



“CMS Info Systems Limited
Q1 FY'25 Earnings Conference Call”
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MODERATOR: **MR. NIKHIL CHOUDHARY – NUVAMA WEALTH
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Moderator: Ladies and gentlemen, good day, and welcome to the CMS Info Systems Limited Quarter 1 FY'25 Earnings Conference Call hosted by Nuvama Wealth Management. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Nikhil Choudhary from Nuvama Wealth Management. Thank you, and over to you, sir.

Nikhil Choudhary: Thank you, Siddhanth. Good morning, everyone. On behalf of Nuvama, I welcome you all to CMS Info Systems Q1 '25 Earnings Call. We have with us today the management of CMS Info Systems, Mr. Rajiv Kaul, Vice Chairman, Whole-time Director and CEO of the company; Mr. Pankaj Khandelwal, Chief Financial Officer; Mr. Anush Raghavan, President, Cash Management Services.

I now hand over the call to Mr. Rajiv Kaul for his opening remarks. And post which, we can open the floor for Q&A. Over to you, Rajiv.

Rajiv Kaul: Thank you, Nikhil. Good afternoon, everyone. Thank you for attending our Q1 FY'25 Call. I'm happy to report another strong quarter of 17% revenue growth and adjusted PAT growth of 13%. Q1 usually has a seasonality impact, which this time got further impacted by a fairly long election cycle, which has impacted cash velocity in several large states. Despite this, we have maintained momentum on our touch point additions in our Cash Logistics business, where we added 3,000 points in Q1, and we totally now have 140,000 points.

In our Managed Service and Technology Solutions business, our order book wins for the quarter were fairly robust at INR 200 crores. We are investing fairly aggressively in developing our AIoT RMS tech stack, and I'm very happy to report that we had a large win, which is also first of its kind RMS project at a leading bank.

This is a sort of a unified build and operate mandate for integrated surveillance transformation project across 2,000 locations for this bank. And the solution is going to include a 24/7 centralized on-prem command and control center, which will lead to convergence with the bank's tech stack and will also involve us developing 10-plus new AI and ML modules.

With this, I will hand over to our CFO, Pankaj, to take you through our Q1 financial highlights.

Pankaj Khandelwal: Thank you, Rajiv. Our consolidated revenue has grown 17% to INR 599 crores, led by strong growth in Managed Services and Technology Solutions businesses. Adjusted PAT has grown by 13% to INR 98.5 crores and adjusted PAT margin stood at 16.4%.

Business-wise, Cash Logistics business has grown by steady 10% year-on-year to INR 387 crores in Q1 with an EBIT growth of 6% to INR 99 crores. Our Managed Services and Technology Solutions business revenue grew strong at 31% year-on-year to INR 239 crores. The EBIT in this segment has grown 20% year-on-year to INR 41 crores, and the EBIT margin stood

at 17%. The execution of the order book which we won last year is on track, and we estimate majority of this to go live in the next six months.

With this, I would like to hand over to Rajiv for his closing remarks.

Rajiv Kaul:

As we've reiterated before, the growth of our company is linked to three macro themes. The first is formalization, where we are seeing positive trends which are leading to a strong growth in our retail business. The second is around consumption. Consumption was slightly subdued in Q1, which seems to be a cross-sector theme, but we expect it to improve in Q2 and Q3 with the festive season.

And third, which is more near term and directly impacts us is around the BFSI and banking outsourcing theme. I think the successful AIO T RMS win demonstrates the opportunities which exist for companies like us in integrated outsourcing of projects.

If you look back at the last year, a majority of the projects for the 40,000 - 50,000 ATMs, which were awarded, should get executed by the eco-system in the industry in the remainder of FY'25. There also has been a fair amount of discussion on the ATM interchange hike for both bank-owned ATMs as well as white label ATMs, and we await a positive policy decision in the coming months. Some of the large bank RFPs or BLA ATMs which hadn't concluded successfully because the discovered price was higher than interchange, I think, will get an impetus and hopefully, we'll move forward to closure if the interchange increases. And if this interchange increase happens, I think that will give an impetus to ATM growth and also drive higher outsourcing in the channel.

To summarize at the close, we are reasonably confident of achieving our FY'25 revenue guidance of INR 2,600 crores to INR 2,700 crores, which would translate into a growth of 15% to 19% for the year. Q1 at 17% is bang in the middle of this growth. Thank you, and we can move to questions.

Moderator:

The first question is from the line of Divyanshu Mahawar from Dalal & Broacha Stock Broking Private Limited.

Divyanshu Mahawar:

And I wanted just to know about in last FY'24 annual report, if you look at, I mean, cash flow there is some element called as bad debt and provisions for bad debts also. It is amounting to over INR 90 crores and last year was something called INR 98 crores. So how do you look this and what actually tells us? Because every year, we are looking at this amount is around INR 80 crores to INR 90 crores. We are writing off. So going forward should it reduce or it should be same as it has been?

Rajiv Kaul:

So just before we answer the specific question, this is Rajiv. I just want to say we did a fairly exhaustive FY'24 end-of-year call exactly two months ago where we had a detailed presentation, lots of Q&A. For anyone who's new to these calls, I would sincerely request you to please go through the Q&A. It will help solve and answer a lot of questions. Nothing has changed dramatically in our answers or in our life in the last two months. Coming specifically to the risk cost in the provision, I think we have guided, I mean, whatever guidance we have said, I think

we have said that this number was roughly 5.1% in FY'23. And we said that this should be around the 4.0-4.5% range in FY'24.

This is a number which you can't forecast with any accuracy in the future. Therefore, we hope to work hard to make sure that our provisions remain in that range in the coming years.

Divyanshu Mahawar: So is it right to assume that the implementation of cassette swap will reduce this provisioning?

Rajiv Kaul: Yes. Look at our business, this is fairly complex. Cassette swap related business isn't 100% of our revenue, right? There are many service lines. In the revenue lines where we are linked to ATMs and cash replenishment, cassette swap will lead to reductions. We have seen the reductions. actually if you see the trend line for FY'23-24, we have already seen a reduction. Will this number be zero? No, never.

Divyanshu Mahawar: And sir, last question is that can you give us an update on the Bullion management that we are launching - so what is an update on that? Is it we are going to launch in this year or what -- any sort of update?

Rajiv Kaul: I would recommend you to listen to our FY'24 end of the year call. I think we have talked about the fact that it is in incubation and we look to grow it. It's a very small business right now. We are incubating it internally. If there is anything here which changes from a growth strategy or M&A perspective, we will come and update you.

Moderator: The next question is from the line of Nihal Shah from Prudent Broking.

Nihal Shah: My question was about the margins in Managed Services. So it has come down from around 18.6% to 17.1%. For cash management business, I can understand that this year, this quarter, the activities were low because of elections and also there the economies of scale would not have played out. But what was the reason for lower margins in Managed Services?

Pankaj Khandelwal: So even the EBIT growth of the MS business is around 20%. As you might be aware that we are a relatively new entrant in our Managed Services business, which we have mostly incubated internally and scaled to INR 800 crores in FY'24. This is a large TAM, and we'll try to balance growth and margin. The change in the business mix can impact the quarterly margin, but we continue to deliver higher margins with our overall PAT is around 16.4%, which is world class, and we continue to have a healthy ROCE, which is 25% plus.

Nihal Shah: And another question was regarding the mix in revenue of Managed Services, as I guess, reached our target of around 35%-40%. So will it go to 50-50 till FY'27 or we think it will be stable at this 60-40 kind of a juncture?

Rajiv Kaul: It's impossible to forecast this right now. I think we don't know FY'27 year. We haven't given any guidance on FY'27. We have given FY'25 guidance on our revenue range and also the mix. We had expected to reach 40% revenue contribution from MS and Tech by FY'25. FY'24 end, we are at 39%. We think we'll be at the 40% range now, plus or minus 2%-3%, very difficult to forecast right now. But FY'27 it's too early, we won't be able to give an idea on that.

Nihal Shah: And so the AIoT business there, we won order of around INR 200 crores. Is that understanding correct?

Rajiv Kaul: So we said our overall order wins in the MS and Tech business are INR 200 crores.

Moderator: The next question is from the line of Ankit Kanodia from Smart Sync Services.

Ankit Kanodia: Congratulations on a good set of numbers despite the really weak quarter. So my question is basically related to - so we see that the growth is clearly visible in the Managed Services and Tech Solutions, and we have ramped up the sales there significantly over the last few quarters and maybe a couple of years as well.

But when I talk about Cash Logistics and winning cash logistics if I only talk about retail cash management. I would be really happy if you can share more details as to how do we see us going through in this particular domain? And what is the competitive intensity here from a 2, 3-year, 5-year perspective, how do we see our ourselves in this business? That would be very helpful, sir.

Anush Raghavan: Ankit, hi, Anush here. I think as we've shared some of our details already, I think our overall growth profile in the retail continues to be very strong. We have some good tailwind and momentum there. A lot of that has come on the back of investing significantly in technology and creating a very strong sales team to focus on expanding the overall market. I think as we alluded to in our previous call as well, our business point additions last year, a majority of them were from retail cash management business. And I think we continue on that.

When you see our first quarter, we've added 3,000 business points. So in terms of where that business is growing and how the growth prospects are, they continue to be very strong. I can't speak too much about the competitive intensity because I think what we are trying to do and create here is a very different and a unique and a different approach. Creating an ecosystem and partnerships ranging across fintech and payment banks. And like I said, we are sort of trying to broaden and create a much larger market opportunity than what exists today.

Rajiv Kaul: This is a market where we, CMS have been a pioneer in the retail side of the market long ago. And I think we are driving fairly aggressive growth and market share focus in the business. But what is important is that this market growth, we see a lot of momentum in the market led by formalization, as I talked about. The retail sector seems to be overall buoyant in terms of investment to expand the number of outlets and stores. We are looking to see how we can expand the overall market size instead of competing in the market we've been competing in.

Ankit Kanodia: Just a follow-up on this, sir. If my understanding is correct, all these retail touch points, we are generally covering it through our partnership banks and NBFC, right? But do we also have any plans on taking to this market directly to our end consumers and not going through just banks and NBFC. Do we have anything on those plans?

Anush Raghavan: Yes. I think without getting too technical into the operational aspects, I think what I mean to say, when we are talking about partnerships is that at the end of the day, we are a cash management

company and a technology service provider. We are not a payments company ourselves, and we can't be doing settlement directly.

The way we are looking at growing this market is creating a large sales team and creating a technology with multiple APIs, which can integrate with retail. And the settlement of that will happen through partner banks and partnering NBFCs. But as far as the relationship is concerned, in many cases, we would be sort of fronting and helping expand that.

Ankit Kanodia:

Sir, maybe I'll rephrase my question. What I meant was not about settlement, but I was talking about the cash pickups and all those activities. Right now, all these activities are done through our contracts with banks and NBFCs.

Rajiv Kaul:

No, all of them are not through banks. Some of them are direct, some of them are through banks, I think the proportion will change over time, depending on, I think what we try to deliver is the solution set through depending on the retailers' needs.

Banks would always be involved as a sort of a payment mechanical or for settlement. But the sales effort has changed over the last 1.5 years, to directly be able to understand customer needs at the individual retail company level and then to customize a solution, which also includes the cash pickup service.

There are other things which we believe which we work on. I'm sure you would have looked at our presentation at the end of Q4. I think Anush had explained this in detail. Beyond that, I think, will not be right from a competitive perspective.

Moderator:

The next question is from the line of Yashodhan Nerurkar from Edelweiss Mutual Fund.

Yashodhan Nerurkar:

So just wanted to understand basically, you started off with providing touchpoints for the banks. And now you're seeing an opportunity on the retail side as well and as we continue the build some other things, as you mentioned earlier. So I just wanted to understand from a profitability perspective, how do you measure it because it's based on a trip, like a round trip. So from a round-trip just have to mention that profitability, etc, retail side and bank side. So how different would they be? And what are the different metrics that you evaluate?

Rajiv Kaul:

I think we may not have engaged so much earlier with you, but just our routes are fungible, right. Our routes are fungible for an activity. It could be an ATM loading activity or it could be a retail cash pickup or it could be something else. So I think it's very difficult to figure out profitability by each individual line item. But again, by part, the businesses which have been established over a long period of time will have higher profitability than in newer businesses where we are driving high growth and high market share will be lesser profitable.

Yashodhan Nerurkar:

Okay. And my second question was about earlier you had mentioned that you'll be partnering with new banks and you'll be adding a few more touch points. So how is that project coming along? And are there any new banks which have partnered with us? And it's okay if you don't name them, but just wanted to know the incremental logos that you have won.

Anush Raghavan: Sure. I think, again, we've shared a lot more data and details on this in our annual update, and we'll continue to do that in that cadence. But we've been in this business for 25 years. I think we work with almost every single bank in the country. I think when you're talking about partnerships and expansion this is more about trying to expand the solution set.

What used to be a plain vanilla logistics service of cash pickup, I think we are sort of significantly seeing a transformation. As we work closer with retail and we engage directly with that I think we understand far better the needs, especially through technology and automation where we can bring in greater efficiency, better controls and better risk management.

All of that CMS cannot be doing alone. We have a role to play as acting as an integrator in this space. But there's also value that a fintech or payment banks can do in terms of bringing their capabilities and their skill sets. And I think that's the partition that we looking at. I think as we alluded to last time, we have more than 35 to 40 different logos and retailers with whom we are working directly as we speak.

Yashodhan Nerurkar: So this includes bank as well as retail?

Anush Raghavan: Yes.

Moderator: Next question is from the line of Abhishek Singhal from Naredi Investment.

Abhishek Singhal: Sir, my first question was how much cash loss do you expect out of this cash recover from insurance company in Q1 FY'25 and FY'24 and how much time does it take to recover money from the insurance company? This is my first question.

Rajiv Kaul: Do you want to finish all your questions, then we can answer them?

Abhishek Singhal: Yes. Second question, how much bad debt write-off in Q1 FY'25? That's all.

Rajiv Kaul: I mean so I don't think we have any data on Q1 basis. These are numbers that are reconciled end of the year. We have half year and full year numbers. That's the number where we are able to provide you on bad debt provisioning, losses and all that information. From the perspective of insurance, I don't think there's any track record we can tell you how long does it take, it's a case to case specific.

We've been in this business for 20 years. I think it's a part and parcel of our business to be able to get a right insurance policy cover for our risk. And in case there are any bad instances which happen, recover the money either from working with the police and investigation authorities or with insurance. And all the exact details are part of our annual report. I think that's if you read the annual report, you will have all the detailed information for the full year '24.

Abhishek Singhal: And sir, I missed that number, what is your risk cost for FY'24?

Rajiv Kaul: Which cost?

Abhishek Singhal: Risk cost.

- Rajiv Kaul:** Roughly about 4%.
- Moderator:** Next question is from the line of Franklin Moraes from Equentis Wealth Advisory.
- Franklin Moraes:** So firstly, we have adjusted PAT margins of about 16.5%. So are we likely to maintain the PAT margins at these levels?
- Rajiv Kaul:** We have never given a PAT margin guidance. I think our only guidance since we have listed has been on revenue and revenue targets. Very difficult to guess what PAT margins and costs will be in the coming years.
- Franklin Moraes:** Okay. Sir, in terms of our ESOP cost, I believe you are at INR 10 crores, and you did mention in the last quarter, you did mention that maybe there would be another quarter wherein our ESOP cost would be at these levels, and then it would decline to INR 8 crores, INR 6 crores, INR 4 crores and so on. So any change in that trajectory?
- Rajiv Kaul:** Not as of now.
- Franklin Moraes:** Okay. Okay. And in terms of our FY'27, like the last time we had given FY'25 guidance, it was much in advance. So when can we expect an FY'27 guidance from you?
- Rajiv Kaul:** As soon as we feel reasonably confident of the guidance we will come back to you. But I would say, in the second half of the year or the end of FY'25, we owe you an FY'27 guidance. But we will look at it at the end of the first half and see if there is any material change. Otherwise, I think end of FY'25, we would be in a better position to do that.
- Franklin Moraes:** Okay. And lastly, will this current mix of Managed Services, the revenue mix be stable now or going forward?
- Rajiv Kaul:** I mean, are you saying will it remain 40% or go down or go up? I'm not sure. All right. If you see the trend over the last two-three years of us reporting numbers publicly, the Managed Services business is overall growing at a far higher rate than our Cash Logistics business. So I would expect the mix to keep changing steadily. Earlier it was 70-30, then 65-35, FY'24 it's at 61-39. I think we'll get to 60-40.
- And already, we are there and I think this will steadily keep changing. I don't think it will be at 60-40, that's my sense. Of course, this doesn't assume right now anything to do with any new businesses if we either launch them or we end up acquiring any business, that will obviously have an impact on the mix and proportion of these businesses.
- Moderator:** The next question is from the line of Harshdeep from Kuber Investments.
- Harsh D:** My question is that as contribution of the new businesses grows, are you considering changing the name of the organization to better reflect this business?
- Rajiv Kaul:** Well, we take your feedback and advice seriously. We have evaluated this at different parts of our journey as a company. It is something which we are thinking about and working on to reflect better, I mean, in terms of overall brand, but it doesn't mean a name change or a positioning

change. I can't tell you, it will be premature. But our team is working on how do we communicate better about the type of company we are evolving into. So your question and feedback is appreciated.

Moderator: The next question is from the line of Neel from ValueQuest.

Neel: Yes. So I just have one question. I wanted to understand how the company is thinking in terms of BLA going forward. So for the next one or few years product sales are in terms of absolute number? I mean, how will that directionally change for us for FY'25 and FY'26?

Rajiv Kaul: So I'll try and just -- it's a good question, and let me just use this opportunity to summarize what we have said at all stages. The BLA business is named BLA, but has various sub components. We currently do roughly 5,000 ATMs in our BLA business, which will be a market share in India around 5%. We do think that over the coming years, a lot of banks, when they outsource and revamp their ATMs, they will move to the BLA model. We will bid for those, wherever we are feeling confident of the return profile. I think we've had a fairly decent return profile, and we'll focus on that.

Increasingly, we are also seeing some banks move to a fixed priced model in terms of a transaction linked price. If interchange increases, depending on competitor intensity, I think we are generally very cautious around any capital-intensive businesses. We've also stated that, as a policy, we have given a direction that we will cap our BLA oriented businesses at 15% of our overall revenue. I think today, I don't exactly know, I can't remember off-hand FY'24 but our overall BLA business would be 13%-ish or something of our overall revenue. Out of which a reasonable part, I mean I think 30% or so, 25%-30% is likely to be linked to a fixed price model, which has got a more steady return profile.

That's the variability, which is assumed with the transaction linked BLA. How many ATMs do we expect to add? Really, it depends on if we are able to win a good quality contract. We would happy to add. If we don't, we don't, like last year, I don't think we incrementally added many ATMs in the BLA estate at all. But I would think that we in our mind think about 1,000-2,000 ATMs addition in BLA on the transaction-linked model. But if there is a fixed price where there's a fixed price where we know the price is sort of fixed and will not change and get linked to usage, I think we count that very differently.

Neel: So now going forward, should we expect this product sales to be product grow to be faster than our company level growth?

Rajiv Kaul: It is impossible to predict product sales linked to RFPs, RFPs keep getting pulled up and down, competitive intensity, sale of products is not a pure play product only. Product is linked to also some services that come with it. I think it is good for us if we are able to maintain a good product win rate because it leads to downstream services revenue for the remainder part of the project. We've had some good wins last year which are getting executed this year.

But I think, again, if I take this opportunity to remind people because some of you are new to us, right from IPO time, we have been telling, we've been trying to, it's not a guidance, set expectations saying that what you call product is something that at 5% or 10% of annual revenue

is usually what we try to keep it at. We'll not stop at it if we win more. But I think if I look at the longer-term trend, there will be some bad years, some excellent years, but 5% revenue is usually where this is at.

Franklin Moraes: And just one clarification. You mentioned that you are going to cap your BLA that business is 15% of revenue, which is about 13% currently. So 13% of managed services or the overall revenue you are talking about?

Rajiv Kaul: The overall company revenue.

Moderator: The next question is from the line of Aasim from DAM Capital.

Aasim: Just one question on the BLA bit. So like you said, banks are moving to a fixed price model versus variable. I'm just curious to know what exactly is changing that the banks are doing this. Is it the bargaining power is coming to the BLA operators given capital deployment requirements or maybe the industry is consolidating or do banks anticipate higher footfall at ATM going forward and hence moving to a fixed price model.

Rajiv Kaul: So we are not a BLA market leader. We are not even the top 3 or 4. We are the wrong people to give you guidance on this. I think there are other larger companies whose bread and butter is BLA. Overall, the way we think of it is - I think different types have different outsourcing strategies than they change, right? The ones which we have seen moving to a fixed price model are looking at it.

Why does a bank put an ATM? A bank puts an ATM to automate, to reduce the traffic at a branch and also to cut cost. So it's like a mini branch in some ways. And ideally when banks put up branches, they're not looking always at profitability per branch, they are looking at customer service. Similarly, some banks are focused on customer service and customer access. And therefore, they don't necessarily want the vagaries of what a BLA model can do where if things turn bad, then quality of service does logically get impacted.

So I think they want to make sure that they have a far more stable customer experience and they want to have a predictability of the cost, and therefore, they move towards that model. That's what we try and advocate to people that putting up an ATM is part and parcel of your operating costs. It's not something where you ought to think about making it a profit generating source or something.

However, every bank has a different way of looking at it, right? So we can't argue bank strategies. I don't think in any way ever it's going to be possible what we call the balance of power. I mean, sorry, in customer - vendor relationship, balance of power is always with customers, right? It's never with a vendor source. And I don't think anything has changed there at all.

Aasim: And just a second one then. So most, at least from what I understand, most of the ATM deployments rather the ATMs that are coming in with -- when banks are setting up within a new branch itself, is there like a decent business case for the ATMs on site to also shift to the brown label ATM model?

Rajiv Kaul: So it is already outsourced by a majority of the private sector banks. So your question is multilayer. Does the bank need to own the ATM with a branch? They choose to. I think it makes far more sense for them to own the assets which are sitting on their own branch. Is there any real leverage in outsourcing that to some third party? Not necessarily. I think the ownership, right? There is ownership and then the outsourcing of services, which could include maintaining.

So if everybody can hear us so going back to the question, I think that public sector banks over time should logically outsource the branch ATMs also. There are roughly almost 100,000 such ATMs which are yet to be outsourced for cash management. How long that takes is a factor of time. But I think logically, it's linked to the cost increases and how challenging that becomes to manage the ATMs over a period of time.

Moderator: The next question is from the line of Kunal Sharma from SP Capital.

Kunal Sharma: So just wanted to check that in the previous call, we have guided the capex of nearly INR 200-odd crores. So are we going to maintain the same for the FY'25 as well? Because we had INR 99 crores in FY'24.

Rajiv Kaul: We have guided to a INR 300 crores for this year. We said we do INR 200 crores average over a block of two to three years because last year's capex was INR 100 crores. So therefore, this year is likely to be in the IN R300 crores range as of now.

Kunal Sharma: For the entire business, right, for the cash and the net?

Rajiv Kaul: Yes.

Kunal Sharma: And one more question on the PPT. I have just seen that for the FY'24 to FY'27 that you have highlighted the new business lines. So is that the same which is AIoT? Or do we have anything else to look forward in the business?

Rajiv Kaul: So we currently have seven business lines. Some of them are entirely new. So hopefully, they will expand and grow at a fast pace. We've also, last year, I have talked about the same presentation or the earlier presentation talked about incubating a couple of new businesses around collection services and solutions and also around bullion logistics. So that's, I think, what we referred to in that slide which you're referring to right now.

Kunal Sharma: And last one more thing. As far as the capex, sorry, the order book is concerned, roughly we have nearly including quarter 1 order book, roughly INR 2,000-odd crores order book, right?

Rajiv Kaul: Yes.

Kunal Sharma: And that will be reflect in the second half of FY'25?

Rajiv Kaul: So the order book, which we won in FY'24, these projects are all technology-oriented projects, they have their own cycle of getting tested, approved, piloted and then going live. As Pankaj I think talked about, the fact that the majority of the orders we won in last year should go live in the next two quarters, majority. Won't be 100% next but majority of them should go live in the next two quarters. Therefore, the revenue will start improving after that.

- Moderator:** The next question is from the line of Pranay Jain from Deal Wealth.
- Pranay Jain:** My question is on the retail cash solution that we are looking to launch this year. So just wanted to understand the progress on that front and what estimates do we have from this business contribution over the next couple of years?
- Anush Raghavan:** I think just to clarify, our retail cash management is a business that we've been running since the inception of the company and when we talk about retail cash, it's in the context of that, where I think we're seeing some very strong tailwinds and growth. The business which we've incubated and launched newly is the retail loan collection part of it where we're helping banks with debt management and loan collection services. And I think we have spoken a fair bit about it in our annual call not much to update from there to now. I think we will look at incrementally different acquisitive opportunities in this space. And when we have something to report, we'll come back to you.
- Pranay Jain:** Okay. And also with the new CIO at the helm, what would be the clear focus areas and mandate at that end in order to add alpha to growth? Because I'm sure this has been brought in timely for the new solutions that we have been incubating and now we want to take them at scale, so wanted to understand this over the next 2-3 years.
- For example, if you are going to grow at 15%-17%, and these new solutions start kicking in materially, if not significantly, we could easily achieve 20%, if you think that is a reasonable estimate. So from INR 2,600 - INR 2,700 this year, we could be at INR 4,600 in the next three years. And this is organically. I'm not factoring in any acquisition as yet. So I wanted to understand this bit.
- Rajiv Kaul:** I want to smoke whatever you're smoking. I don't think you should be thinking businesses can grow 20% in a row for five-six years. I would love to be in those businesses and make profit margins like we are. I think I like your commentary. I think I will use it to set targets internally now. But I think we will stick to what we have said. We have from FY'21 to '25, we have given a growth guidance of growing at roughly 17%-18% growth revenue. As we get to our number of FY'25, we will come back with FY'27 and maybe an FY'30 number of revenue.
- We, of course, look to deliver alpha, but you have to decide alpha over what, right? We are in many businesses and many sectors. So I think we overall look at delivering a good double-digit growth. We have done that for the last four-five years. We hope to do it in the coming years.
- Pranay Jain:** Okay. And what kind of business point addition and network compliance can we expect? I mean, because earlier you indicated that it should be 90% or even plus. So where do we stand? And how do we see this moving ahead this year?
- Anush Raghavan:** Yes. I think I mean not much change since the last update two months back in May and now not a change. Like we told you last time, I think 85% of the ATMs are compliant. And I think that process is now more incremental and organic. Our network is almost fully compliant. So any new business point gets added into it sort of comes along with that adjunct.

- Pranay Jain:** And lastly, since we have a decent idea of how the funnel of outsourcing is moving. Is there any incremental visibility on what could be the new business wins, I mean do we have a better understanding, a better likelihood? Or does it remain similar to the last commentary that you shared?
- Rajiv Kaul:** Sorry, we didn't really understand your question. But I think what we remember what we have said about is that there are RFPs on the ATM business are roughly totalling about 20,000 ATMs. Those RFPs are expected in this year to launch and hopefully get concluded. As they close and depending on what sort of the RFP and depending on the terms of the RFP, we will obviously try and bid for what makes sense to us, and we'll update you end of the year of what the results have been.
- Pranay Jain:** And about the INR 300 crores capex. Could you give us a sense of how this is going to be spread out, I mean, across our infrastructure such as vans or on the ATM side or on other businesses that we are incubating or R&D or something like that, that would really help.
- Rajiv Kaul:** I mean we don't have an exact split of this by all of these things, but I think a large part of the capex is going to go into executing our new wins, including the technology wins. We have front-loaded a significant part of capex for our infrastructure revamp in the last three years. I think for the next couple of years, I think majority of the capex spend will be more linked to the new wins, not all. And then obviously, whatever we need to invest from a technology perspective.
- Pranay Jain:** So predominantly, it's going to be on the business execution of infrastructure as you meant?
- Rajiv Kaul:** Yes. I think a large part of this capex will be growth capex and a very little -- lesser portion would be on maintenance.
- Pranay Jain:** And lastly, are we able to come closer to any identified opportunities to bolt-on growth?
- Rajiv Kaul:** You know the norm, as soon as we are close to anything, we will have to disclose it, and we will disclose those.
- Moderator:** Ladies and gentlemen, that was the last question for the day. I now hand the conference over to Mr. Rajiv Kaul for closing comments.
- Rajiv Kaul:** Well, thank you for your questions. I would, again, thank you for joining this call. Good steady quarter. We focus on FY'25 number, wish us luck, and we'll talk to you in more detail at the end of H1 in our October cycle. Thank you so much.
- Moderator:** On behalf of Nuvama Wealth Management, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.