - 00:17:50:18
And this graph will actually give you a better idea of our journey. You can see wave two, right, very sort of flattish in revenue where we are looking at using some of our earnings to expand into the next set of sectors. But we maintained our revenue line, we maintained a profit line, We didn't, we didn't let it dip. wave one was really when we grew revenue from 200cr to 1000cr growing 5x.

00:17:50:20 - 00:18:19:08

We also used our time to actually deleverage and become a debt free company, and since then we haven't kept any debt our books at all. We don't believe in having debt. Wave two was really about consolidation, tackling intensity of competition, lower prices, lower margins, defending our turf, yet expanding judiciously into adjacent areas. And wave three has been about getting rapid growth and acceleration where a lot of what we have put into place has started coming out in terms of wins we've had.

00:18:19:08 - 00:18:45:15
We had when the whole PSU banks started with the refresh cycle, we raced ahead and almost won an order book of 2000 crores, which is still rapidly growing. Our AIoT business also has helped us drive a higher level of growth. When you think of this 14 years and the average revenue of CAGR 17%, you have to keep in mind that the last three out of the four years our revenue has grown 20%, which is sort of unique, right?

00:18:45:16 - 00:19:01:11
Normally your earlier years is when you grow fast and we have and then we had a slowdown. And then again, we are rapidly accelerating our growth. So our margins have, of course, grown very well in this period. So that's our sort of journey. That's to give you a quick history and context of who we are, what we have done.

00:19:01:13 - 00:19:10:16
What we exactly do is where my colleagues are going to come and tell you about it. I'm going to invite Anush to come and talk about our Cash logistics business.

00:19:10:18 - 00:19:31:08
Thank you. Thank you. Rajiv. Good afternoon, ladies and gentlemen. Thank you for spending your time to be with us here today. It's always a tough act to follow, Rajiv, but I think if there's one area in which I can compete, it's that he has spent half his working life in CMS, I spent significantly more time than that and see him as almost 80% of my working life has been here.

00:19:31:10 - 00:19:53:16
It's been a very interesting journey. I could share a lot with you about all the experiences that we have gone through, the challenges, the learnings, how as a team we've taken on crisis and dealt with those situations. But if I may simplify it and just say it, and in one word, I just loved it. If somebody gave me a chance to do this all over again, I would not hesitate and would just not change anything about it.

00:19:53:18 - 00:20:14:05
A lot of it goes to the quality of team that I work with. I know for the quality of talent, the motivation and the commitment levels, it's been a phenomenal experience working with the CMS team and today as a publicly listed company to be able to share our future and the journey of it. Thank you for reposing your trust and faith on CMS.

00:20:14:07 - 00:20:38:19
It is truly a privilege to be here with you today. The history of the cash business. If I go back over the last decade, what we've built here really is a logistics network, which is amongst the largest, the deepest and the widest of its type in India. In terms of our reach, we are present in more than 16,000 pin codes across 97% of the districts in the country.

00:20:38:21 - 00:21:02:13
But that aside, when you look at us in terms of scale, it's truly massive. Imagine all the notes in circulation, not the currency in circulation, but just the sheer number of notes in circulation in India today are more than all of the currency in the US, the Europe and several other economies put together. And what CMS does is, we process almost all of that currency through our channel.

00:21:02:15 - 00:21:27:21
Just in the last 12 months. The aim for CMS or the mission and some in when I think about what we are trying to do here is we seek to make banking more efficient. We want to make sure currencies are available anywhere, anyplace and at the lowest possible cost. Now, you may ask me what is the relevance of all of this to today's life?

00:21:28:01 - 00:21:45:20
What is the role of cash in the society? For the last seven years at CMS, we have been publishing the cash index, which tracks where money is coming from and where money is being spent. And this year what we've done is we have detailed that out into a very in the report, we call it the CMS cash vibrancy report.

00:21:46:00 - 00:22:12:00
All of you will have a copy of it, please I would urge you to go through it in your spare time. Without going into a lot of the detailed metrics. I'll just share with you the three things which really matter. The first is the ATM channel in India today. That channel today does 50% more transactions than all of the credit and debit card transactions across online and offline spends.

00:22:12:02 - 00:22:32:19
So for people who talk about what is cash vs digital, I just want this to sink in for a little bit. The ATM does 50% more transactions and all the cards put together in the country across online and offline, in a way that just goes to show what is the criticality in terms of its functioning as a payment system in the society today.

00:22:32:21 - 00:22:56:04
Second, in a recent research report by the Bain Consulting, they estimated that 65% of all retail spends in India today are in the form of cash. And that brings me to the third point, which is when you look at the CMS cash index, and this is something that research has shown. The CMS cash index is has a very high degree of correlation to several other macroeconomic indicators.

00:22:56:04 - 00:23:17:11
So all of us look at indices like the PPI or the PMI to determine what is the state of the Indian economy, how well are we doing what you know, what how vibrant is the economy? You can also gather the same input and the same trends. When you look at our cash index. And that's because consumption and the usage of cash is so critical and is so closely weaved into the Indian story.

00:23:17:13 - 00:23:45:10
And at CMS we try to address this through our businesses, we have three businesses today which cater to which, which power the cash cycle in India. The first of this is our, is our ATM cash channel. This is the largest revenue contribution to our cash logistics business. But it wasn't always the case. If I go back 10-, 12 years in history, the ATM used to be a smaller business and it was the second largest business in the cash.

00:23:45:12 - 00:24:06:04
Unknown
After retail cash. We were managing only about 7500 - 8000 ATMs in India and we had roughly a 25% share of the market. That was also when, based on observation discussion with people and understanding the government policy, we realized that there was a significant market shift that was bound to happen.

00:24:06:06 - 00:24:29:04
If India were to grow, banking and financial systems had to grow. It was imperative that there is a network and a distribution reach available which enables that growth. So we invested a little bit ahead of time in creating this network in semi-urban and rural India. And soon enough, as private and public sector banks grew and ATM deployments started scaling up, private banks deployed ATMs to the brown label model.

00:24:29:06 - 00:24:47:09
The public sector banks had a mandate from the Ministry of Finance saying an ATM has to be set up in each branch location. That led to a rapid growth of the network, and we were an obvious benefactor from that. Our ATMS under management grew rapidly, but more importantly, our market share increased by almost 10 to 12 percentage points.

00:24:47:09 - 00:25:07:23
We went from 25 to almost 35, 37 percentage points. And in a way that sort of seeks to show how we always try to understand what does economic scenario we are operating under, then how do we sort of anticipate some of these shifts. Today in CMS, we handle close to 72,000 ATMs. Almost one out of every two ATMs outsourced by the banking system is done by CMS.

00:25:07:23 - 00:25:29:05
We work across all the banks, we have market share of 47% today. Our revenue or business model is linked not to the usage of the ATM or the number of transactions the ATM does, but to the number of visits we make to the ATM on a monthly basis. And it is this figure that has been relatively stable and steady for many years now.

00:25:29:07 - 00:25:48:03
And the reason for that is the banks need our help and we constantly work with our customers to optimize the amount of currency that is loaded into each ATM relative to how much the ATM is dispensing. So if an ATM is doing 5 lakhs of dispensation, we load the appropriate amount of currency. If it's doing 20 Lakhs load in an appropriate amount.

00:25:48:05 - 00:26:10:18
Unknown
But the key is always to ensure a balance because too much of cash in an ATM is idle cash, which costs the bank interest too little cash and any other risk of cash outs, as a result of which, despite what happens to ATM transactions and ATM usage, our visits are relatively linear. This interest, this corresponds to a revenue model that is relatively fixed in nature.

00:26:10:20 - 00:26:34:22

More than 90% of our ATM revenues are fixed, giving us a very good ability to predict and forecast how our growth would pan out in the years to come. Our second business is where we work with the transaction banking partners and the various banks to help the broad, broad based retail and merchant network with cash solutions. We service more than 52,000 locations of different retailers.

00:26:34:22 - 00:27:00:24
This could be organized retail, large format, fuel pumps, e-commerce, logistics, NBFCs. And on a monthly basis, we handle more than 13,000 crores of cash for this channel. And what we do here in India is quite unique and unparalleled anywhere else in the world. In global examples, if you go to any of these other developed economies, you will see that a cash company visits a retail outlet once, maybe twice a week.

00:27:01:01 - 00:27:21:02
In India, we do this activity every single day. We pick up all this currency, bring it back to the CMS facility, we process it, and then we put it back into the banking system. And why do we do it? Why Is India different? Because it's for the success of retail getting working capital efficiency and keeping the cost of capital as low as possible Is extremely critical.

00:27:21:04 - 00:27:43:12
This is also why we have pioneered two new businesses within our RCM business. We created the Retail Cash Vault Solutions and some of you may have seen that in the experience zone and we have deployed those at more than 500 locations in the country today. So large format retailers who have multiple cashiers and billing counters in their stores and then they have to manage the shift operations of all these stills and the cashiers.

00:27:43:14 - 00:28:13:08
How do they manage cash? How do they handle the change of shifts? So that's sort of where the retail cash vault comes in. People use it closed group card, they Swipe It and they put the money and that's it. It brings them an amazing amount of convenience and risk management to these retail customers. Our CashX solution is where we partnered with a wide range of fintech and payment banks to be able to offer real time accelerated settlements and real time reconciliation to retail.

00:28:13:10 - 00:28:31:13
As a result of this, you know, what we're trying to do is make currency behave almost like a digital payment. Under the cashX solution the moment, employee picks up cash from a retail outlet within a matter of minutes the retailer gets a credit and is able to reconcile sale done to collection on a real time basis.

00:28:31:15 - 00:28:58:07
Unknown
And we do all this at a fraction of the cost of a digital payment. 40, 60% of the work we do in retail today is metro and urban. And based on how India is changing and based on the growth of organized retail, I feel very positive and bullish about how this coming decade is going to be critical for the growth of retail in India, just like how the previous decade was transformational for the ATM business.

00:28:58:09 - 00:29:21:00
Our third leg is the CIT business and this is the way we work with the banks, helping optimize the flow of currency from the chest to the bank branches. Now, remember, for the bank, money in the currency

chest is what counts as reserve ratios for what they have to maintain with RBI, money outside the chest is where they start having an interest cost for capital that's outside.

00:29:21:02 - 00:29:41:20
So there is a daily effort to make sure that we again achieve a balance of cash between the chest with the bank branches and back. And at CMS we service more than 10000-12000 of these bank branches on a daily basis. As banks invest to grow their physical reach and distribution and increase the number of branches that will act as a very strong tailwind for the growth of the sector.

00:29:41:22 - 00:30:03:20
Now that's our business model. But if you really ask me what makes CMS tick, what really is the big differentiator, I think that really comes down to the way in which you are able to integrate all of these business activities. Now we have market leadership. We are only company that has market leadership across all these businesses our number two, competitors, a different brand in all of them.

00:30:03:22 - 00:30:25:10
And what we are able to do and we don't call ourselves a cash management company, the reason we call ourselves a cash logistics company is because we're able to plug in all of these different businesses into our route network. Through the use of technology. We have been able to make our routes and our core infrastructure fungible. You may have a route which does an ATM replenishment in the morning.

00:30:25:12 - 00:30:42:18
It does a CIT work for a branch in the afternoon and in the evening it could be doing a retail cash pick up. And that is the way in which we have been able to create this operating leverage of incremental businesses and tying in the benefits of all these businesses into creating a very strong productivity led growth platform.

00:30:42:20 - 00:31:12:20
Last four years, we have been able to grow our productivity by 20%, and that's a figure which we keep working with on a continuous and consistent basis. This helps keep our unit cost of operation as low as possible. We also use technology to be able to provide a very superior and superlative experience to our customers. What we are able to offer them by way of a quality of service and reliability is far ahead of market and competition. That allows us to price ourselves at a premium to competition.

00:31:12:22 - 00:31:34:06
So both of these vectors, which are operating to try and keep our unit cost as low as possible and try to keep our pricing as much as we can, is effectively what creates a very strong differentiation for us, all of which is visible when you look at it from a financial perspective. The reason that we are able to grow our margins by five times and sorry by two and a half times almost in the last five years.

00:31:34:08 - 00:32:00:15
And the reason that we're able to increase our margin percentage by almost 600 to 700 basis points in the last three years is because of this operating leverage and and this synergy of this platform. When you look at the quality of our business, of quality of revenue is what really sticks out is we love this annuity business. It gives us this very strong ability to go back and figure out how do we want to handle cost inflation and pass it through from a pricing perspective.

00:32:00:17 - 00:32:22:16

I'm very proud of the fact that since the inception of this business, we've had almost hundred percent customer retention. That speaks to the testament of the reliability and the quality that we provide to our customers. It's also very exciting when I think about what are the growth opportunities for each of these businesses. 40% of the ATMs today are still serviced by the banks themselves and have not been outsourced yet.

00:32:22:18 - 00:32:49:00
80% of organized retail is untapped by our sector. We have a, we have started this initiative of direct to retail where we build our own sales teams. For a company like CMS today with our scale reach and the quality of financials and the governance that we have, the retail sectors should be very comfortable in talking to us directly and we, we identified the solutions that we can help them with, whether it's technology or automation related.

00:32:49:02 - 00:33:10:11
And then we onboard them to one of our banking partners. That sort of also how we are trying to improve the presence of the retail cash business broader into semi-urban and rural India. The CIT business, 60% of the CIT business is still very semi organized today and there is a strong push on the banks of the regulator, the Reserve Bank, to change this in their future outsourcing.

00:33:10:11 - 00:33:38:03
Our volumes have grown significantly in the last two years. We've added more than 20,000 business points in the last two years, which sort of translates to a 10% volume CAGR. Fundamentally, when you think about why banks partner CMS and why we able to grow our share in the ATM business, we've been able to grow our market share by almost 500 basis points in the last three years alone.

00:33:38:05 - 00:34:04:09
Is the fact that as CMS, what we represent to them are - we are a reliable, well-funded, high net worth and most importantly, the safest player for them to work with. When banks think about working with the company in this sort of a business where they are entrusting us with hundreds and thousands of crores, the safety is a key and key factor and also of paramount importance to them.

00:34:04:11 - 00:34:27:04
And that sort of really brings me to thinking about when you when you think about understanding the cash logistics business and what makes us tick, what makes us grow, it's not really the usage of cash. It's really fact that our growth in the past and the future is very intrinsically linked to how consumption in the country grows, how per capita income grows, what we are linked to, the growth of organized retail.

00:34:27:05 - 00:34:55:08
We are in some way linked to the growth of India. And that's why I would I like to think that the we are really a story where the sum of the parts is much more than the whole, the business of cash logistics is a lot more than just the business of cash. And it's very exciting when I think of what we have been able to achieve and what more we are able to do in the years to come and how we can further scale and grow this business and would love to have you along for that journey.

00:34:55:10 - 00:35:32:11
Thank you. With that, I would add, of course, my colleague Manjunath to join me on the stage and while that is happening, I would also like to give you a peek into the video of trying to understand how technology works within the cash logistics business.

00:36:51:15 - 00:37:21:23
To start off with. Good afternoon. Good evening, ladies and gentlemen. I stand before you today as someone who has spent 30 years in the ATM ecosystem. A little, maybe a little more. 30, 30 years. And when our Pankaj Khandelwal, while our CFO introduces me to everyone, he says he's the first one who installed the ATM. I smile to myself because I know that I was not the first one to install the ATM.

00:37:22:00 - 00:37:51:06
But I was there when there were five ATMs in the country. Today, there are 260,000 ATMs. So I've grown along with the ATMs as they grow in the Indian market. And while I was at NCR, I had this opportunity to work with CMS in many of the managed services contracts that we have won along with their help. But what we gave them great respect because of their reach and their infrastructure.

00:37:51:08 - 00:38:19:15
And in 2009, when Rajiv and his team just came into CMS, they invited me as I was the MD of NCR and they wanted NCR perspective of what they think about CMS. So when I went there, I told them that had a large I.T. infrastructure, they had cash logistics business, and this together could play a huge business for them in the managed services sector.

00:38:19:17 - 00:38:47:11
In 2012, Rajiv convinced me to join CMS, leaving the safe environment of multinational sector and joined as the head of sales. When I came into CMS, first thing Rajiv said was walk the talk. You told something to me in 2009. Now you do that. So as I as my journey went closer to CMS and I witnessed what all they did very closely.

00:38:47:13 - 00:39:13:02
I was so impressed with the role that they have in handling ATMs as well as bank needs. And I realized that it was imperative for CMS to actually get into the broader sectors of managed services. But there was it was a little tricky because there were many players in that segment at that time, and we decided to build rather than buy.

00:39:13:04 - 00:39:46:19
That was the philosophy of CMS, and I followed that philosophy. And plus a lot of customers at that time wanted CMS to become an OEM in the banking automation space. I hope all of you had a chance to look at our solutions around there. If you dont, please do visit. And as we, the main the importance of banking automation solutions at that space was that the banks needed for their network expansion.

00:39:46:21 - 00:40:23:17
During demonetization, we saw many the sector was actually getting a little weak and we had an opportunity to acquire small managed services company for its tech services as well as we wanted to familiarize ourselves with the, the basically the how to use managed services and also learn get ourself familiarized with that. We did that and we went beyond that and we through all these years, we set up four key businesses.

00:40:23:19 - 00:40:51:03
So the four key businesses, all of them offer end to end capabilities to the customer. The first one is the banking automation solution. The second one is the ATM as a service. The third one is the software. And

the fourth one is the remote monitoring services. Together with all of this is what a bank, managed services ecosystem is in the banks.

00:40:51:05 - 00:41:19:06
So let me take you to the first business of mine, which is the banking automation solution. Banks will expand and they will need automation solutions in their branches, and as they go deeper into their network, they will, there will be fewer companies to support them with the branch automation solutions and the multinational OEM struggle to grow as it expands into the interiors.

00:41:19:08 - 00:41:44:10
We decided to take a different approach. We decided to take a partnership approach. So we were looking for an OEM who could work for us, OEM who could support us with the entire solution range. What you saw at the back, which was basically the ATMs, cash recyclers, kiosks, and we found we chose one, our partner - who was from Korea.

00:41:44:12 - 00:42:23:03
He is globally number two Hyosung along with this expansion of the branches. There is also vast significant opportunity for, as Rajiv mentioned, about existing ATMs, the required upgrades and replacements. Those are also significant opportunities. So together with the branch expansion and this refresh program, we see up close to about 100,000 ATMs being coming up for bids in the next three or four years, along with the government of India's push for make in India at the right time, too.

00:42:23:05 - 00:42:54:22
We decided to take the plunge and we built our manufacturing plant in Chennai. Some of our competitors had done this already three, five, seven years ago and they spent a huge capital in doing so. But we timed it correctly strongly because the market maturity of the ecosystem of good suppliers were available for us and we could set it up at a fractional cost of the entire plant.

00:42:54:24 - 00:43:27:11
The next one,
The second part of my business is the ATM as a service, and this is what actually the main portion of our business, which Anush talked about so eloquently a little earlier. ATM as a service has got two segments. One is managed services. Another one is the end to end outsourcing services. Managed services, when the banks have got their ATMs installed in their branches and they outsource these ATMs to companies for providing them high uptime.

00:43:27:13 - 00:44:11:15
Companies like CMS along most of these opportunities require cash management also. So the revenue model here is fixed monthly rate and the contracts are 3 to 5 years. We have about 12,000 ATMs in the sector, which represents roughly about 6% of the market share. And please consider that as we started this business very recently, the second part of the business is the end to end outsourcing business, which is also called us brown label ATM, which popularly you might have heard in this model, many private banks and few public sector banks will also have outsourced a percentage of their ATMs for this end to end outsourcing.

00:44:11:17 - 00:44:55:06
The bank here lend their name. That's why it's called Brown Label ATM and the bidder will have to spend the capital. The revenue model here is monthly fixed rate or linked to transactions. We have about 5500

ATMS in this business and which roughly represents 5% of the overall outsourced market. And we have been doing this for the last, what, three or four years ago, and we have been very selective with the customer, as Rajiv said, and where we will invest the capital and based on the returns that we will get for the capital that we do, the revenue model.

00:44:55:06 - 00:45:27:22
As I said, this transaction linked our monthly rate order for 5500 ATMS, 20% of this base is monthly fixed rate as well as 30% of the base the ATMs are installed in the branches. The advantage of installing the branches is because the costs are significantly lower and the we are able to predict the transactions also because the usage pattern is well known.

00:45:27:22 - 00:45:56:07
Using our like, Anush talked about the cash report. So we use analytics of our cash usage as well as majority of the services we do in-house. What are these services? The services like incident monitoring, cash replenishment, our field maintenance services. So all of these services we do in-house, unlike many other service aggregators in this business. We all, as I said before, we are very careful in where we put the capital focused on the return.

00:45:56:07 - 00:46:39:13
My third part of the business is the software business. Software, as you know, in the ATM that we are, we just experienced, software plays a very critical role in customer engagement, customer retention for and as a delivery channel for the banks. So it's a very important piece of the activity that the banks look for because they have currently, what, about 2 lakh 60,000 ATMs and most of the software is static and it is heavily dependent on the OEMs.

00:46:39:15 - 00:47:08:07
So what happens is it's really difficult for the bank to change the software or make it customer friendly across their entire base because there are multiple OEMs and multiple hardware configurations. So this puts out a very difficult time for the banks to actually improve their even the uptime. In India, that's why the Multi-Vendor software was created, which is the software that we have now deployed across many ATMs.

00:47:08:09 - 00:47:37:15
The largest bank in India floated a global RFP for this software because they were having huge challenges around any changes to be made in their ATM network or to improve the uptime in their ATM network. They were struggling. So this project was won by CMS and it was very prestigious. It was about 500 crore order for us. It was very complex, but we successfully completed it.

00:47:37:17 - 00:48:03:07
And today the bank has improved its uptime as well as one significant factor because of the change in the software control that they have today. They were able to make it a digital services platform. So today's whatever the bank has got on the Internet banking platform is found on the ATM screen. So the customers find it very unified interface available on the ATM.

00:48:03:09 - 00:48:37:02
The many public sector banks today are queuing up because after the consolidation, they have multiple ATMs, multiple OEMs. They're all queuing up to make their ATM as a digital services platform. So this

software that we have been very successful with, or 65,000 ATMs we branded it, ALGO. To the fourth part of my business, which Rajiv mentioned proudly, and I am

00:48:37:03 - 00:48:59:05
I'm also very proud of this business. It's the youngest part of my business. It's the AIoT remote monitoring services. I think when I earlier saw all of you queuing up to look at the future ready remote monitoring, I was actually filled with pride. But I need before I get into the business, I need to talk to you about a little bit of history.

00:48:59:07 - 00:49:24:24
Historically, ATM sites had man guards, but this approach had a lot of issues. Plus, Reserve Bank of India instructed the banks that they must provide safety and security at the ATM. So we were very keen to get into the sector. But what happened is the sector attracted a lot of venture capital funds and therefore we decided to wait and watch.

00:49:25:01 - 00:49:41:11
Some good companies were set up during this period. But in order to grow fast, they had they attracted unsustainable revenue models and and growth.

00:49:41:13 - 00:50:15:02
During COVID 19 pandemic, Some of our customers who could not scale up with these players to further roll out came to us and we seized that opportunity. And we invested in deep tech. Actually, before that, we actually went and acquired a small company of 2000 sites. And just before that, we before that, deep tech was invested. We invested. We acquired the small company of 2000 sites, and we improved their platform.

00:50:15:02 - 00:50:49:23
They had a platform. We improved that platform into a deep tech. AI and IoT based solution and we started serving. And what I will do now is I will show you a small video which will take you through the AIoT business, which will be much better than me talking about it and struggling with it.
00:50:50:00 –

00:51:24:06 - 00:51:56:19
So there are 2000 sites that we acquired on that platform when we built this AIoT deep tech solution for us. We powered it completely with the robotic process automation.

00:51:57:00 - 00:52:30:05
I think if there was a demonstration and I would request all of you to go and take a look at the demonstration. Currently this are a robust platform, hundreds more than 21,000 sites. On the video. It said 20,000 and was this video was shot about a month ago. Since then, it has become 21,000 live sites. And the the strength of this platform is that it handles more than 60,000 alerts every day and more than 50% of it is handled by the robotic process.

00:52:30:07 - 00:53:05:24
Automation with zero misses and the balance is handled by the manual agents. The the the more than 1000 sites have been a thousand critical threats have been alerted by this platform. And this makes us as

number one, established us as the number one in this banking ATM segment of the remote monitoring. We continue to invest deep tech because we have to stay ahead of the competition.

00:53:06:01 - 00:53:45:22
We have built more than 40 plus A.I. modules. Why and how are they important to us? Because this will allow us to expand into the adjacent sectors of our businesses, such as retail, hospitality, healthcare, warehouses and premises. So this opportunity is very significant for us. Next, as I said, we are number one in the AIoT bank, in the banking sector as an AIoT remote monitoring services player.

00:53:45:24 - 00:54:13:14
What I will do is to summarize my four businesses. I would like you to take you through the financials, to summarize my business. We have grown significantly in the last three four years in our business, in my business, and we have contributed very large amount of revenue for the CMS revenue. We were about 15%, as Rajiv mentioned, in FY 19 of the CMS revenue.

00:54:13:16 - 00:54:58:05
And today we have contributed close to one third of the CMS revenue. We have grown to that level. Inspite of the capital invested in our business. We have close to about one third of the revenues of CMS. And am I right, Pankaj, we are close to about 500 - 560 crores, yes, of CMS revenue. So that's a significant achievement for us for the last three, four years that we have contributed to CMS and we also have significantly improved the EBIT margin by more than 330 BPS.

00:54:58:05 - 00:55:36:03
We have BPS, we have done, as I stand before you today, I'm full of pride and excitement for the future of CMS business in the managed services space. I said, and I am proud to say that today we are number one in the AIOT Remote monitoring services. We are number one in the software business. We are a market leader in the banking automation solutions space and we are also the brand to be reckoned with in the managed services space.

00:55:36:05 - 00:56:29:15
Thank you very much. And for this opportunity I will hand it over to Pankaj Khandelwal, just now, Thank you, Manju, and good afternoon to all of you. I had the privilege to working with CMS for last 17 years. It has been a unique experience. Initially, working with promoter group, then the large private equity player and now as a listed entity, I have had opportunity to see CMS transform and adapt.

00:56:29:17 - 00:57:35:06
We have gone from a very high debt company to practically zero debt company and from very thin single digit margin profile to a strong double digit margin. Both our businesses have done very well. Higher volume and focus on execution of order book has helped us to improve our revenue by 20%. 33% growth in PAT and 300 basis point improvement in our margin, which was driven by our expansion into tech related new businesses and automation in cash logistic business. Our managed services business, has EBIT of our managed service business grown by 49%.

00:57:35:08 - 00:58:22:00
And at the same time our cash logistic business EBIT has grown by 27%. In fact, if you look at our eight quarters, we had a very consistent and strong one quarter on quarter and year on year growth in seven of these eight quarters, our PAT grew by more than 20%. In last quarter, the first time in history of CMS had crossed the 500 crore revenue mark.

00:58:22:02 - 00:59:10:12
Taking a longer term view, our financial over the last five years, our revenue has grown 14% CAGR. It could have been better. Please note that this period, we had two years of the COVID. 95% if will see that 1858 number in FY 23. 95% of our revenue is from services business and majority of this revenue is multi year recurring, which gives us.. which gives us a very predictability of the future revenue.

00:59:10:14 - 01:00:07:15
Our EBITDA and PAT had grown three times and margin is almost double. This was driven by changing business mix and high value added services, scale and synergy across business lines and investment in technology and automation. 1100 crore of OCF we have generated in last five years, driven by mainly our margin profile and the improvement and the razor sharp focus on our working capital management.

01:00:07:17 - 01:00:42:20
Getting the investment capital cycle very right is very important. We are very judicious in when and where to invest our capital. From 16 to 18 when we are not sure of the industry cycle. We have reduced our CapEx and then a CapEx of only 70 crore rupees and then the environment changed and we see the signal of the improvement at the same time.

01:00:42:20 - 01:01:42:15
PSU bank was recapitalizing, we only just started investing in the CapEx. And during this time we have also expanded our many services, many services offerings. Over last five years we have invested more than 700 crore rupees for the growth and expansion. Despite this peak investment, we have expanded our ROE by seven hundred basis point to 21%. And also at the same time, we have consistently paid dividend and our dividend payout ratio is around 23%.

01:01:42:17 - 01:02:18:19
As on March 23, we had 450 crore rupees of cash and cash equivalents in our books. This liquidity is going to be a differentiator for us because of flexibility to invest in up when our opportunity comes will help us to improve for the during the year outlook of our credit rating has improved to positive and then upgraded to the AA+.

01:02:18:21 - 01:02:45:19
I'm happy to inform you only 1% of the company in our peer group have AA+ or more Credit rating. With this now i request Rajiv to talk about future growth opportunities. Thank you. Thank you for so people done a good job. I'm left with 5 to 7 minutes to wrap up. But this is the fun part, right? This is what excites us.

01:02:45:19 - 01:03:07:08
This is what brings us to work every day. I want to talk to you about where we see growth, how we think about growth in the coming years. But before that, it's important to understand the principle on which we work and how we think about growth. All right. So I'm going to use this slide. I'm going to borrow the slide, but I've seen it somewhere, which is sort of what are the playbook for growth, right.

01:03:07:10 - 01:03:32:06
Fundamentally, we think about first, we will continuously seek to invest in our core business. 10 years ago, the core of cash management today is both cash management and managed services. Our goal

there is to be world class. When we are world class, we will have the best quality your customer can get. If you have the best quality, your customer retention is not an issue.

01:03:32:11 - 01:03:58:23
You are able to sometimes charge a premium. More importantly, it helps you attract talent and you can become world class by deploying a lot of technology. If you think of the CMS management team of our top 10, 15, 20 people, less than 20% of our people come from the sector. That's deliberate. If you look at the four of us who are here, Manju is the only one who comes from the sector I come from a tech background, Anush comes from consulting background.

01:03:58:23 - 01:04:29:07
Pankaj comes from a financial and obviously a manufacturing background. And that helps in having a different mindset compared to our peer group. It's a mindset where you're continually looking to improve and that's what we call innovation, where there is nothing limiting what we want to do. We don't come with any preconceived notions, and the goal is to give a customer a great experience, high quality, lowest cost, maintaining the lowest unit cost.

01:04:29:07 - 01:04:56:11
Economics is critical for us in a logistics business is very critical and that's what we seek to do. You take what you own from your business and then you look at expansion. When you think of expansion, invariably you think both horizontally and vertically. Usually leads to technology oriented solutions. You're moving up the value chain. The approach here again, we take a very different normally you would look at a company with a new technology offering.

01:04:56:13 - 01:05:18:11
They would want to pilot it out, Let's say at a smaller customer. They'll make it work, improve it, go to the midsize customer, improve it, go to a big customer. And then we thought, I'll go reverse. We will put our name and reputation on the line and bid for large, complex projects with the largest banks in the country. We think differently.

01:05:18:11 - 01:05:40:08
I think if we can make it work at that level, the rest will follow. And that is very critical for just deepening your customer engagement. Manju talked about the multi vendor solution business. It is a big risk and a big bet for us. But you think of that particular bank, that operating system of the ATMs is managed by CMS, the seat of the table.

01:05:40:08 - 01:06:01:17
You have not only the ATM channel or the branch banking channel, but also with the CTO and CIO of the company and the bank think would be very differently, are way more critical to them than just for the currency logistics business. And when you use that and we can win with large banks and large financial institutions, it's sort of you are bringing the best of CMS.

01:06:01:19 - 01:06:23:05
You think of any bank today we started with the retail Cash logistics offering in 2008 or 2009, moved to ATM cash logistics, then moved to a banking automation, then hopefully another managed services offering and now and the AIoT offering. So we think of a vector and think of the number of services we are selling to a bank, it has increased dramatically over time.

01:06:23:07 - 01:06:51:13
Our cost of sale remains very low, right, because the same team will be managing the customer. And then we look at ourselves as a very deep B2B company. We track how many customers we have at each category revenue. When I think of 100 crore plus revenue customers for us annually, this was maybe 0 five years ago, 3 three years ago, 5 customers today.

01:06:51:13 - 01:07:09:18
You think of the 50-100 crore customers, again, this would have ramped up, you think of you in five crore annual run rate customers that are gone from 15 to maybe 30 today. So at each level having a different set of offerings, having the right to win makes a big impact. When you are a B2B business services company. And for us, that's the playbook we want to continue on, right?

01:07:09:18 - 01:07:32:08
You want to make we want to strengthen our core, make sure we never lose that. That's our right. We generate cash flows, invest in expanding TAM and make that a virtuous cycle. So that we can continue to accelerate growth in our core and also expand the market opportunity we are playing in. And so with that, let's switch to how we think about growth, where we are today.

01:07:32:10 - 01:08:03:11
The macro has is looking very positive. When I think of the in the country dynamics right now, the expectation of what India can do in a global economy over the next 3 to 5 to maybe ten years, there is pragmatic bullishness. Our economy remains a consumption oriented economy, which works very well for CMS. Consumption leads to spend of you know, currency that leads to growth for us.

01:08:03:11 - 01:08:33:02
When I think of the biggest industry state we cater to right now, which is the banks, the banks are look the best conditioned they have been ever. If I talk to CEOs of large banks in the country, they are looking at growing their business 4X in the next ten years, if a large bank can grow 4X, we should be able to play a role in that growth and helping enable that growth, helping them give the network the reach and hopefully grow faster than that.

01:08:33:04 - 01:08:53:11
When I think of retail, which has rebounded with a vengeance after COVID, you look at e-commerce growth and I think of that opportunity. For us, that's a multi-decadal growth opportunity for us in the cash logistics business and hopefully some new services we aim to launch for them the coming years. And then I think of what happens in India today.

01:08:53:12 - 01:09:10:24
If you if you get rid of the rhetoric and the noise and the marketing from others, you think about. We look at this data every day and it's in your cash vibrancy report, the amount of currency we collect not from just organized retail, but we collect from nbfc and insurance and collections companies and petrol pumps is very robust.

01:09:11:01 - 01:09:38:02
So I look at this backdrop. It gives us a fairly strong confidence in how we think we can grow in the coming years and for our 4 businesses right now, I look at our cash logistics business. There is 40% of India's ATMs 100,000 ATMs are still managed by a bank themselves. Now 60% the outsource this use 50%. Let's say five years ago, the 50 to become 60 will become 63.

01:09:38:02 - 01:09:58:09
Will become 65. I don't care how long it takes, but that's the direction. This will move in line with any global trend. Anush talked to you about the retail side of the business, which has very well with very high growth and the initiatives we are launching there of partnering with payment banks are working with large format, retailers are going directly to retail, offering solutions.

01:09:58:14 - 01:10:31:23
I think that should give us a very good growth for that business. I look at the managed services business first, large public sector banks after the mergers have a refresh cycle where 80,000 ATMs have are outdated and have to get refreshed to the latest technology that will play out in the next two, two and a half years. The private sector banks, which had a lull in expansion, are right now growing their branches, declared data on the private sector banks,

01:10:31:23 - 01:10:58:01
talks about 12,000 new branches coming up, which will lead to almost 20,000 new ATMs coming in. And then the BLA business where we remain a cautious and a small but important player itself will see almost 100,000 ATMs moving from the balance sheets of banks to private sector players. So this is a huge, massive opportunity. We will judiciously choose which parts of it we want to operate in.

01:10:58:03 - 01:11:25:12
In our remote monitoring business, more than 60% of the installed base of ATMs and branches need to get the solution implemented, it is still not there. There's also the 40% which will expire and will move to the next generation technology over the next 3 to 5 years. Immediate adjacencies for us is going from ATMs to bank branches to Nbfc is to gold loan branches to retail, to warehouses, what not.

01:11:25:14 - 01:11:54:24
We've had a very dramatic ramp up. We will take some time to consolidate this business and our technology offerings and create the AI module so we can have the next big wave of growth in the sector. And finally, inorganic growth, as a team, we have had a very good experience of driving programmatic M&A. I do want to own a caution because I know M&A gets lots of people excited.

01:11:55:01 - 01:12:21:00
Unknown
We are not a buy and grow team. We usually for small acquisitions to enter new sectors in our core businesses, we are willing to make bigger bets provided the valuation is right. We have done almost six seven acquisitions in the last decade, but the sum total of money spent is less than 250-300 crores. And of course we look for aggressive payback periods, which is either the cost in which you buy the company or how you drive synergies.

01:12:21:02 - 01:12:43:24
The industry will consolidate both in cash, logistics and managed services. There are many companies which do not have the financial strength or the technology capabilities to see the next five, seven years of change that industry will bring. Outside this when I think of the areas we have been examining over the years. I haven't yet done a deal or a transaction for various reasons.

01:12:44:01 - 01:13:29:01

FinTech remains an area of strong interest, broader business services. I have to keep reminding myself that I when I came to CMS, my dream and vision was to make a market leader in business services.

Puneet any think we should worry about that. Maybe my time on, its here is not there.

So so when you when you put this together and you think of the TAM opportunity we are talking about market for us where the market size and if FY 21 to a FY 27 over a six year journey should grow from 8500 crores to 22 and a half thousand crores, CAGR of roughly 19%, we are not equally going to play in

01:13:29:01 - 01:13:47:03
all of those spaces with equal rigor. There are some which are scored, some we are very keen to grow into, some we will be careful about. But that's a market opportunity of growing about two one half times. When I co-relate this to where we are during IPO, after IPO, we talked about our growth aspiration and we gave a guidance.

01:13:47:03 - 01:14:13:02
The only guidance we've given is that we will look to double our revenue from FY 21 to a FY 25, which sort of is going from 1300 crores to 25-2700 crore range at the midpoint today and the end of FY. So that's a CAGR of I think CAGR of 19% up at the midpoint today, we are a little ahead where we are growing at 20%.

01:14:13:04 - 01:14:34:11
So we seem to be on track to be hitting the target, we set out. But important for us to give you an indication of the mid-term from where we stand today and not just be content with looking at a FY 25. So when we think of so we are looking to double FY 21 to 25. When we think of FY 23 to 27, it's not a target, it's just an aspiration.

01:14:34:11 - 01:14:59:19
It's a very early peek into how we aspire to grow. We look to grow from 75%, to 100% from here, which would put us in the roughly 3400 to 3800 crore revenue range. Before I sum before I end, I want to sort of summarize the investment thesis beyond the numbers. Some of you, I'm grateful to some of you who are shareholders.

01:14:59:21 - 01:15:25:24
We have over one lakh shareholders of the company already. I'm grateful to our 25,000 member team. I'm grateful to my entire leadership team, which is here for being part of an exciting journey. What you have here is a different company in many ways. It's a cautious company growing very well with a team which has weathered many cycles. I've seen many ups and downs and has consistently driven growth over chunks of time and still kept expanding margins.

01:15:26:01 - 01:15:53:21
It's a team which has delivered and if you had to totally co-relate the XIRR sheet from 2009 to 2023 with everything we've done, the XIRR would be close to what our price was yesterday be close to a 24% XIRR. And the team, which has been very judicious about capital allocation, we have almost spent 80% of capital on growth ourselves and maybe 20, 25% in M&A.

01:15:53:23 - 01:16:23:19

With that, I would like to end we would like to pause before we get into Q&A and thank you for your attention and your time.
Thank you. Management will just that was a very exciting presentation. We'll start the Q&A session now just a couple of minutes before we get the management seated. We have two people roaming around with Mics, so if you have a question, please raise your hand.

01:16:24:00 - 01:17:03:20
Unknown
And one of us, one of our team members will find you, request you hold your questions to two or three per participant just to give interest to everybody.
We start, who sort of choosing what do we do.
Hi. Thanks for the opportunity. I think in one of the earlier call conversations you had referred to, getting in collection services is one of the possibilities.

01:17:03:22 - 01:17:31:09
So I saw the slide which Illustrated Right to Win as an important metric, right? So wanted understand from your perspective in verticals like collections, etc., how would you develop a right to win number one? Number two is again, correct me if I'm wrong, but your experience with interacting with banks is more on the CTO CIO side of it, whereas when you get into these other kind of services, you might have to interact much more with the business side of the divisions.

01:17:31:11 - 01:17:55:00
So how would you bridge that kind of a gap? Yeah, those are my two questions. Thank you.
Let me take the first question on collections. There is always a constant way CMS to keep looking at newer opportunities for growth. And this is a business that we first did very small scale pilots and just before COVID, and then we ramp down the efforts because we just got focused on just securing, then growing our core business.

01:17:55:02 - 01:18:21:19
What we like about the collection space is everyone, everyone in India you speak with, whether it's banks or fintechs, new payment banks, everyone is talking about lending money. Hardly anybody was talking about collecting money. But but then when you anecdotally speak with a lot of people, you realize that this is a very critical part of their business, just the regulatory norms around and provisioning for their collections and NPAs just make this very critical in terms of their competitiveness and success.

01:18:21:21 - 01:18:50:13
Our idea was to try and see is there room for us to craft a business model which is built on three things. The first is there are more than 30, 40 different small, semi organized or unorganized collection agencies in the country today, but no one has scale and no one was working across the country. And the second was, if you look at the different parts of the collections value chain, there is technology, there is then the whole contact center and how do you reach out to the customer.

01:18:50:15 - 01:19:11:17
And the third is the field, the field and the collections, actual collections part of it. There are many companies doing each one of these. There are many New Age companies. FinTech are doing the first part very well. There are large established people doing the second part, and then like I said, there's a very large set of people doing the last one, but there's no one doing all of this together.

01:19:11:19 - 01:19:32:19
The third element, which actually sort of interested us the most and when I go back, when I spoke about why banks fundamentally work with CMS is the fact that looking at what has happened in the collection space in the last 12 months would have you read enough stories about, you know, one bad actor creating so much of a reputational risk to the to the nbfc or to the bank?

01:19:32:19 - 01:19:51:04
I think that's important. When banks equal partner, they want to work with companies who can who have the same sensitivity towards reputation management and towards managing, managing brand and doing things in a certain right way. As we stand today, we are still in the incubation process of our collections. We put together a team of almost a hundred people.

01:19:51:06 - 01:20:09:02
We have hired five or six very senior leaders from the industry. We will treat the FY24 as the period when we would like to incubate, invest and see how this business can can scale if it if we can craft it in the manner that we've thought about it. We've got pilots going with 5 to 6 large NBFCs.

01:20:09:04 - 01:20:37:06
We are in discussion with at least 15 to 20 more. But we will use this year as a pilot. We would like to try and see how this works out. And towards the end of FY24, we come back and update you on what would be the future prospects for us in this business. So just to add to a couple of points that we deal with many people in the banks, The CIO, CTO is actually more recent with managed services and software, but the ATM channel or the Cards team, we've been dealing with them for a long time, even at the branches.

01:20:37:06 - 01:20:56:07
But they're the brand reputation of quality of what we do. Therefore, this business also of more concern. We want to make sure that that the reason we have not acquired anybody because any acquired whatever the culture may be, we want to it's a bootstrapped venture. We do it in-house. We want to do it right. It may never take off, but we will not mess up with the brand and.

01:20:56:07 - 01:21:18:17
We will not take risks to do this in a manner which is wrong. So testing may take two years, I don't know. But we have been bullish about the potential opportunity here. We will go at it pragmatically, like Anush just talked about. But we've been very surprised with the interest of large NBFCs for CMS to enter, can we execute and deliver a better solution.

01:21:18:17 - 01:21:45:24
We don't not we have to see that out. Okay. Just also request you to state your name and organization. Where you from before you ask the question standing, we want to sit down in the front Manish you. You want to sit down? Okay? Yeah. Thanks for the opportunity. This is, I don't know, rural from shipping family office. My question is to Manjunath and Rajiv, you regarding managed services.

01:21:46:01 - 01:22:09:22
So when we think of BLA business, you know, you mentioned the word cautious. So just want to understand the risks that are there in that business. What are the risks that you're wary of? And when you work with certain banks, you know, how do you decide with whom to work? You know, so what are what are some of the key parameters you look at?

01:22:09:24 - 01:22:34:13
Yeah. Thank you. I'm not sure where they got it. I did mention that if you get a chance, please go through what? The cash index report that we have shared with you that gives you the analytics of cash usage. It also indicates that it has been more prevalent, that the cash is available, cash has been transacted, and from the retail, the entire value chain of it.

01:22:34:15 - 01:23:00:20
So when we decided on which bank to bet on, we, having been in the cash management space for so long. We know effectively which banks have large transactions, large debit card base and how they want to populate and look at that business. And that's how we decide whether this is worth investing our capital or not. Not that the we are worried about the capital.

01:23:01:00 - 01:23:19:23
We are only worried about the return in the capital. If you go behind banks, every bank wants to outsource and every bank wants to outsource. Even the small debit card strength banks also want to outsource. But we are careful in that aspect of choice.

What I could have started with my mike one. I just want to use my mike.

01:23:19:23 - 01:23:53:05
That's fine I don't need to so you know, it's a the.
There is a regulatory interchange price in the country which is ₹17 per transaction. That doesn't change. We want to work here. The reason we are cautious is because in our earlier journey wave 1, we saw many companies come and become manage risk providers, set up the capital, build ATMs for banks, grew very well but they did this sort of model this on a transaction level which didn't sustain either due to more complex because you know it's a supply.

01:23:53:07 - 01:24:10:17
If you put 100,000 in the country, the number of transactions is going to be down. And if you actually don't add up, it should actually hopefully steadily go up. So figuring that out as one second as contract management, if you're entering into a long term outsourcing deal, think of IBM and, you know, Bharti, 20 years ago, contract management is critical.

01:24:10:23 - 01:24:36:15
Who's a counterparty risk you taking? You can say, is a bank, but the contract is very careful about how can you pass on the price increase, what happens when ATM shut down during COVID for two months? I don't know many things. So I think for us, building in the risk of what can go wrong and then still win in a competitive market and drive an IRR, which is way ahead of anybody else, limits the opportunity for us.

01:24:36:15 - 01:25:12:21
That's the way that's why we're cautious. There are many banks who would love for us to participate in this. We don't want to lend out, you know, balance sheet unless we can foresee return of capital, return on capital in the 7 to 10 year period. And we will, of course, model the fact that X transactions will will go down over a period of time it could down because of digital, it could go down because there are more ATMs coming the country and therefore being cognizant of that risk and maintaining our return profiles is not a very easy task.

01:25:12:23 - 01:25:44:13

Rajiv, that was very impressive presentation. Thank you. Haven't had the chance to read the Cash report. The question I'm struggling with, Rajiv, is that all across the world, or let's say even in India, you can see a clear effort by the government to cut down usage of cash, right. The ₹2,000 note is now gone right of digital form of payments are becoming all prevalent even in the lower down blue collar workforce.

01:25:44:15 - 01:26:12:08
Right. I'm sure all our behavior around cash is changing. So personally, for example, I don't think I've used my physical wallet to pay for cash for I don't know for how long. So how does one intuitively think about why the usage of cash in the economy cannot suddenly plummet? I mean, it's it's holding up so far and I'm perplexed about why its holding up.

01:26:12:10 - 01:26:48:24
But as the government keeps finding new avenues to cut down usage of cash, for example, just at the top of my head, a thought that occurs is what if the government forms a rule for organized retail that any sale transaction over ₹ X thousand will attract a higher GST rate? So as a nudge to customers to use digital, how do you think I mean, how does one gain the confidence that the usage of cash in the economy will grow in line with nominal GDP growth?

01:26:48:24 - 01:27:10:04
And what is core in your business? The core revenue stream might not suddenly be at risk of mortality. I think I can take on some of some of so I'll pick on some of these points and the team can add to it. I think the first is, you know, like you said, Manish, it is not a very it is easily understood from an intuitive perspective.

01:27:10:04 - 01:27:24:09
I think a lot of the cash business is reasonably counterintuitive, which is why we saw there is some merit in trying to flesh out as much data as we can about what cash flows, where it comes from and where it goes to try and provide as much clarity as we can. We've tried to make some sense of the data.

01:27:24:09 - 01:27:47:02
I'm sure when people through it, there will be many other insights that can come out. What we always believed in. And, you know, this is something in my 13 years and seeing as I've been hearing it at least for the last ten years, has been the argument is usually a binary one, which you know, there is a cash vs digital we heard I heard this with debit and credit cards and wallets and then UPI, all kudos to the country.

01:27:47:02 - 01:28:11:24
I think the innovation of UPI and just a space digital innovation and scale has happened is just phenomenal. But fundamentally, I don't think life is binary in that way. I think there's a lot about coexistence and that's point number one. The second is and I think fundamentally what leads to cash being very resilient and very sticky in the Indian context is being essentially where we are as a country in our development curve.

01:28:12:01 - 01:28:37:12
We are relatively a still middle income country. We still have a very long way to go before the large masses of people have better per capita incomes and is when they can start choosing to exercise discretion in terms of how and in which manner they want to spend their money. Right now, a lot of the

spends, consumption driven is around essential spends. Third, and I think this is the most important argument when you compare cash with a lot of other different payment systems.

01:28:37:14 - 01:29:09:21
We are a fraction of the cost. If you add in the total cost of cash management in terms of what companies like us incur and what banks incur and what merchant's incur, I think some of it falls into a range of about 15 to 20 bps. And then when you compare that to other digital payment costs, whether it's cards, which I about 150 bps or in UPI, which has a certain cost of transaction despite the fact that it subsidizes the cost of transaction because of the technology investments and the risk cost and the whole chargebacks are going to it.

01:29:09:23 - 01:29:43:20
And the last point I would like to make, as you know, if one were to think of a scenario in terms of what if, what happens, look at look at our analogs in the global context. If you take any of the other cash management companies, just to give an example, like maybe a Brinks or Loomis, who derive a large part of their revenue from developed mature economies in the Europe and the US for the last three years, for the last five years, whichever timeframe they've been able to grow their revenues and a larger portion of the revenues are from cash logistics.

01:29:43:22 - 01:30:09:22
They've been able to grow their revenues at about 10% CAGR. I want to answer this in a different manner, which is what we get to do is, first of all, what we cater to is organized currency, formal currency. We have no play in the informal currency of the country. I wish it was would be ten times the size. So we have no business model around the informal currency cycle.

01:30:09:22 - 01:30:32:10
In fact, all of these moves bring back currency into a more formal economy. That's when we feel we have a bigger chance. Why do we bounce back both demonetization? Why did we not dip much during COVID? We've had big shocks. Again, I'm not saying shocks won't come, changes won't happen. I'm just saying that our business model what anush start to explain this presentation isn't around.

01:30:32:10 - 01:30:50:14
The amount of currency we had is to do with the number of business points we handle. We think there is a growth dynamic in that, both in ATMs, low growth, retail, higher growth, and we earn money based on the logic, are based on the number of business points, the cover, not the physical model of currency we we're handling there.

01:30:50:16 - 01:31:23:17
Number two is the fact that when I think of financial inclusion, what we, what we see in semi-urban rural, you know, currency is a very important backdrop. I will transfer money today to somebody working with me digitally. He or she will then go and transact 50, 100,200 Rs by cash. That currency is still roaming around there, doesn't come back. I actually think contra to what people like to think of because when you refer to currency in circulation increasingly I could only own I don't see our life correlated to that at all.

01:31:23:19 - 01:31:46:09
I actually think that if I could be wrong, but my contra view is that if currency in circulation goes down, our revenue will go up a lot because you will need more of a work to get efficiency of the currency cycle

going. We have been talking to the regulator saying when I am going to a bank currency chest, I'm just withdrawing the money, depositing it in the ATMs, then I have a different route going retail, bringing it back.

01:31:46:11 - 01:32:06:03
Why can't I just do it from my chest? Why do we have to make those trips? I just think there is a lot to be done on efficiency you're working on on the currency ecosystem. The country currency should not be such a large percent of GDP. We actually think that our business model will do far better with more activities and more trips, because as anush said know that our cost is really very low.

01:32:06:05 - 01:32:41:19
When I compare the cost to the UPI transaction, we are still a fraction and I think we will be a very efficient model for country to save printing more currency over time, which may not be a focus for the for the regulator right.
now it's just a oh, sorry, just a follow up question, Rajiv, did I understand you right that let's say there is an ATM which today dispenses say 10Lakhs a day, if that ATM because let's assume currency usage in the country declines in sort of ten lakhs a day.

01:32:41:19 - 01:33:06:18
The ATM dispenses only five lakhs a day, half. Would your revenue stay un impacted on revenue you per ATM.
The way we look at it, Anush is going to tell you the data on how the currency so number one currency dispensed through ATM is also linked to inflation rate a per transaction amount five years ago, ₹3,000. is ₹5,000 today, inflation growth, whatever it maybe.

01:33:06:18 - 01:33:32:11
What I would add, maybe number of transactions may have been in the 100 - 110 range per day, but our revenue model for an ATM business for cash logistics is mostly has mostly become fixed today. It was variable earlier I think of pre demonetization 2015 we were making maybe a 11.5 trips per month. Today we are making 11 trips a month every alternate day on an average.

01:33:32:13 - 01:33:50:06
The question is why? Why do we have to make those trips? Why don't we make three trips? Right? Because you can go and not repeat one. You can say maybe the ATM can only hold so much capacity, maybe. And now 2000 rupee notes going in, more lesser. Can also possibly but we don't get into this is noise. Right.

01:33:50:06 - 01:34:14:10
I simply look at the fact the thing if a bank in India has to hold currency in this chest, they pay no cost for it to the RBI. The minute the currency leave the chest whether to get into of our networks or van, so for no reason they have to pay our interest cost. The interest cost at 4%, 5% is far higher than the trip cost we make, and therefore the banks will keep using our ecosystem to get just in time right.

01:34:14:10 - 01:34:40:14
They will never let cash dry out an ATM. They never let cash dry out at a branch. Can you imagine a bank would runs out of cash on branches? There could be a run for the run for the bank. Right. So therefore I said our unit cost economics. You could argue that in five years time with only one player left and we can

charge six times the money we are to compete with ourselves for the cost, to make sure the cost of what we do remains very competitive for the banks to be able to continue use us.

01:34:40:16 - 01:34:47:23
Sorry does that help?. Okay. Thank you.

01:34:48:00 - 01:35:23:11
Unknown
I am Dr. R Ramakrishnan, Chairman, Transforming Advisors. My compliments to the team. What comes through very clearly is amazing teamwork. A high degree of empowerment and a high degree of ownership from everyone who has spoken today. My warm compliments on that, I have two questions. I noticed that in Fy21 the revenues went down while the operating profits and operating profit margin went up substantially.

01:35:23:13 - 01:35:58:11
Leads me to the question whether during the COVID time, because you were taking a riskier business in terms of managing all the teams, putting in money there. Were you able to improve margins and thereafter sustain margins? What is the reason for that margin uptick? The second question is, you know, obviously, given the very large different options that one has today in terms of making a payment outside cash very easily, you can use UPI very easily.

01:35:58:11 - 01:36:29:09
You can do transactions through net banking very easily you know, there are payments banks that are around, etc., etc. and then multiple options you are having, including rupay, etc.. So what do you see as the impact, say, five years down the line in terms of the current business model? Because quite a bit of what you're doing is physical cash related and cash management related and things like that.

01:36:29:11 - 01:36:55:07
And if so, what are you planning in terms of a shift? I really appreciate what's being planned in terms of IOT and, you know, intelligent IOT and all of that, that that's a step in the right direction. And third question, whether there are opportunities internationally in terms of, you know, the gamut of operations that you have handle the complexity handling

01:36:55:07 - 01:37:21:10
Many countries would be like handling a small state in India. So do you see any opportunity of this kind internationally? Thank you so much.
A great question, sir. I'm going to take some of them closer to my heart. So international is something I've evaluated very, very many times. Right? 2012, 13, 15, 16. But and then we gave up every time we said, this is too much distraction.

01:37:21:10 - 01:37:41:02
Unknown
We need to focus on a core. We think we got a lot of growth opportunity here. It's not easy to think of. We also looked at many failed companies from India who try to expand globally, and we said really what worked for them was technology offering or labor arbitrage. You can’t explore that in our business. And we said we have enough growth here, let's focus here.

01:37:41:04 - 01:38:08:20

But we had a we again, we talked about it about 12 months ago when a large global customer of ours multinational customers wanted us to set up shop in the US. Now we were looking at South Asia, South Asia, not in Middle East, and we said, Why? And they said, Because when we work with let's take whatever company in the U.S. they said we planned the entire month with them, which ATM which date of the month, which retails or which they ultimately still can't execute.

01:38:08:22 - 01:38:39:09
And here we let you know in the morning the 4000 atms to go to and you finish it by the end of the day we want this network there. So it was very you know it was it felt good and we said we just have enough opportunity here. Therefore, we will still focus here. But when I think of from a long term perspective, the Iot business potentially, yes, we would because we think if we can become really world class and that is something we can export, we will take a different approach.

01:38:39:11 - 01:38:57:18
We will partner with the best companies there to launch it. But we still think, again, you know, we have a great market opportunity, is a massive market opportunity. We can do well also we have to attract some talent to think about that. But I think from a technology businesses, we will from the shared logistics business, I think we have enough opportunity and I don't think really we would want to distract ourselves.

01:38:57:20 - 01:39:21:13
To your first question on how we think for a five years perspective with all the different payment options available. Our view is that we feel our let's take retail, just the growth in retail and the number of points we have seen coming up, that retail store, if you go to any retail store or whether it's in Bombay or Delhi, I'm talking metro, right?

01:39:21:15 - 01:39:56:12
60% of our retail business is actually urban, only 40% to semi-urban or rural. Now, they will be a new retail store in these cities. They will need cash management. The amount of transactions a day could be 50% in cash, could be 20% in cash. But they need a company like us to come and manage it for them. We also have a currently a very large market which is sitting under the cash logistics players, which is handled and tackled by business, correspond by the payment banks dealing with currency and that's where.

01:39:56:12 - 01:40:42:12
Anush just talked about CashX the solution which you want to launch in partnering with them. We think that a massive amount of money which you can handle in the formalized manner out there. So I think from us the business model still remains about formalization more commerce points to transact and they will have some ratio of digital and cash, whatever cash levels, they have ₹10,000 a day, Rs 50,000 a day, one lakh a day they will need somebody like us to come and evaluate and manage it for them. I missed and forgot your second question. Sorry. Which business businesses for the future market expansion. So if FY 21 we did a few things. One, we were lucky when the years when COVID hit. I think first thing we had been driving a lot of automation of internal operations for a year, year and a half.

01:40:42:14 - 01:41:00:21
So we don't know. We just trying to automate and just get some of that done. Secondly, we were looking to acquire a company and thanks for COVID. You could acquire it faster and much cheaper so that

revenue and business came on to our network very quickly. Number three, we so we are able to manage cost and we are able to scale up product revenue.

01:41:00:22 - 01:41:21:20
And third, our expansion into the managed services business has started playing out. Some of the contracts started delivering results. The big ones came later, some of them started coming and so on. Our revenue dip I think 6- 7%, 6-7%. And the PAT increase was in fact I remember pre IPO and during IPO people are like this margin profile is substantial improvement.

01:41:21:24 - 01:41:50:21
Unknown
This was cost cutting obviously forward. You can repeat it and thankfully till we have, you know, taken that much, much higher after that. So thank you. Thank you.
Am i audible. Is it? Yes. Yeah.
This is Piyush Jain, Individual investor sir, I want to check we are generating around 350 to 400 crore free cash flow every year, uh, cash flow from operations this year.

01:41:50:21 - 01:42:15:16
Also we had a around cash flow of 350 to 400 crore. 450 crore cash we are having on the balance sheet. So what I understood banks wants to do more of the outsourcing ATM, which is your brown label or something where they don't want to do CapEx and the CapEx would be done from your site. So what is the outlook for the next 2 to 3 years where this cash flow generation of the next few years and the cash sitting on the balance sheet will be used?

01:42:15:22 - 01:42:46:09
And how much would be the annual CapEx would be from your side? First? This is second. Second question. We are some doing some ATM manufacturing site in the Chennai. some manufacturing. I don't know how much CapEx would go there, but will it be a manufacturing will be a lower margin business which will impact our blended EBIDTA? Is it overall and of your third point, like the EBIDTA margin is improving from 16% 3 to 4 years back.

01:42:46:09 - 01:43:07:00
Unknown
Now we are down 27 to 28% in this last quarter. We do down 30-31%. So this EBIDTA will be sustainable for the next two three years or the way we are growing in the target around 3400 crore next by FY27 or something, the further operating leverage will kick in and we can annual business will go move towards 30% plus something.

01:43:07:02 - 01:43:37:15
Thank you for my side. I hope what you are saying, but a lot of what you're saying comes through. But Pankaj could you answer some of these questions? So if you see the first question of around 450cr cash available with us saying I told you that we are paying around 23% of the dividend payout ratio and over a period of last five years from 19 to 23, we have spent around seven hundred crore rupees, other CapEx for the expansion and growth.

01:43:37:17 - 01:44:01:24
There is a lot of refresh cycle of the ATM which is coming and but we are very judicious in investing the CapEx, whatever our threshold for the IRR, we will invest only for those type of projects, not for the

other projects. We are looking for a lot of other opportunities which may come in during the next coming period where we will invest.

01:44:01:24 - 01:44:40:03
For that BLA we are always be very cautious. I'm saying we are not, we are cautious because the considering that it should threshold our IRR limit as well as we are very choosy about that banks we put for the BLA for that. Let me sort of I'll tell you about your outlook for starting over. Finished. Yeah. Yeah. So yeah, so you know, the manufacturing assembly is a very strategic decision when you think about any new RFP which will come out or most large RFP’s, they will be end to end balance sheet or not as a separate issue right now.

01:44:40:03 - 01:44:56:08
Right. They will say we want someone to be able to provide the machines. They should do the maintenance, they should have the cash management due to the remote monitoring bank could spend the capital. They could want you to the capital. That doesn't matter right now, if you want to bid for them. Given the new make in India norms and push, if you don't have manufacture, you can't even bid for it.

01:44:56:08 - 01:45:15:24
You're out. You know the entire value chain. Therefore, I don't think it is about Kitna kharcha hoga. It doesn't even matter. It is a necessary thing for us to do. Having said that, so therefore, it is not about making low margins. I don't think this will lead to lower margin and how we sell. Our focus remains on doing things, which make sense.

01:45:16:01 - 01:45:37:19
To your second question on 450 crores. You know, we have our cash flow generation. How do you deploy the capital? How do we give it back? Absolutely valid questions.
Our view today and that can change over time is the fact that we don't want to be sitting on too much cash. However, we want to have cash available for strategic moves.

01:45:37:21 - 01:46:04:14
Growth capital is easier to forecast and predict, but strategic moves, you don’t know, I think there are very juncture. The best I've seen in the last five or six years when you think of potential for M&A, global impact on VC cycles impacting India, fintech industry in India, lack of their business model, lack of many other liabilities, them having good technology but not able to penetrate the bank.

01:46:04:14 - 01:46:44:19
We know the banks, we have a distribution network. Partnerships could emerge. We don't know. We will see. We have been giving dividends and we will continue to give dividends, hopefully basis board approvals. And over time, I think if we don't see a good use for a cash that will get returned to shareholders obviously, there is something else. So the capital direction is, the last two years we have spent about 200 and 210 crores of CapEx - our capital forecast needs for this year are roughly in the 150 to 175 crore range.

01:46:44:21 - 01:47:08:15
Unless we win a huge auto big win, multiple recurring revenue, recurring revenue streams which needs a capital investment, will come back and update you. But I know that's what we think the capital cycle

needs for us. Also growing and expanding and upgrading our network. You have to also had one more point I wanted to make out here on CapEx.

01:47:08:17 - 01:47:36:10
We talked about the the plant, the manufacturing plant was last year within the capital outlay we had. So we didn't go and spend more. We actually managed that within the budget we had for the year. In fact, we came a little lower than what we had forecasted. EBITDA margin, And so, you know, as a management team now we are we have done 12, 14 years together every quarter we simulate we do simulations on revenue growth, margin profile, market share.

01:47:36:12 - 01:47:59:17
You don't get all true right every time. But that's sort of ideal thing, where we sit with our margin profile is significantly different than many other players. Number two, the sector is growing very well. I would expect very high competitive intensity. How do we grow in that? How do we win in that? When do we focus on share?

01:47:59:17 - 01:48:20:20
Unknown
When do we share on margins? You will also hope and trust us to do what we have done till now to do the right think we have capital, thankfully, and therefore we don't need to take debt. But You know, we are responsible for capital, so we think of cost of capital, what our equity to do on capital ratios 13, 14% plus a margin of safety is what we seek when we think about investing capital.

01:48:20:22 - 01:48:36:09
But sometimes you have to make strategic moves. When we entered the multi vendor solutions business, we were willing to do that even at a loss because you just get into a very strategic and we didn't make a loss and made a profit. But you have to do the right thing for the longer term. So difficult to forecast margin profiles.

01:48:36:11 - 01:49:01:16
Had you asked me three years ago would we be 28% or 30, whatever, I wouldnt have known. I think we watch it every quarter. And if there is any change coming, we will update you on that. What I said, we simulate and manage this every quarter. Right. It depends on the competitive moves. I wish it was only market share in new businesses and that is also very deal specific, right?

01:49:01:16 - 01:49:20:06
How sometimes you want to enter a customer so that you can sell other services and therefore you will. We don't take a loss leader strategy. sort of not, not our culture, but for us we do think about scale. We think about being a number one, but not number one, because there's a marketing element. We want to be number one, bring down our cost unit cost, right?

01:49:20:11 - 01:49:42:11
So we can get the unit cost down. It makes us sustainable for the longer term. And also we have a strong confidence that once we are able to penetrate a, our quality will help us do what we do today. Our customer retention is almost close to 100% is never 100, but almost 100%. Thank you. Yeah.
Hi. This is Prateek Cheda from Guardian Capital Partners.

01:49:42:17 - 01:50:08:15

So my question is around remote monitoring. So you mentioned in one of your slides there you under 40, 40% of the bank branches are on the remote monitoring system. So suppose we are sitting in an environment where 80 to 90% of the branches have been tapped. So what do you see as the revenue potential here, along with the consideration that you've upgraded the existing 40% of the news offer that you mentioned?

01:50:08:17 - 01:50:32:11
And this is the question I'm coming from the background that You mentioned that the run rate of this remote monitoring system is close to 100 crores right now. My second question is, what is the can you get into a bit of the unit economics of remote monitoring? So one of the important business case that you mentioned is that it is looking to replace security guards with the remote monitoring system.

01:50:32:11 - 01:50:59:23
So what is the cost that implementation of a remote monitoring system, Cost for per ATM sites removing the security guard and is there any pushback coming from these ATM guys or the retail manufacturers when they get into a more private get into a more reactionary mode rather than a preventive mode from having a security guard at the site?

01:51:00:00 - 01:51:21:20
And lastly, when you say that your aspirational target is to reach around 3700 to 3800 crores of revenue may affect 27, how much would you attribute this to remote monitoring systems? Great question. I lost the last question last, but just to clarify, 34 to 38, not 37 to 38, I don't want us to keep increasing our targets right now.

01:51:21:24 - 01:51:48:07
Manju You want to talk about the economics between having a physical, the ATM and remote monitoring? Yeah. Sorry, I who asked this question? I couldn't see you. Sorry. Yes. Typically, if a guard is put as by the central minimum wages or state minimum wages, there are so many codes which makes it very difficult. typically costs one or three shifts for about ₹45,000 a month.

01:51:48:09 - 01:52:10:10
The cost of the man guard. A remote monitoring solution offering depending on bank of bank, they would be paying less than 5000 a month. Yeah, right. I'm talking about ATM and not any other use cases are. Your second question was on unit economics. So that's sort of, you know, the revenue stream is mostly fixed in nature. Your third question was bit of revenue question.

01:52:10:12 - 01:52:32:00
So my my first question was if you are sitting in an environment, when we tap 90% of the bank branches we have when we get there. Yeah. When we get there. Yeah. So considering that we've upgraded the office for the existing 40% also, what is the revenue potential of coming directly from the ATMs itself. I'm not leaving out. So you go your laptop.

01:52:32:00 - 01:52:58:00
We can do it right now. Right. We'll just think of it. I would wonder. 2,60,000 ATMs roughly into 5000, ₹4,000 a month or Rs. 50,000 to be the year that gives you a thousand crore opportunity. Mota mota. I could be wrong, for the ATM. forget CMS. We may Win lose. I have no clue right on that. Your take a branch of the 120,000 branch of the branch solution is more expensive a little more extensive with six ₹7,000 a month, at it’s a lakh per year, one lakh into those.

01:52:58:00 - 01:53:12:03
How many branches are there in the country? 120,000. 120,000. So that's about 1200 or 1300 crore. And that just bank branches and ATM sites. Then you go to nbfc branches and you go to insurance branches, then you go to Gold loan. But I don't even know how many there are because we don't they are not still full customers.

01:53:12:03 - 01:53:30:00
We started to walk up to them. I think the large opportunity, if I remember the TAM slide, it's a TAM which is growing from 1000 crore to 4000 or 5000 crores in that year period, right? Wrong. I don't know. But that's the sort of time, potential retail. I don't think that the time to replace it, if you thought about it, we are not to replace anybody.

01:53:30:02 - 01:53:53:19
Unknown
But retail is more about analytics, right? It's not about Chori hoga ki nahi,. Got any because it's too late. Somebody did something. What are you going to do anything with? This is more of our analytics, is more oil. Analytics is about tracking how you standing there, how long footfalls, footfalls of those things right warehousing because I think a bigger area that already people are a solution to this don't get us wrong we are not the guys are the solution that we have the solution for the branches and the ATMs, which is sort of our core competency right now.

01:53:53:24 - 01:54:10:05
But technology is sort of fungible. We're investing in people. We have architects looking at it, We have AI models being built. We are hoping to use the scale, a lot of it goes around maintaining these sites. We will get I mean, I don't get the name, but there was a big name in the consumer site on this long ago in the country.

01:54:10:05 - 01:54:26:08
Most of your buildings would have had it. The company has disappeared. It's moved to you know, it just became more of a sad situation where they didn't have the money to go maintain and manage those networks. I think we are going about in a very pragmatic manner. I think this could be a 5,000-10,000 crore potential market size.

01:54:26:10 - 01:54:41:10
We will not be 20% market share in that. We would be, let's say a thousand crore business will take five or ten year. I don't know, will we get lucky and expand internationally? I would want to, do a business. I would love to expand internationally if we can get the right partnerships to go take it to other markets.

01:54:41:10 - 01:54:58:20
Are there no other solution that of could there be solutions there? Can we do cheaper and better? We hope to. Right! Early days. I'm sorry I can give you a lot of clarity. Is two years in the business of. We can't speak with the depth of knowledge. We haven't got the businesses, but it is a promising business. Thanks.

01:54:58:22 - 01:55:29:10
Oh, hi. Thanks for taking my question. This is Balaji Subramaniam from IIFL and the presentation was quite insightful. So just a couple of questions. The first one is just on your revenue aspiration of 3400 to

3800 crores by FY27. So what would be the rough revenue mix between your core business, which is cash management and the managed services and any potential new areas that you may foray into?

01:55:29:12 - 01:55:56:00
And number two, it is more of a housekeeping question. Just wanted to understand the progress on the compliance of both the van related compliance and the cassette swap regulation. Thank you. I think maybe can you hear me. Let me take the second one first of all, as soon as the compliance is concerned for the non-cassette swap part of it, we had indicated that there is roughly a three year roadmap for us to complete that.

01:55:56:02 - 01:56:15:18
We are two years into the three roadmap and right now we are at about 70% completion. Little bit more on it, a little lesser on retail. And I feel fairly confident that in the next, by end of FY24 and then maybe another quarter or two, we should have we should have most of the compliance process completed because cassette swaps always been a lot slower.

01:56:15:22 - 01:56:43:09
But there has been I'm not sure if we spoke about it in the last call, but there have been strong discussions, a lot of discussions between the RBI and the IBA on what is the most effective manner to roll this out going from our past learnings on where we did compliance on a bank to bank basis, irrespective of which cities it was located in, there is a strong collective thought in the industry, both the cash as well as the banking industry, that we should instead operate on a city wide basis.

01:56:43:11 - 01:57:04:18
Hence there is no disparity of in one city of doing cassette swaps for a particular bank and then for some of the bank. It is happening in a different way. It also just gives us more operational complexity for us. I think that road map of the cities and which time frame should get firmed up in a matter of a couple of months and we should maybe have some more clarity on the next time we speak to your first question.

01:57:04:18 - 01:57:28:08
Balaji, if I look at a FY 21 FY 21, the cash logistics business would have been roughly 70% revenue. If FY 23 is closer to 66, I don't know. The numbers are public, FY25. And then FY 27and I know again, this is what I hate, what giving an aspirational target is one of my friends there told me, the friend, I hope you don't have to give a guidance, but I would love it as the analyst will get your guidance.

01:57:28:11 - 01:57:53:05
This is not a guidance. This is just a directional call. we think the cash logistics business would be 57 to 60% of our revenue. We are largely talking organic growth sort of numbers and mixes Right now. The software business, which includes the AIoT business, should be 8 to 10% of our revenue and then the remaining 30% would be the broader managed services suite of offerings.

01:57:53:05 - 01:58:21:23
We have. Yeah. So I think that's the sort of what we think right now. Okay. So this is Dewang from Samiksha. You mentioned CapEx of 150- 175 crores earlier. How do you understand this CapEx between is your core business and what is what, you know, growing in adjacency? So for core business, if you could give a sense of all which is CapEx to sales on an ongoing basis, what do you like 7-8% of sales for a capital sales function?

01:58:21:23 - 01:58:48:23

You know, right now everything has become core this. There's no I just didn't see left right, no remote monitoring has come to a decent size. It's not incubation. A lot of it. I think the question is really how much is growth CapEx Vs maintenance CapEx, right. Maintenance CapEx for us. You know, Pankaj, how much maintenance CapEx for us is not much, and especially given in last five years, we have invested heavily on that, especially our core business.

01:58:49:04 - 01:59:10:05
So going forward, next three or four years, the maintenance CapEx will order by 25-30 crores per year. Maybe just to be having a safer ballpark, I would think about the fact that basis, the projects we have to execute, whether its IoT, whether I think of managed services and some of the growth we anticipate, I think the most of it is growth capital.

01:59:10:05 - 01:59:31:15
This is not including any M&A. How should we think about the longer term? We showed you the FY16 to 23 journey right where 23 crores per year for three years and then 138 crore, very difficult to forecast longer term. But we have sort of guided to the fact that we anticipate CapEx average of one 150 crore a year.

01:59:31:17 - 01:59:56:00
We could be lower, There could be more. If it is more, I mean, it's actually good. I think then we are only investing it because we have a long term we winning that long term recurring revenue. Why do we invest capital for ourselves? We only invest capital other than the mandatory upgradation of the network or deepening is to if we have a line of sight to a very strong recurring revenue stream and therefore the payback period of that is very important.

01:59:56:00 - 02:00:10:22

We have our own internal benchmark thresholds, IRR for which will never go to the board for approval, and we have actually left a lot of growth where we are, you know, in the middle range, we just drop it. We don't take the risk at all. Okay, how much do we spend on technology?

02:00:10:22 - 02:00:28:09
And given our, you know, aspirations to go global, how much do you intend to, you know, scale this u. I don't I don't want you to think that we have aspiration, but we would hope to go global at some point. I actually don't think we are getting the bandwidth to even think about it, there is a lot to be done.

02:00:28:09 - 02:01:05:04
Managing a business of our type and nature in India is very intensive of we will get to it when we think we are ready right now I don't think we are ready to go global, so please don't think that's happening right now. From a perspective or technology spend per year. I would say our journey. 20,30crores I think it is generally less than 10% of the CapEx spent on the total CapEx when initially in the we talk about initially from 18 to 19, etc during that period, our lot of expenditure has gone for automation and the technology.

02:01:05:06 - 02:01:34:17

We have seen a lot of the videos you are seeing, those are the videos and digital, those technology investment we have made. So yeah, let's take really close, maybe roughly. So the next question was on the revenue growth in the past call. You mentioned, you know, the contribution of volume and value is about 5050 now in FY24. Once we reach the, you know, compliance levels acquired, how does the volume value mix will be in the aspiration and the guy so five that I speak, I know were you are going with that.

02:01:34:17 - 02:02:03:02
Let me for the purpose of giving everybody else a little I want to change the question a little bit, right? Because I want people to get fussed about the compliance. And yes, it's important. Yes, you're driving it. The question really, what happens after that? That's the question. Yes. Yeah. And again, our viewpoint, right or wrong and Anush you should give the answer, because this is most important relevant for the ATM cash logistics business not the rest is really relevant that you should get that viewpoint of how we think longer term.

02:02:03:04 - 02:02:17:21
Absolutely. So I think when you look at our last two years, the 20% revenues that we've been able to achieve CAGR in the cash business, a little bit more than 10% has come from pure volume. And then when we talk about the rest, that's not purely compliance alone. That's a function of three things. There's obviously compliance to it.

02:02:17:23 - 02:02:38:09
There's also the activity increases that happen because as you know, as the economy has opened up, as greater intensity of cash has increased, as we've seen the vibrancy report, all of that leads to improved realizations. And the third element of it is just pricing. We've got we've had a demonstrated history for the last decade where we've been able to take on an average basis about a price increase of about 3% - 3.5%.

02:02:38:11 - 02:02:59:23
So I think one way to think of it is, you know, when you look at if I just take a very not a FY25 beyond seller, but if you take a much longer scenario and one more to sort of because we keep doing a lot of scenario planning internally, if one were to think of it in ATM business and what happens when we need can stop growing or in a very low growth scenario, what does life look like that look like for us historically?

02:03:00:00 - 02:03:22:07
Whether you look at the three years or six years or ten years, the average growth of the overall ATM network has been about 4 to 5% CAGR. That's that's that's bare min_____ also coming out of the last four or five years where the banks have just not been able to spend the money to grow this network as Manjunath said based on what we think are the ATMS in the pipeline, 40,000 ATMS in the next 12 to 18 months.

02:03:22:12 - 02:03:40:11
80,000 ATMS in the next 3 to 4 years. I think that CAGR will increase. But let's assume if we just go with this 4% for now. To this we need to add in the layer of what is going to be the growth of incremental outsourcing. That by itself, I think will lead to another 4 to 5% CAGR.

02:03:40:11 - 02:04:00:06

So just, you know, if nothing else happens, if companies like us are not investing no capital for helping the banks expand the network because banks by themselves will not do much, that 8 to 10% expansion of this, the bad number of outsourcing attempts will increase to this. Then you add the layer of what would be in terms of our pricing increase in a low growth scenario.

02:04:00:06 - 02:04:23:15
I think pricing increase can be better and In high growth scenario we still want to keep pricing a little low to try and just manage and deal with all that growth. So I think when we think of such sort of, you know, almost like a doomsday scenario, what is a very long future scenario for the cash business and on the ATM, which is the most mature or the largest of the three cash businesses, I think that is sort of way we feel saying we should be able to grow revenues by about 13 to 15%.

02:04:23:17 - 02:04:44:08
You've seen a historical performance where we are able to sort of bring in a lot of operating leverage to business. And I think if we are able to get that 13, 15% revenue growth in, we should be able to get a higher number of that translating into a bottom line performance. But then that's that's one very reasonably pessimistic, cynical version of life.

02:04:44:10 - 02:05:02:07
But I hope that we’ll see, we think of it this way. We say, take the next decade, we don't know what happens. We can't forecast, we have no ability to forecast. We still think the various components of the cash business put together looking historical trends, look and not be bullish. We try and take a base case, not terrible case, get base case approach.

02:05:02:13 - 02:05:18:16
I think we should grow revenue 10 to 12%. If we can grow revenue 10 to 12%, your margins should grow at 14 to 15% maybe high. I don't know. We don't know competitive dynamics. There are three players, ten players. We don't know all that. That's what we think as a base case. We clearly right now much higher than that. But that's the way we think.

02:05:18:16 - 02:05:48:13
We could be surprised, positively or negatively. We don't know that I'm, you know, linking this to unit economics. We are the leader and if you are to keep increasing market share, with whom are we? Is it easiest for us to gain market share from? Are the smaller players, regional players, Do we really, you know, have superior unit economics from them to gain, you know, gain market share from them or is it the number two player struggling and the larger players for whom we are gaining share it So it's a mix honestly.

02:05:48:13 - 02:06:05:23
Right. Like I said, I think our got a gain in the market share, which is most easily visible on the ATM side as is a mix of all of these things and which is why I think different banks in this piece have different preferences. Sometimes they want to work, sometimes outsource or increase share for quality of service. Sometimes they do it for because we have the reach.

02:06:06:00 - 02:06:19:09
And I think in the ATM that's particularly critical because once you invest in a capital and you set up a new team in a particular place, you want to give it to those whoever it is the most readily accepting of

that location as opposed to saying, give me a six month time and I will set up a facility and I will create a network on that.

02:06:19:09 - 02:06:44:12
They just don't have the time to wait for it. And third and most importantly is just around the sheer reliability. And can I go to sleep every night knowing that my currency or cash is safe with this of this company. So again, different different dynamics or different businesses and different customers, different preferences. But yes, I think as with everything else, as with every industry that is growing at maturing, we are seeing a shift to and a shift to quality in the shift to safety.

02:06:44:12 - 02:07:11:06
In the cash in transit business is the only place you see smaller regional semi organized players. There is an RBI mandate to streamline that. I don't know how long that takes, but that's the most part of a sector which has got though, let's say, on a level of compliance players with lesser compliance. The retail side of the business has got surprisingly lots of local companies at the smaller level handling it.

02:07:11:06 - 02:07:41:00
The payment banks are also doing some work there. The BCs is also doing so it's a fairly large market there. But the cash logistics place is basically a two three player market trading, same with the ATM cash management. That's also just a three sort of player market who do we gain share from I think we have we have every time there has been a pain point in the industry their share has moved to the stronger player whoever that maybe we've been lucky many times and we hope we can be that in the future.

02:07:41:02 - 02:08:09:08
I think the last few questions are good. Yeah. Uh, a Hi, this is Omnia. Thank you. It was a very elaborate presentation. Thank you to the management. I have one question on the unit cost that you mentioned. I think multiple times during the presentation first by Anush and then by Mr. Kaul, can you talk about where are we efficient and what are the reasons behind our efficiency in that cash logistics business.

02:08:09:10 - 02:08:27:15
And second thing you mentioned about productivity increase of 20% that you have achieved in the last few years. Can you talk more about it. What are the metrics that you're thinking about and is that like a ceiling we are sitting on or are there more opportunity to improve our on our unit cost? Can you expand on this point?

02:08:27:17 - 02:08:51:22
I want I want to please I remember this incident and I think the team would remember when the company was changing hands between two private equity players. We had a productivity gain that year of, I don't know, three and a half percent and consulting firms and the PE firms were diligencing this; ye saade teen ka kya hoga, ye saade teen kaise aage badhega, I am like hume nahi pata, hum koshish karenge isse badhane ke liye and I know we are seven years later I don't know how again they've done it but they've done just 20% over the last two or three years.

02:08:51:22 - 02:09:12:18
But I remember this in 2014, the amount of brain damage, eight nine consulting people, three practically companies were going after. I think Kaise kiya aage kaise karoge and sometimes you don't even know how to explain these things. It thankfully happened, but hopefully Anush is better articulator that I'm

going to give you a simplified that I can give you a long answer and I'll just be giving everybody away from Hi-tea in sometime.

02:09:12:18 - 02:09:36:16
But I think if I try to simplify it fundamentally, it's a business which lends itself to scale. We have spent our we spend time and effort and capital in creating a network and scale across the length and breadth of the country. What helps us is when incremental business comes, it comes and we have an ability to absorb it without necessarily having proportionate cost increases.

02:09:36:18 - 02:09:53:04
And that's to the simplest level. What the second thing, which really helps us is the fact that I think people underestimate this a lot when they when they see when they don't see, the fact that there is a certain value to having market leadership positions across all the businesses of cash, you do not necessarily see that in any other player.

02:09:53:04 - 02:10:23:02
There may be companies which are large in ATM cash management or retail or CIT, but not not all of them. And even the ones which are large, in ATM cash management are there because they have a large captive business not spread. I think having access to that diversity and, you know, gives us an ability to just sweat a certain portion of our infrastructure routes and fixed cost across all of this in a way that also relates to your second question, which is then what does productivity mean for us?

02:10:23:04 - 02:10:47:02
I think that, for us also that keeps changing. But right now the way we measure productivity is what is the throughput that we can extract from a route on a daily basis. And this may mean that, you know, is it the route doing what is the number of activities that we are able to, for example, measure, which is the number of ATM replenishments and number of cash pickups and number of CIT.

02:10:47:08 - 02:11:05:04
And this is not easy because all of them have different complexities. That item loading replacement work is different from retail cash pickup up and so on. What we are able to do is to sort of bring it to normalized level of what we call it activity, and ATM may be 1.5 x, retail maybe point seven just for example, and that is what we sort of internally measure.

02:11:05:04 - 02:11:27:05
So when I talk about how we have been able to grow activities by 20%, what it means is, for example, if four years back we were doing 14 activities to a route, we got really able to do 16 ,16.5 and the last part of your question, which is how much can this grow? The only one way to answer that, to say the same thing was, as Rajiv mentioned, which is how we answer that five, six years back, which is honestly, we don't know.

02:11:27:05 - 02:11:47:08
But what we do know is there are regions, of CMS and large regions, large places. Each region, for example, may be the size of one of our smaller competitors, but there are regions that CMS, which thanks to the combination of density, the quality of work and the process improvement that we've been able to do, that our operating and productivity levels which are far higher than the national average to us go.

02:11:47:08 - 02:12:05:04
So as inspiration of figuring out, okay, this one can do it, what are the factors which are helping properly and you know, and how do we sort of nurture those similar factors in other places that that really is is what we do? I would tell you couple of things more. I just thought of this. When you think of a team, the culture right up here, they are everywhere.

02:12:05:06 - 02:12:24:22
When you come to a field level, I don't want to compare to some of the other logistics companies in different sectors and how they what they do and the pressures on people. There's not a single CMS team member who's not got paid on the 30th of the month. Fundamentally, they will get paid. If you don't have money, the management, you'll get paid 15.

02:12:24:24 - 02:12:48:16
That was ten years ago, but we'll make sure people have money on time. Number two, we link some part of the pay to productivity, but not like, you know, tumko athara dabbe aaj dene hai. But we don't have the culture we think the risk management safety & security is very, very important. Our productivity, if you compare to some other competitors when you're looking to invest or acquire them, we compare us 20/30% higher.

02:12:48:18 - 02:13:06:00
I think culture plays a big role, density plays a big role. Semi-urban Rural India still doesn't have enough density, right? We have very good density in Bombay malls, right? Whatever. But traffic kills you you've got a smaller city. Traffic may not kill you, but networks are far flung. So I think the enough potential for this to systematically change.

02:13:06:02 - 02:13:23:02
But why are we able to do this? Is we put technology into this. Right. And this is not technology and marketing , we are not a tech company, we need a different multiple. We just put technology into this long ago. Why can we do it? first We think that way right some of us have a fairly decent technology background. Secondly, it costs money.

02:13:23:04 - 02:13:38:02
When you have a large business, let’s assume we put 8 crores into the cash logistics technology business this year on a 1300 crore of revenue, we don't even think about it twice. The next competitor will be 400 crore in revenue can he put in 8 cr in at the cost of the same. It's not going to be like, you know, you've got.

02:13:38:06 - 02:13:54:11
So therefore we're able to take the cost, think longer term, apply it and really keep pushing for so many small things come into play up tech to some level automation of business to some level, how do you save time? But for us, we also go a lot into how do you save, how do you reduce the risk in this business.

02:13:54:13 - 02:14:16:19
So I got this one question related to remote monitoring that you mentioned as a business. Just from the feel of what you just said seems like more horizontal technology business. So really think about that. What's our right to win? And when we think about international, these seems like much more micro market type of activities that we need to do.

02:14:16:21 - 02:14:35:18
So is there a right to an event in international for in remote monitoring. International? No clue. No clue. It's a long dream we'll see. We'll get to it. It's not something we've indicated promised, anything, nothing like that. Domestically, we want to make it a horizontal. Right now it's a vertical. This is one business we think we can go horizontal right.

02:14:35:20 - 02:14:55:24
Who are the players there? We haven't come across any scale player. Right. Because the larger business right now is the BFSI space. You go win one bank, you could 5000 ATM sites, you can't get 5000 retail stores. So it's just not happening, right? So and there is regulatory and the cost focus and therefore you are getting a faster ramp up there.

02:14:56:01 - 02:15:16:23
What is the right to win horizontally for us, the right to win will be number one. We will have investment technology on much larger scale. Let's assume you have a retail oriented AIoT company and we have a banking oriented or you'll have 5000 sites max, we will be at 25,000. Our AI cost of development of the modules can be allocated on a very different level.

02:15:17:00 - 02:15:32:01
Number two, every where there's a site physically, it needs a physical touch stip, something going wrong, who are you going to use? You will depend on somebody else he or she will never land up. The quality of service is terrible. The customer is not going to wait, boss I got this to be fixed now. What do we do?

02:15:32:01 - 02:15:57:22
Manju,s got Manju's team got 1500 engineers. We're managing different infrastructure. We can use them. Is it is it is. It doesn't make sense cost but we'll see. But I think for us, we have a lot of these things which come into play to give a better customer experience. Many of the older generation video, whatever we used to call it at home or offices just never work because the company could never turn up for three, three days, five days to fix things for you.

02:15:58:01 - 02:16:12:24
And people say Ye chal nhi raha chodo yaar pada hua hai, but our right. So I think there us there is a lot which we can do here, but we need to prove ourselves and see and we will see how lucrative those markets will be. I don't want to be chasing individually each building in Bombay and society. We want to go into that business at.

02:16:12:24 - 02:16:36:14
All right. Now we want to focus on which is we are a deep B2B company. We don't want to go away from that. We do a lot of work with banks. We will do more work than NBFCs will do more work with e-commerce companies, and we want to keep selling them different solutions. Sorry. Yeah, thanks two three if, you know, like a cultural change the way people have started accepting.

02:16:36:14 - 02:17:03:21
Gpays, the government initiative for UPI, the way it has exploded, the way they are trying to come out with the rupay, which is a comparatively lower cost for credit card. So all this can put together can bring some flanker take one of us we are handling some your thoughts on that say for maybe three years perspective. I think this is something which has been going for a long time.

02:17:03:23 - 02:17:36:20
It got catapulted & thrust much more really post demonetization like Paytm became a huge national brand at that time. We did look at fintech companies, we were looking at fintech companies before, but uske baad toh fir unka valuation, ek zamane main kar hi nahi paye In fact, I know in the lead up to the IPO last a lot of investor friends would tell me tum kuch paytm type karo yaar, nahi karoge toh tanla type karlo, kuch bhi karlo but kuch toh isme naya dalo, we could never figured out the valuation multiples or whatever many of this companies or anything that, we said humko ye samaj nahi aata hai.

02:17:36:22 - 02:17:56:18
So I don't think it's a flank attack. I think there's a there is a big change which just happened. It got further exaggerated or thrust up during COVID. E-commerce to organised retail, people just say, why are you investing your organized retail vs E-commerce. Fundamental question people have invested in e-commerce and lost money? They may be making money there.

02:17:56:18 - 02:18:16:19
We don't know. I think we our view is very simplistic. We are saying as India grows steadily, slowly, fast, we don't know all boats will rise. Our share of that will improve because we are a play on formalization rather than informalization. And therefore when there is, let's say, money which doesn't come in, come back into banking channel, we can't do anything with it.

02:18:17:00 - 02:18:40:22
We would want abhi kya hai ki aapne mahine main das hazar withdraw bhi kar liye, spend karne ke liye, who ghumta rehta hai, woh wapas nahi aata. Like we dispense. We handle how much in ATM per year? Per month We do 90, 000 to 1 lakh crore in ATM per month, but then retail will do 15,000 crores someday this should be one crore, one crore, should be logically. Kab hoga mujhe nahi pata but should be one crore.

02:18:41:00 - 02:19:00:13
If you go to the US, let's say the ATM business will be a smaller proportion. The retail will be the bigger business, right where people are still going and collecting money and there are organized retail. So I think we look at some of these global trends and we are saying thik hai kuch alag chal raha hai . We've still grown in all of these periods that just gives us confidence to, keep growing.

02:19:00:14 - 02:19:25:18
So we don't think we are growing at the risk or the cost of something else. And I think our play there said a few times is not to do with how much currency you will end up spending, but the more number of formal places we can go and address. Seven years later, the ATM cash management business. Let's assume that, I don't know, 15% out of your 20% revenue because the new revenue strings by then and and we'll see maybe will become a mature market at that time.

02:19:25:20 - 02:19:45:14
Thank you Rajiv and thank you management for those answers. Unfortunately, we've run out of time. Please do join us at the Tech Expo if you have not already done that experience. But management, thank you so much for patiently answering everybody's questions and everybody else. Thank you so much. Thank you for being a very attentive audience and thank you so much for your time.

02:19:45:16 - 02:19:55:03 - Thank you.